

HYUGA PRIMARY CARE

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

HYUGA PRIMARY CARE Co.,Ltd.
7133 TSE Growth Market
February 13, 2025

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



- 01 Company Profile, Business Profile, Summary
- 02 Summary of Financial Results (FY 2025 3Q)
- 03 Earnings guidance (FY 2025)
- 04 Topics/Medium-Term Growth Plan
- 05 Sustainability Management/Appendix

01 Company Profile, Business Profile, Summary

02 Summary of Financial Results (FY 2025 3Q)

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04 Topics/Medium-Term Growth Plan

05 Sustainability Management/Appendix

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

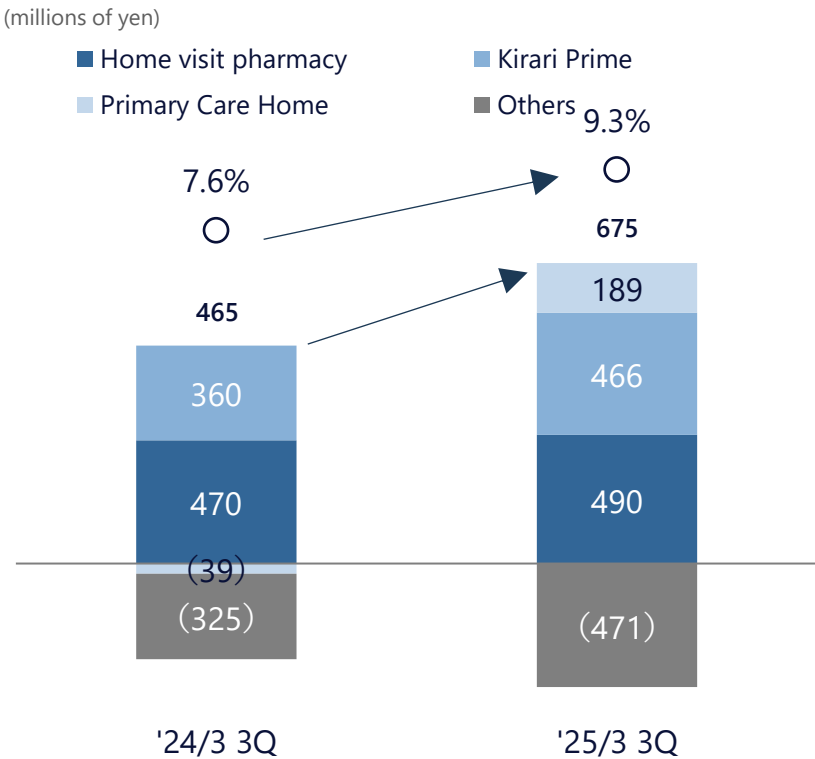
Financial Highlights

Sales increased 19% year on year. **Operating income increased 45% despite the cost of opening a new primary care home**
The home-visit pharmacy business returned to an increasing profit trend, while the primary care home business continued to perform well

Business Highlights

Home visit pharmacy Business	<ul style="list-style-type: none">Revenue and profit increased year on year. Operating profit on a 3Q accrual basis <u>reached record high</u>Opened in Kumamoto and Kagoshima prefectures as new dominant basesIncreased costs due to the opening of four new stores were absorbed by the increase in home patients and the effect of introducing RPA
Kirari Prime Business	<ul style="list-style-type: none">Revenue and profit increased year on year. Contributed by increase in number of affiliated stores and ARPUNumber of affiliated stores <u>exceeds 2,300, and nationwide expansion is completed</u>Profit growth was limited due to a delay in the timing of large-scale consulting projects
Primary Care Home Business	<ul style="list-style-type: none">Net sales increased 2.1 fold year on year, operating income turned blackNew opening expenses incurred, but absorbed by high utilization of existing facilities<u>Occupancy rate of existing 2 facilities continued to exceed 90%</u> as of the end of December

Operating Income



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 COO	Takei Yamasaki
	Director CFO	Tomoaki Onishi
	Director	Kohei Shiroo
	Director (outside)	Shinjiro Ogawa
	Director (outside)	Kyoko Saeki
	Full-time Corporate Auditor (outside)	Hiroataka Minamitani
	Corporate Auditor (outside)	Kota Takei
	Corporate Auditor (outside)	Nobuharu Kumamoto
Business Profile *	<ul style="list-style-type: none">• Home-Visit Pharmacy Business (Kirari Pharmacy)• Kirari Prime Business• Primary Care Home Business (Primary Care Home Operation/Care Plan Service/Welfare Equipment Lending Service)• Other Business (TAISAPO Service/ICT)	
Number of Employees	606 (as of September 30, 2024, not including temporary employees)	

VISION

Vision

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



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

*Segment Change from March 2024

- 01 Company Profile, Business Profile, Summary
- 02 Summary of Financial Results (FY 2025 3Q)**
- 03 Earnings guidance (FY 2025)
- 04 Topics/Medium-Term Growth Plan
- 05 Sustainability Management/Appendix

Summary of Financial Results

- Sales increased 19% year on year. Sales grew 2.1 times year on year due to strong performance at 2 existing facilities in the primary care home business, contributing to the increase in sales.
- Operating income increased 45% year on year. Contributed to the increase in profits in the primary care home business. Increased tax-free sales ratio due to increased sales in the home visit pharmacy business and the primary care home business
- Progress toward the full-year plan in terms of both sales and profit as we expected

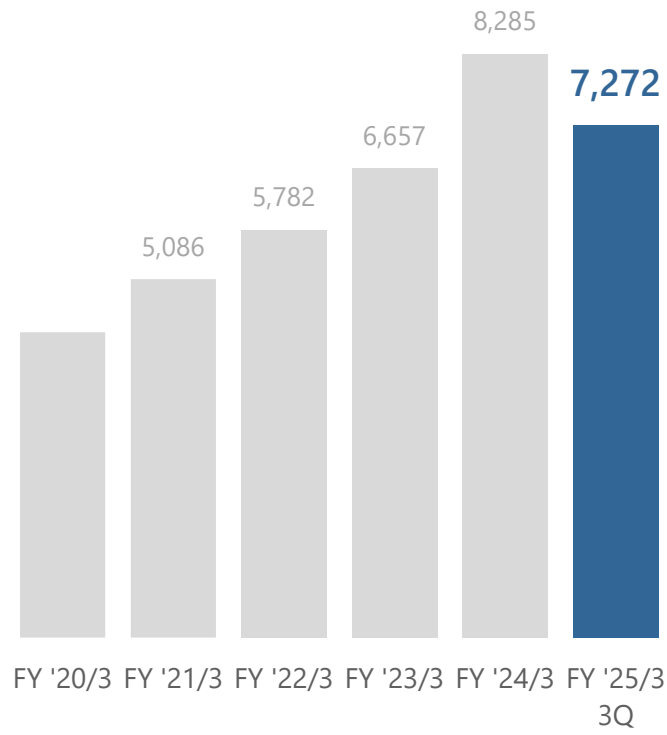
(millions of yen)	FY 2024/3		FY 2025/3		Year-on-Year		Plan Progress Rate
	3Q Results (Non-consolidated)	3Q Results	3Q Results (Consolidated)	Forecast	Change	Change	
Net sales	6,096	8,285	7,272	9,455	+1,176	+19.3%	76.9%
Home visit pharmacy business	4,884	6,531	5,306	6,740	+421	+8.6%	78.7%
Kirari Prime Business	619	836	796	1,050	+176	+28.5%	75.9%
Primary Care Home Business **	564	883	1,169	1,626	+605	2.1 times	71.9%
Other businesses	27	34	0	37	– 26	–	1.7%
Operating income	465	710	675	929	+209	+45.1%	72.6%
Home visit pharmacy business	470	635	490	685	+19	+4.2%	71.5%
Kirari Prime Business	360	485	466	529	+106	+29.5%	88.1%
Primary Care Home Business **	– 39	7	189	168	+229	Return to profitability	112.9%
Other businesses	– 5	– 9	– 7	– 0	– 1	–	–
Adjustments	– 319	– 408	– 463	– 452	– 143	Increase in adjustments	–
Ordinary income	466	716	639	889	+172	+37.0%	71.9%
Net income	316	441	394	618	+77	+24.5%	63.8%



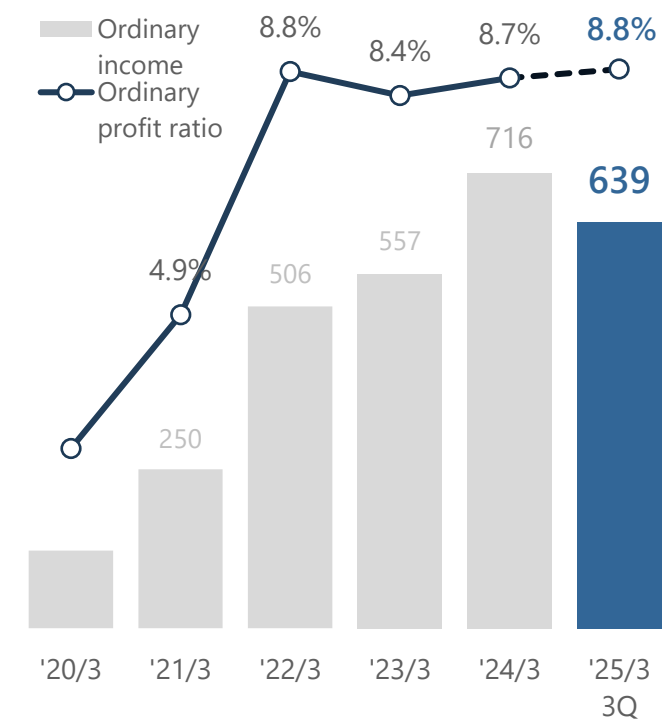
Financial Results/Net Sales

- Sales grew steadily. As a percentage of net sales, the weight of the primary care home business increased by 5.4 percentage points year-on-year.
- Ordinary profit margin increased year-on-year as a result of profit recording in the primary care home business. In 3Q, it decreased slightly compared to 2Q due to an increase in non-operating expenses due to inflated funding costs for opening new facilities.

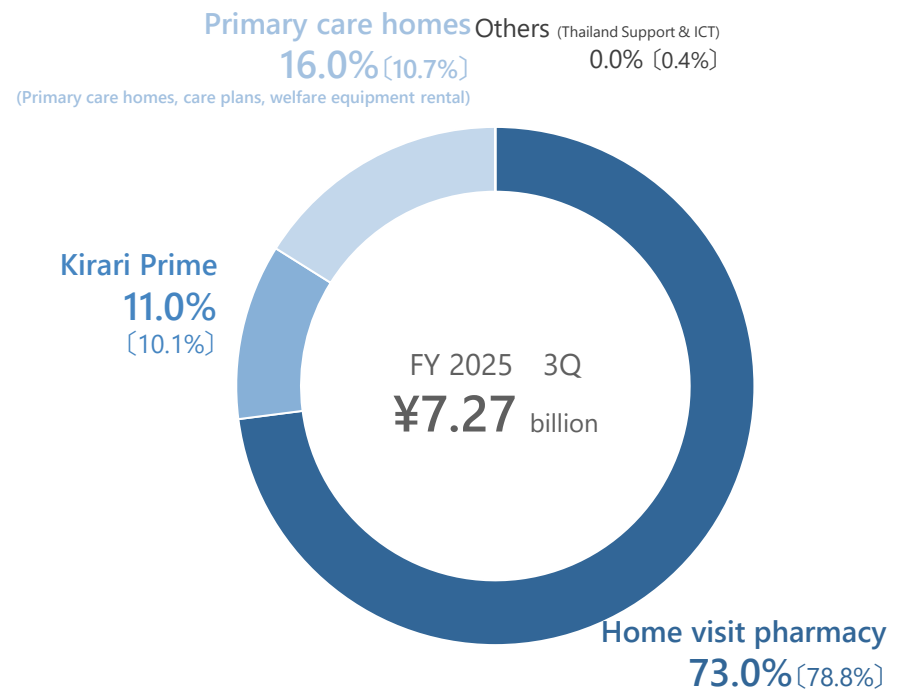
Sales
(millions of yen)



Ordinary profit/Ordinary profit ratio
(millions of yen) (%)



Percentage of net sales
(%) [] is compared to the previous fiscal year *



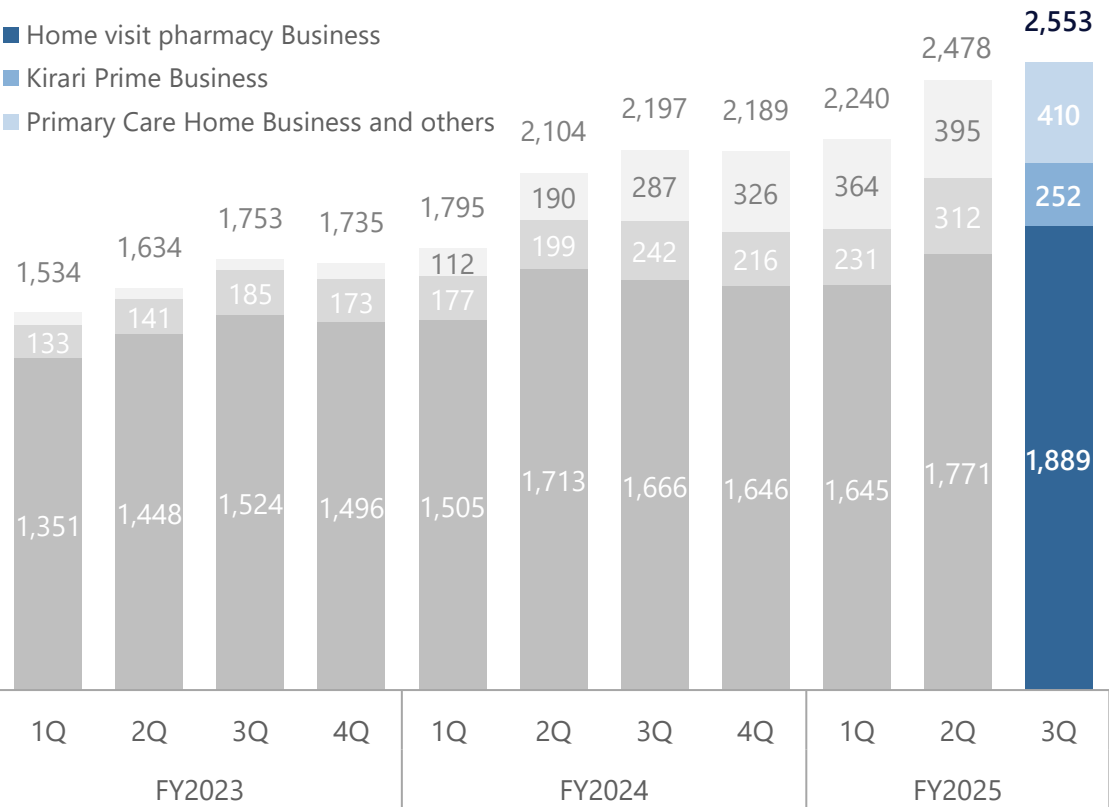
Quarterly Financial Results (1)

- 3Q-based net sales increased from 2Q to record quarterly highs consecutively
- Gross profit and operating profit decreased from 2Q, and profit margin declined. Impacted by a reactionary decline in region prime services in Kirari Prime Business and a third building opening cost in Primary Care Home Business

Net sales

(millions of yen)

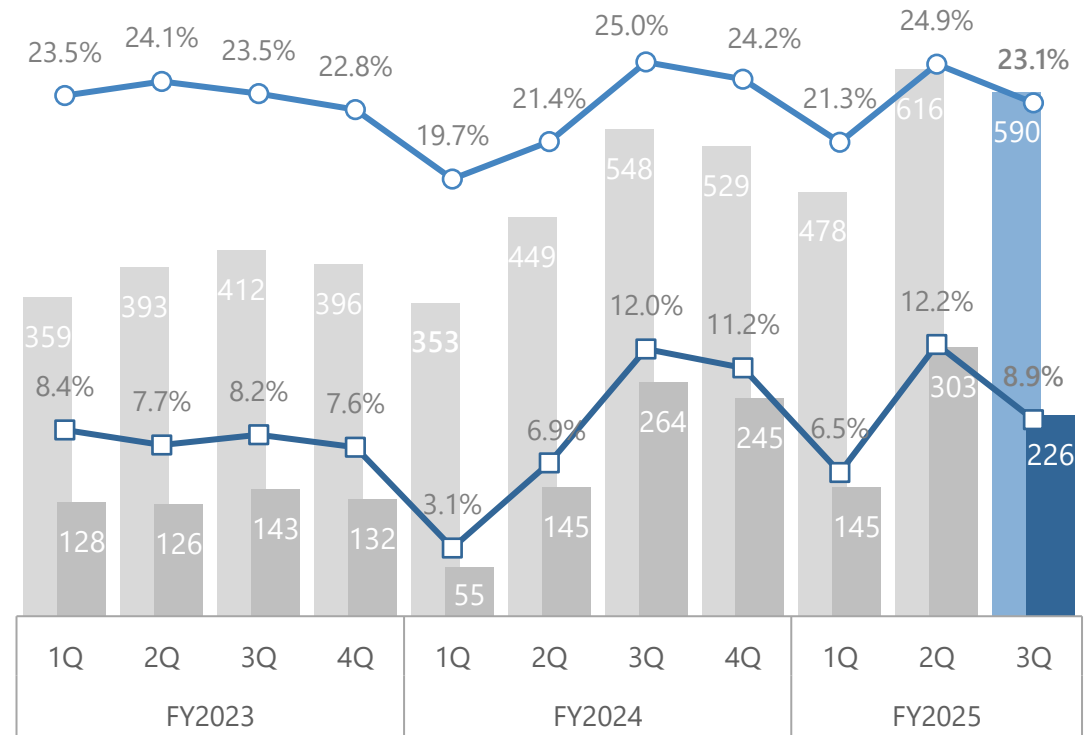
- Home visit pharmacy Business
- Kirari Prime Business
- Primary Care Home Business and others



Gross profit and operating profit

(millions of yen) (%)

- Gross Profit
- Gross Profit margin
- Operating Profit
- Operating Profit margin



Quarterly Financial Results (2) Segment

- Sales in the home-visit pharmacy business increased 6.7% from 2Q due to an increase in patients and new openings. Segment profit reached a record high on a quarterly basis due to the effect of the introduction of RPA despite the cost of opening new stores.
- Sales and profit in the Kirari Prime business decreased from 2Q. Although the number of affiliated stores increased significantly, the effect of the increase in sales was limited due to the concentration of affiliated stores in December. The timing of large-scale consulting projects was also affected.
- Sales in the Primary Care Home business increased from 2Q due to full operation of two existing facilities, but profit decreased due to new facility opening expenses.

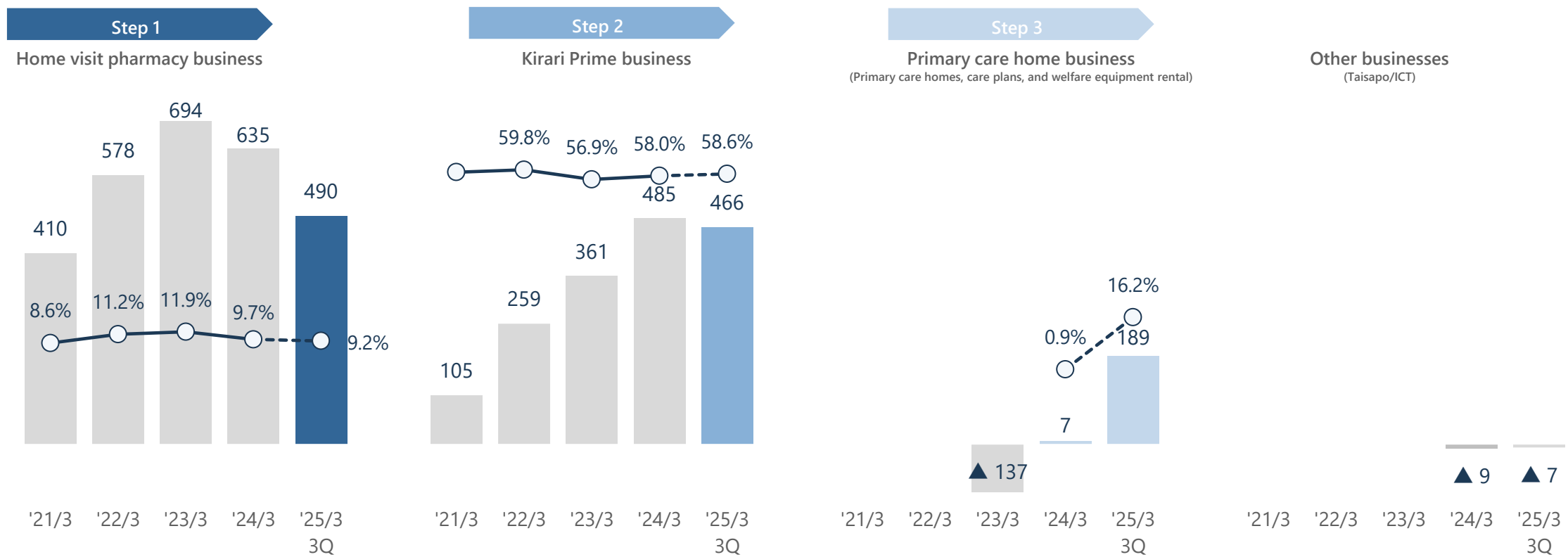
(millions of yen)	FY 2024/3				2025/3 (Consolidated)		
	1Q (Non-consolidated)	2Q (Non-consolidated)	3Q (Non-consolidated)	4Q (Consolidated)	1Q	2Q	3Q
Sales	1,795	2,104	2,197	2,189	2,240	2,478	2,553
Home visit pharmacy business	1,505	1,713	1,666	1,646	1,645	1,771	1,889
Kirari Prime Business	177	199	242	216	231	312	252
Primary care home business	106	181	276	319	364	394	410
Other businesses	6	9	11	7	0	0	0
Operating income	55	145	264	245	145	303	226
Home visit pharmacy business	124	173	172	164	94	182	212
Kirari Prime Business	90	115	154	124	132	205	128
Primary care home business	– 38	– 28	27	47	67	66	55
Other businesses	– 3	– 1	– 0	– 3	– 2	– 1	– 3
Adjustments	– 116	– 113	– 90	– 88	– 146	– 149	– 167
Ordinary profit	55	144	266	250	141	293	204
Net income	36	98	182	124	94	196	103

Operating profit by segment

- In the home-visit pharmacy business, which is the first step of growth, the profit margin was lower than the previous year due to the impact of the drug price revision in 1Q and the hiring reinforcement. However, from 2Q onward, the impact of the revision of dispensing fees contributed positively, and the **profit margin was 11.3% on a 3Q accrual basis, showing a remarkable recovery trend**
- In the Kirari Prime business, which is the second step, the profit margin was steady due to the increase in the number of affiliated companies. The region prime business also contributed
- In the primary care home business, which is the third step, the occupancy rate was favorable, and the profit margin grew to 16.2%

Segment profit and segment profit margin

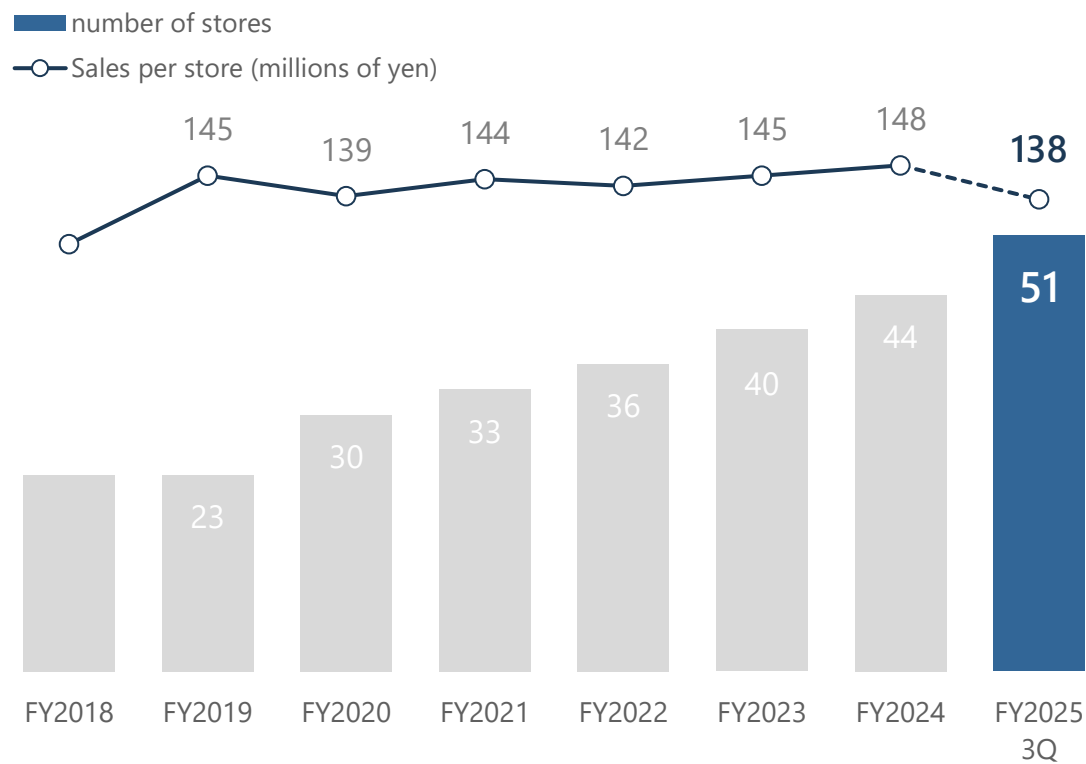
(millions of yen) (%)



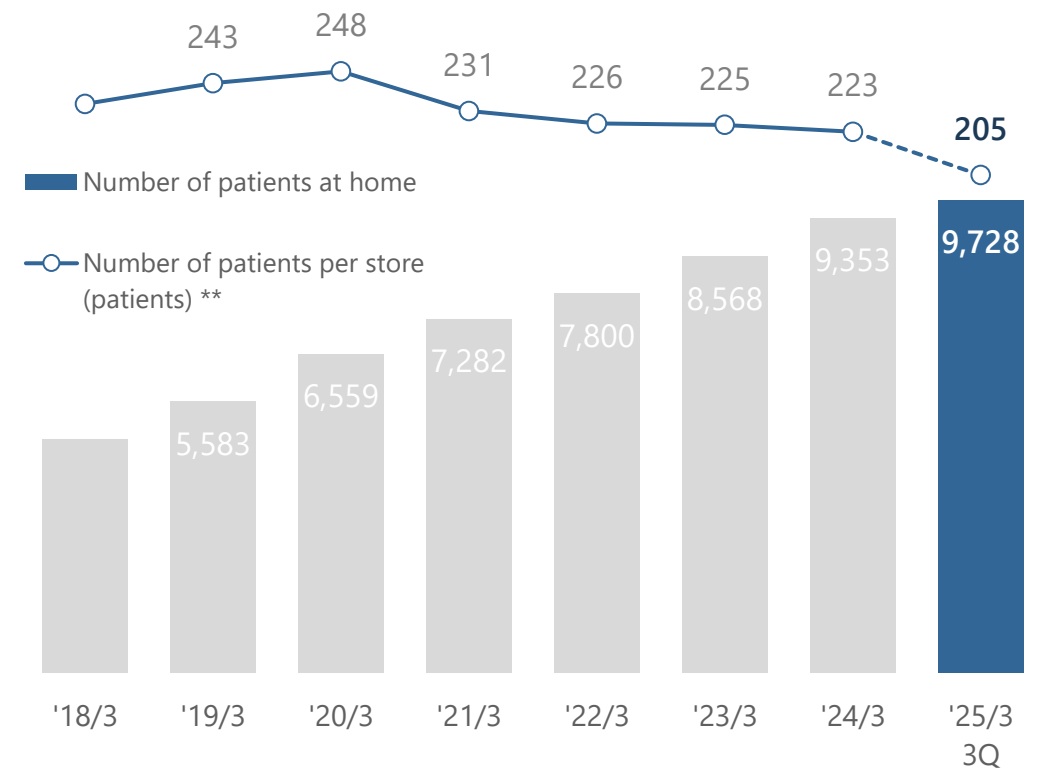
Home Visit Pharmacy Business KPI

- Number of stores increased by 7 (Four stores opened in 3Q) to 51 stores. The opening pace was faster than usual. Sales per store temporarily decreased due to an increase in the number of stores
- The number of home visit patients increased by 375 to 9,728 due to an increase in the number of stores. The number of patients per store temporarily decreased to about 200 due to an increase in stores.

Sales and number of stores



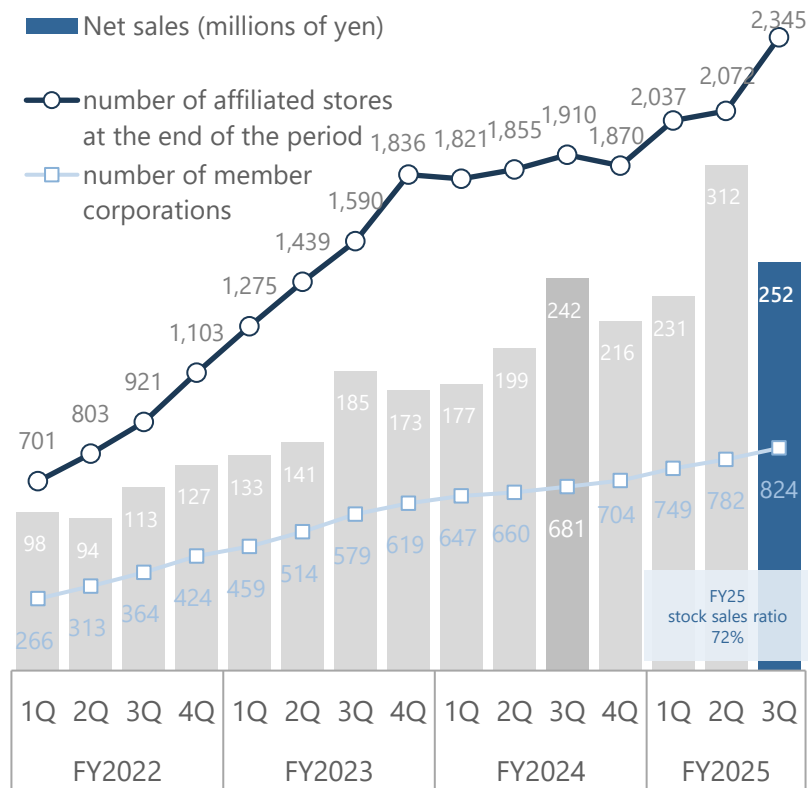
Number of home visit patients



Kirari Prime Business KPI

- Net sales generated in 3Q have been at cruising speed except for the impact of region prime projects in 2Q
- The number of affiliated companies has increased by 120 from the end of the previous fiscal year, and the number of affiliated stores has increased substantially by 475 to exceed 2,300 stores, completed expansion to all prefectures
- ARPU declined temporarily compared to 2Q due to the rapid increase in the number of affiliated stores

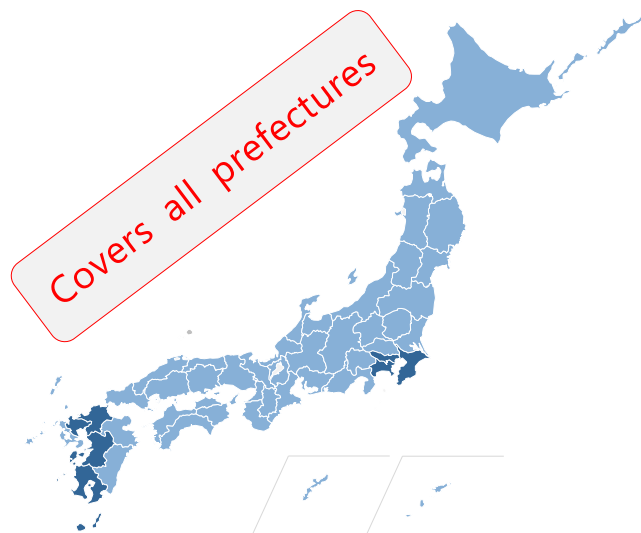
Net sales, number of member stores, and number of companies



Developments

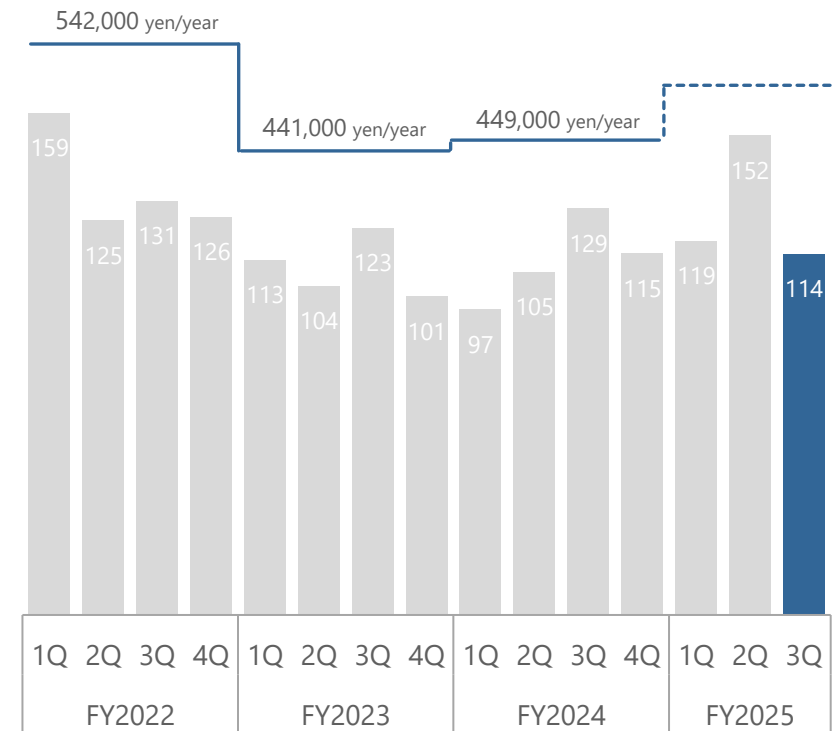
Kirari Pharmacy	7 prefectures	51 stores
Member pharmacies	47 prefectures	2,345 stores

(as of the end of December 2024)



Kirari Prime ARPU**

(thousand of yen/quarter)



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

Primary Care Home Business KPI

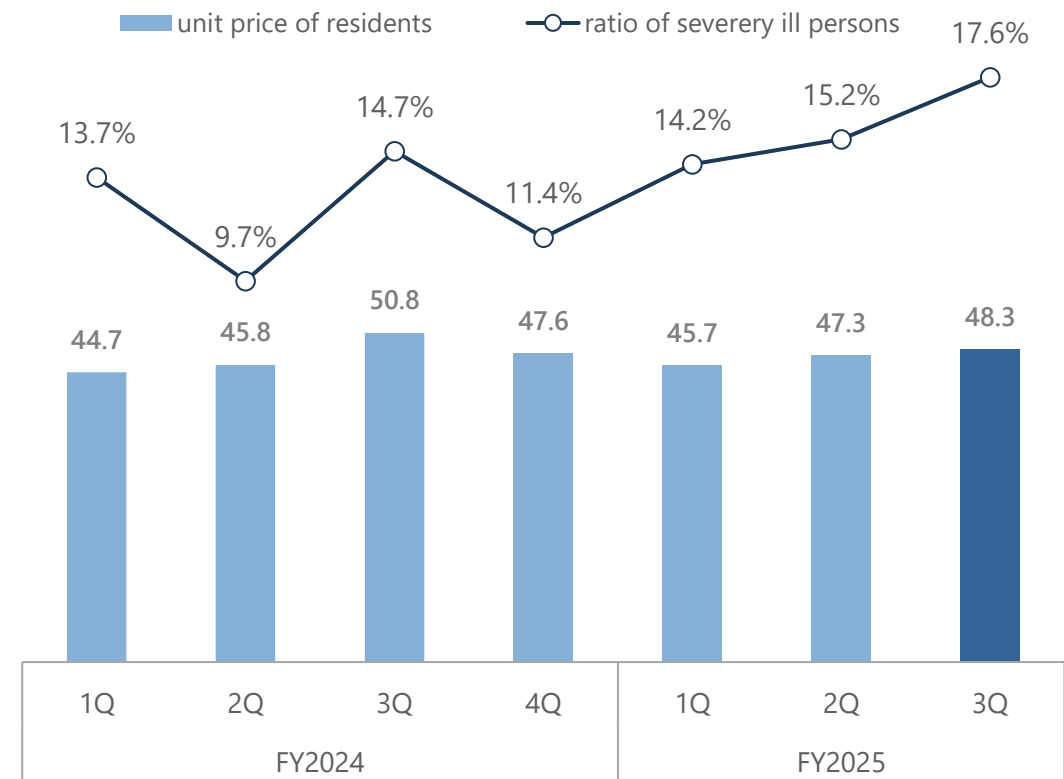
- Existing facilities * 1 Occupancy rate as of the end of December 2024 was 94%. Due to seasonal factors, the occupancy rate decreased slightly from 2Q, but remained almost at full capacity. Primary Care Home Hyuga Kumamoto Hamasen opened on December 13, 2024 with 47 residents * 2
- Average monthly unit rate for residents in 3Q increased to ¥480,000 due to an increase in the ratio of severely ill people

Capacity/Number of residents

Facility name	Occupancy Capacity (persons)		2024/3				2025/3		
			1Q	2Q	3Q	4Q	1Q	2Q	3Q
Existing facilities * 1									
Kasuga Chikudai	102	Resident's Number Name	73	84	85	94	100	97	92
Hakata Mugino	162		—	50	85	117	147	154	155
	264		73	134	170	211	247	251	247
New facility * 1									
Kumamoto Hamasen	168		—	—	—	—	—	—	47
	168		—	—	—	—	—	—	47

Ratio of severely ill persons /Unit price for residents *

(thousand of yen/month)



*1 Existing facilities are defined as facilities that have been open for 1 year or more, and new facilities are defined as facilities that have been open for less than 1 year

*2 Includes reservations as of the end of January 2025

*3 Quarterly average monthly unit rate

Progress of Action Plan for Fiscal Year Ending March 2025

Home visit pharmacy business

- Efforts to secure human resources**
Increased training for new employees at headquarters to reduce the burden of training stores. Introduced regular interviews with the human resources department to curb turnover within one year of joining the company. **Reduced the pharmacist turnover rate by more than 10% year-on-year.**
- Stores specializing in home visits**
Established the stores specializing in home visits to enable more precise dominant development. Directly linked to higher delivery efficiency. The plan was to open five stores during the fiscal year, but plans to increase the number to **nine**, including those outside the existing area.
- Central Pharmacy Initiative**
With a view to lifting the ban on outsourcing dispensing operations, the central kitchen system for home visit pharmacies is under full study. It **is expected that single-package dispensing, which is common among home visit pharmacies, will be outsourced.** In the future, it will be connected to virtual dominants, including Kirari Prime members.
- Expanding into New Areas**
We plan to expand into Kumamoto and Kagoshima prefectures for the first time this fiscal year.
October 2024 Opened Kirari Pharmacy Matsumoto Store in Kagoshima Prefecture
December 2024 Opened Kirari Pharmacy Egoe Store in Kumamoto Prefecture

Kirari Prime Business

- Dispatch of home pharmacists**
Direct consulting services (dispatch of home pharmacists) for the era of full-scale home health care
Small start with 3 pharmacists
- Automatic linkage with electronic drug history system**
Started a business tie-up that links the electronic drug history software CARADA Electronic Drug History Solamichi provided by Solamichi System with our company home support system FamCare. Promotion of RPA for report generation using generated AI.
Started introduction of RPA for report generation at stores in November 2024
- Hands-on service for business succession pharmacies**
An increasing number of small and medium-sized pharmacies with no successors and financial difficulties, so our company started consulting to improve value and complete business succession

Region Prime

- Support for construction and operation of facilities for the elderly**
Provides consulting services to pharmacy operators on the construction and operation of facilities for the elderly. Offers a set of pharmacies and facilities for the elderly nationwide in addition to direct management.
Ordered for the first project

Primary care home business

- Facility expansion system**
Establishment of a system capable of developing 2 or more buildings per year
2026 Decision to construct a new facility in Minami-ku, Fukuoka City
- Preparations for expansion into Kumamoto City**
Expansion into Kumamoto City, where there are no directly managed stores. **Within 1 and a half months of opening, 47 residents (including bookings) were gathered, and the business started smoothly.**

Strengthening Positioning as a Platform Company for Primary Care

Balance sheet

- Equity ratio in Q3 of FY 2025/3 increased 2.7 percentage points to 28.6%
- Total assets increased by 12.5%. In addition to the effect of taking care home business assets under management, property, plant and equipment increased due to the expansion of store openings

(millions of yen)	End of 2023/3 (non-consolidated)	End of 2024/3 (non-consolidated) (consolidated)	FY 2025/3 3Q (Consolidated)	Increase/decrease from the end of the previous fiscal year
Current assets	1,959	2,444	2,955	+510
Cash and Bank	567	688	840	+152
Accrued revenue	1,152	1,498	1,771	+273
Non-current assets	955	3,910	4,195	+285
Tangible fixed assets	276	2,997	3,199	+201
Intangible fixed assets	440	364	387	+22
Total assets	2,914	6,354	7,151	+796
Liabilities	1,431	4,711	5,105	+393
A/P trade	669	751	850	+98
Interest-bearing debt *	193	2,629	2,777	+147
Lease liability (short-and long)	57	168	318	+149
Net assets	1,483	1,643	2,046	+403
Liabilities and net assets	2,914	6,354	7,151	+796
Equity ratio	50.9%	25.9%	28.6%	2.7pt
ROE	30.0%	26.8%	—	—
ROA	14.1%	11.3%	—	—
total asset turnover	2.4	1.3	—	—

Holding large amounts of cash

Impact of business expansion

Impact of opening new stores

Impact of business expansion

Procurement of working capital



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Forecast (Consolidated)

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

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

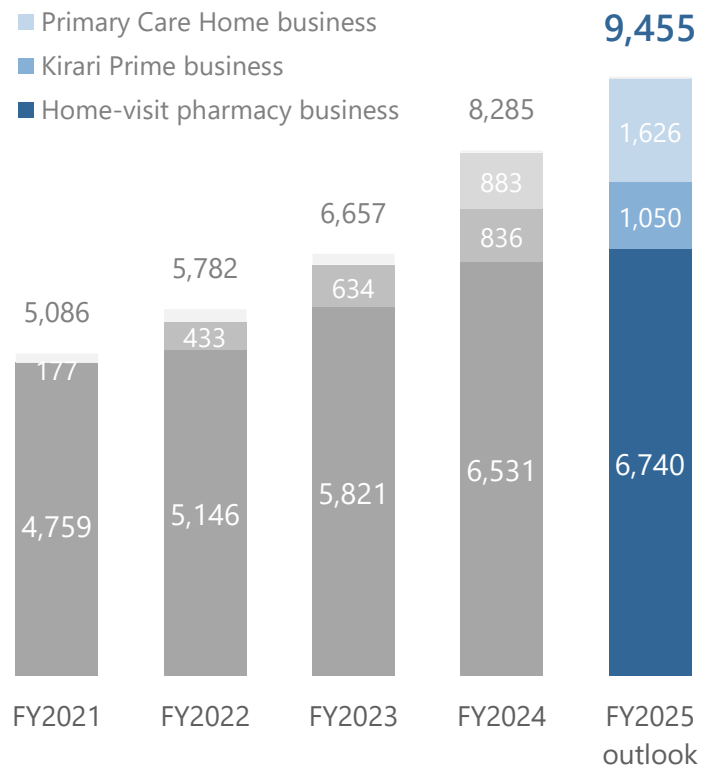


KPI Assumptions

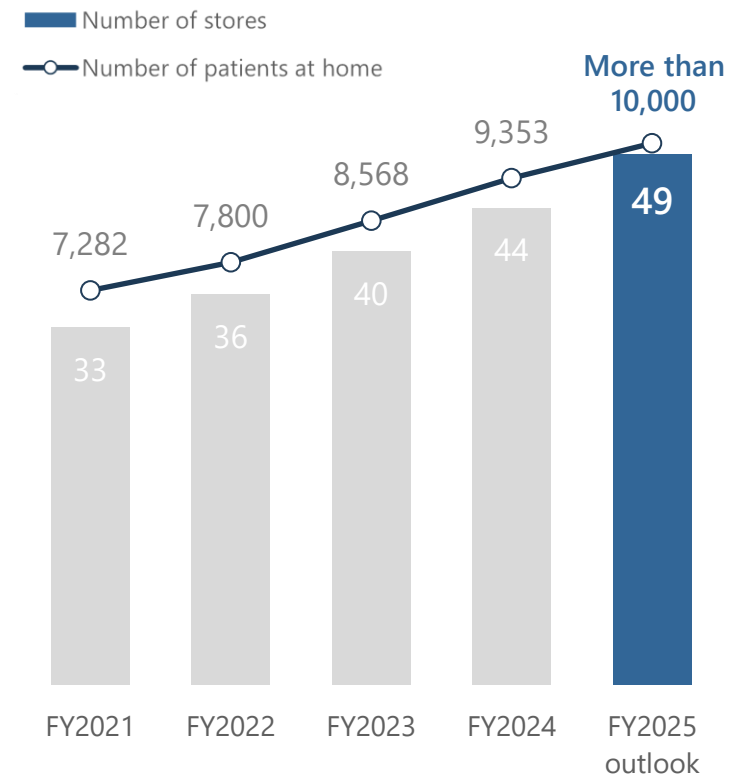
- In terms of sales, the Primary Care Home business grew significantly. This business is expected to surpass Kirari Prime and become the second largest company in terms of sales.
- In the Home-visit pharmacy business, we maintained the same pace of store openings as in previous years..The number of patients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

sales outlook

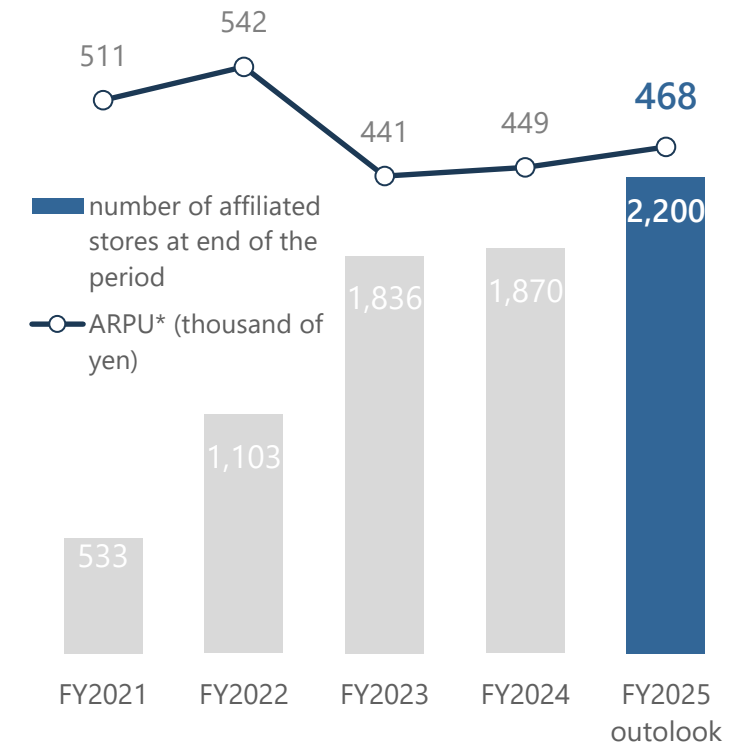
(millions of yen)



Home Visit Pharmacy Business KPI Assumption



Kirari Prime Business KPI Assumption



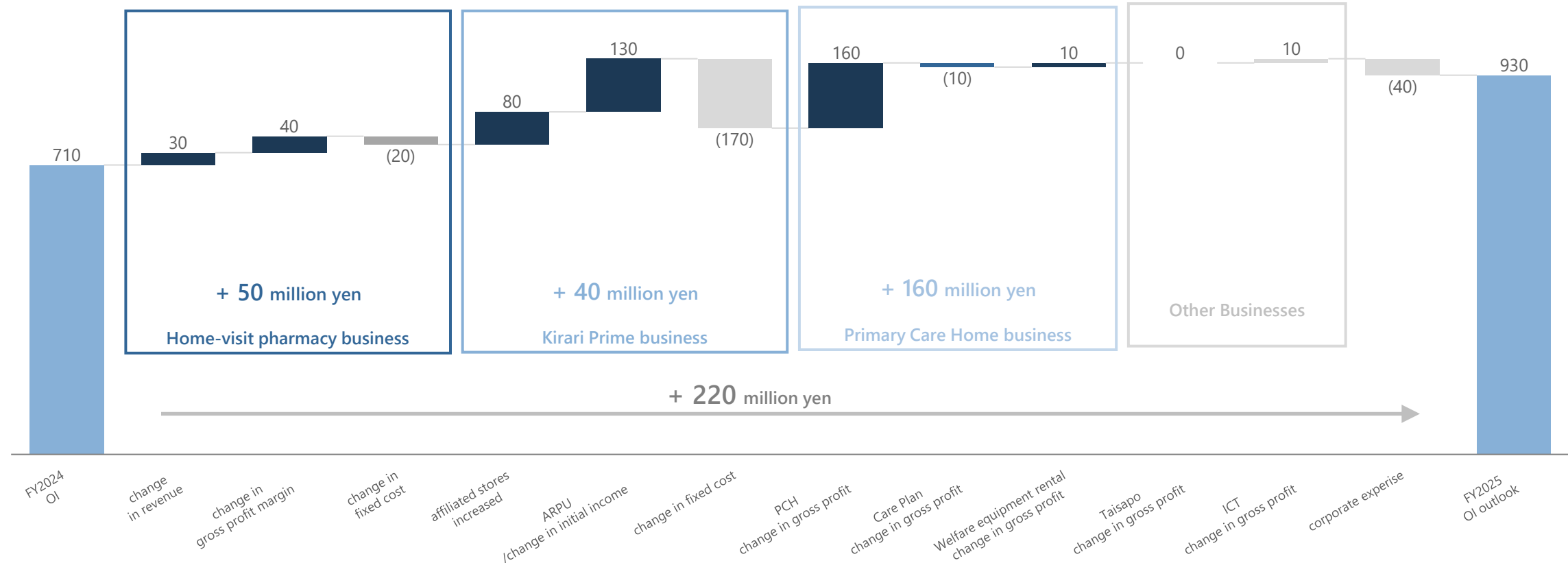
*ARPU= Kirari Prime Sales (including initial revenue) ÷ Average number of franchisees at the beginning and end of the period

Factor Analysis of Assumed Operating Income

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

Operating Income Factors

(millionss of yen)



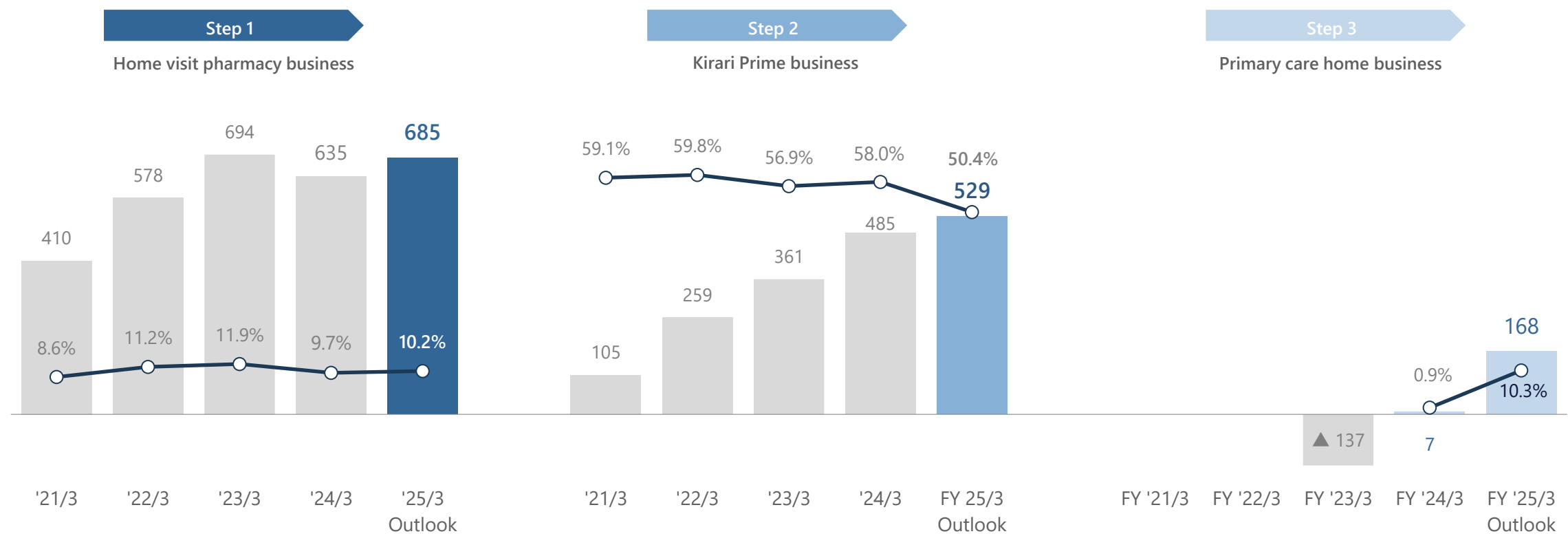
・PCH (Primary Care Home)

Earnings Forecast by Segment

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

Segment profit and segment profit margin

(millions of yen) (%)



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

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

•Shareholder Returns

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

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

Aim to commence dividend payments and approach to future funding needs

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

Home-Visit Pharmacy Business: Direction of Operation Reform

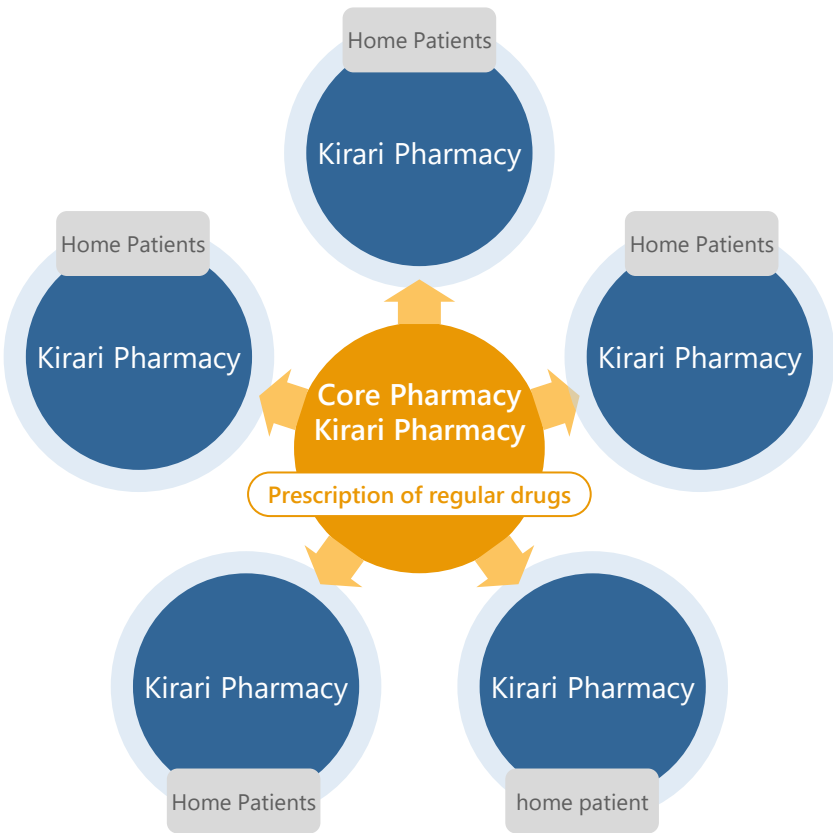
Previous Operation System

- 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.



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

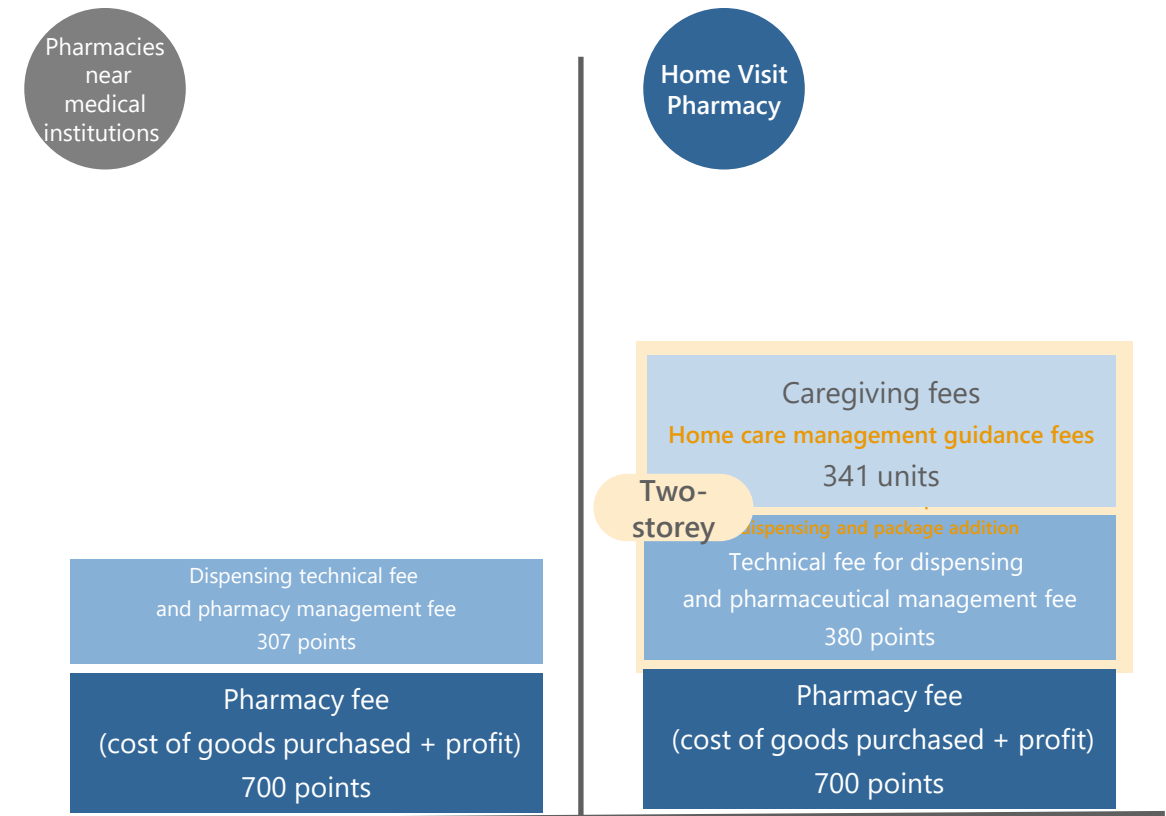
- Based on the evaluation of home visits, dispensaries are polarized into "home focused" or not. Therefore, it is predicted that Prime member stores will change to a more "home focused" configuration.
- Member stores: ARPU may increase due to increased use of home focused services, while pharmacies that 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

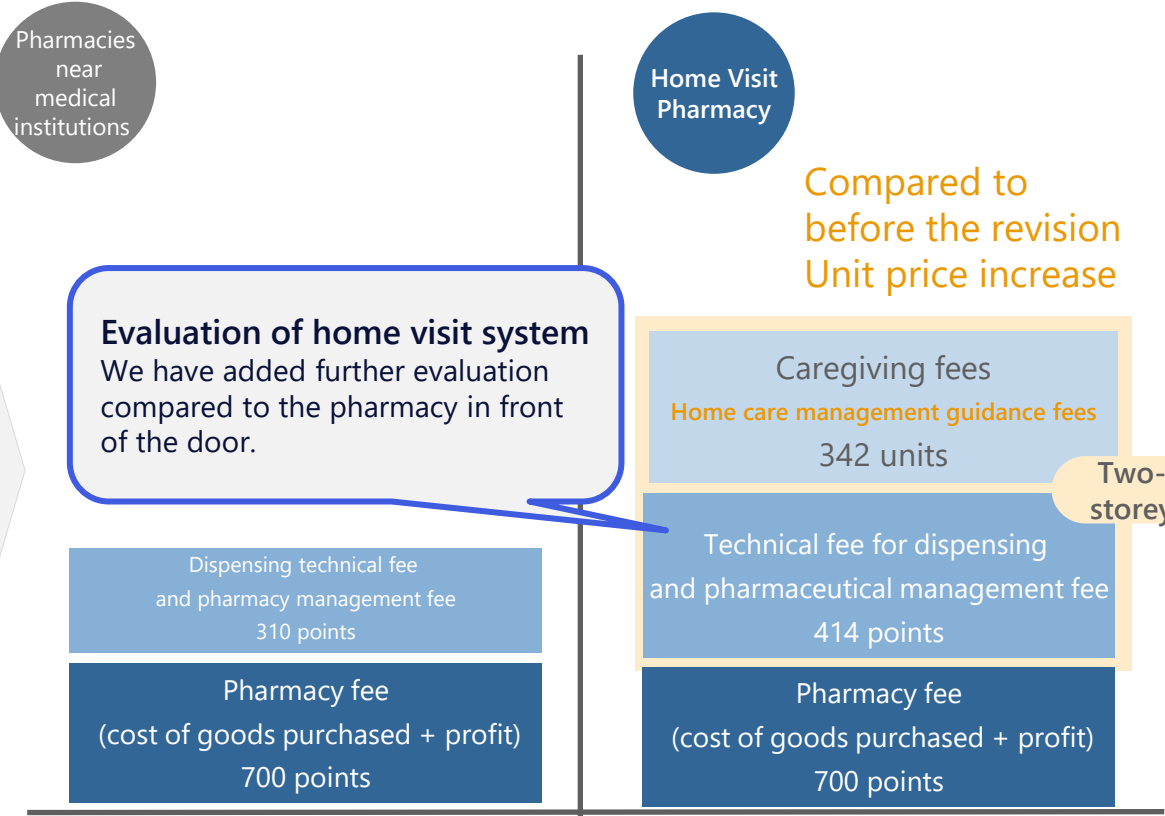
- In the case of home care nursing, the remuneration decreased by 1%. However, the result is expected to be positive due to the acceptance of residents with high medical dependency.
- Received favorable evaluations for end-of-life care at home (including care for terminally ill cancer patients) .The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

Comparative changes in the number of dispensing-related compensation points

Before revision



After revision



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

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

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

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

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

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



Home prescriptions increased by 350 yen per prescription

Although the unit cost of outpatient prescriptions decreased,

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

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

Facility operation status



Building 1 'Primary care home Hyuga Kasuga Chickushidai'

- **Opened on January 13, 2023**
- Address: 5-132 -1, Chikushidai, Kasuga City, Fukuoka Prefecture, Japan
- Number of beds: 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 beds: 162



Building 3 'Primary care home Hyuga Kumamoto Hamasen'

- **Opened on December 13, 2024**
- Address: 3-120, Tamukae, Minami Ward, Kumamoto City, Kumamoto Prefecture, Japan
- Number of beds: 168

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

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



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Entry into Pharmacy Services by Major Online Distributors

Q: Will this affect Home-visit Pharmacies?

▶

A: No

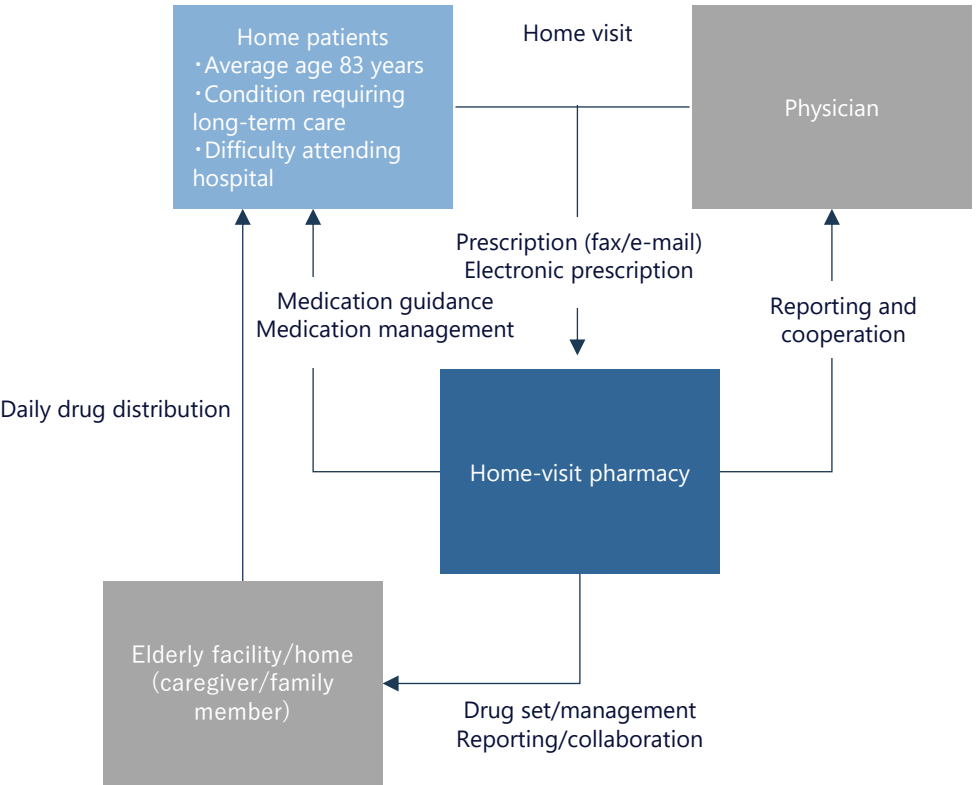
Differences with The Company

	Our Company (Home-visit Pharmacy)	Major Distributors
Target Audience	<div><div>•Elderly</div><div>•Conditions requiring long-term care</div><div>•Difficulty attending hospital</div><div>•Need help managing medication</div></div>	<div><div>•Highly IT literate</div><div>•Emphasis on convenience</div><div>•Ability to manage medication by oneself</div></div>
Conditions of use	Patients who are recuperating at home and have been diagnosed by a doctor as having difficulty visiting the hospital	Electronic prescriptions and online medication instructions are essential
Medication management	Visiting pharmacists, facility staff and supporters	By oneself
The patient's condition	Share information with doctors, care managers, and other collaborating professionals, including medication status, as needed	Basically no sharing of medication status

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

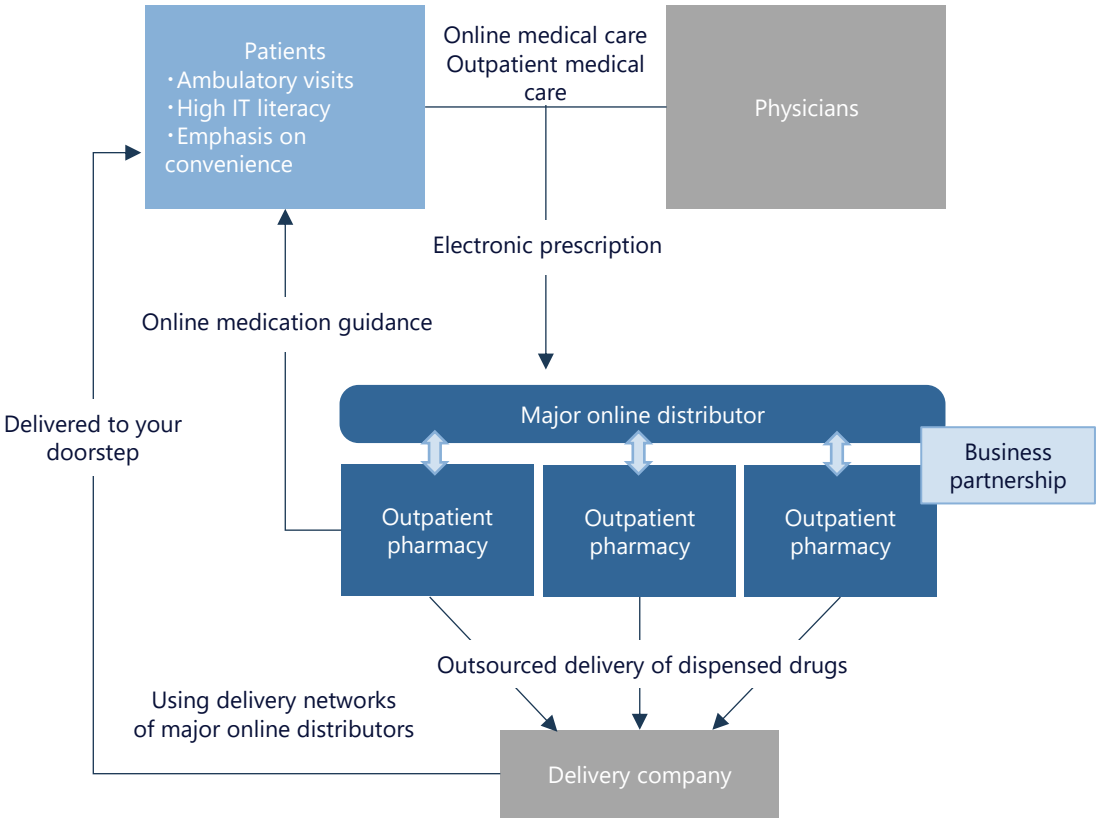
Home-visit Pharmacy

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



Pharmacy service provided by a major online distributor

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

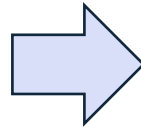


*Reiwa 4 (2022) Summary of the Survey of Medical Facilities and Hospital Reports, the Ministry of Health, Labour and Welfare, "List of Medical Institutions and Pharmacies that Accept Electronic Prescriptions (as of July 14, 2024) "

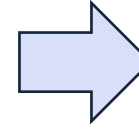
For patients at home, drug delivery alone does not lead to medication administration



- Discharge prescription given to patient
- If it's only packaged in one package
It's hard to lead to correct dosing



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



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

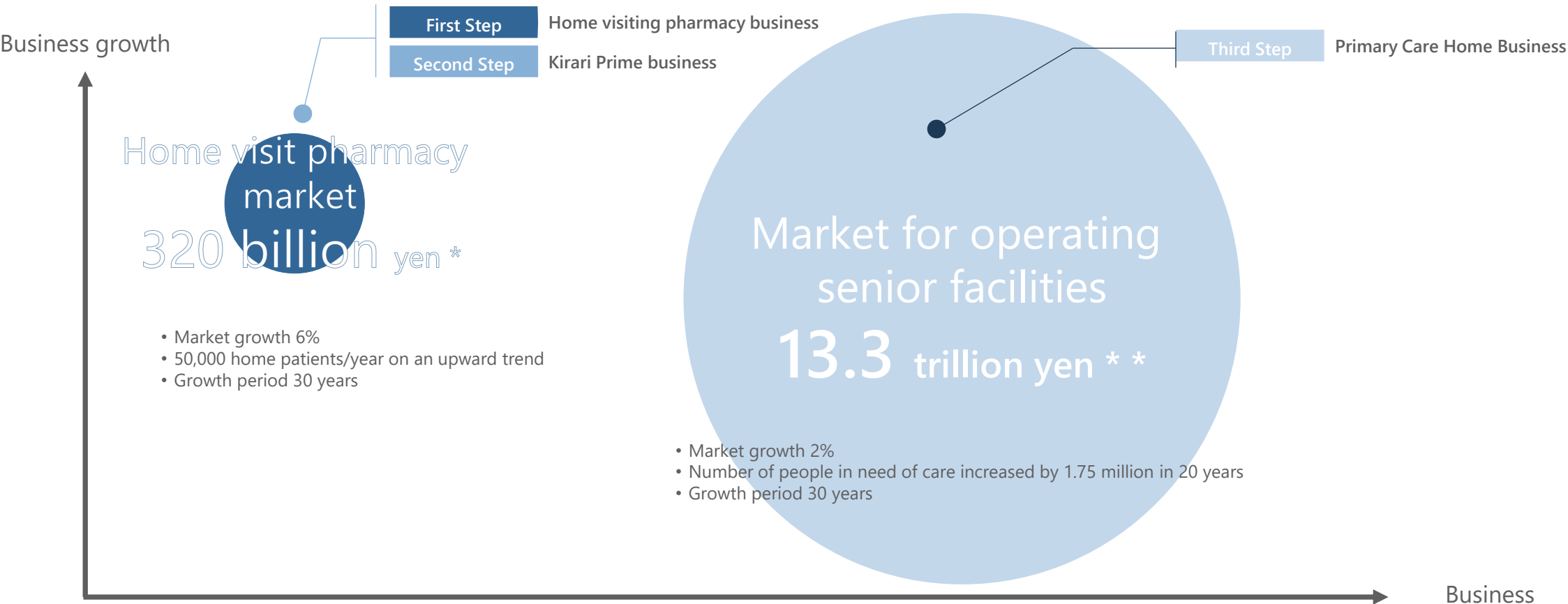
Even if drug delivery is outsourced due to advances in online medical treatment and medication guidance, the superiority of home-based pharmacies that respond to patients' needs remains

Home pharmacies remain superior in meeting patient needs

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market analysis

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



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

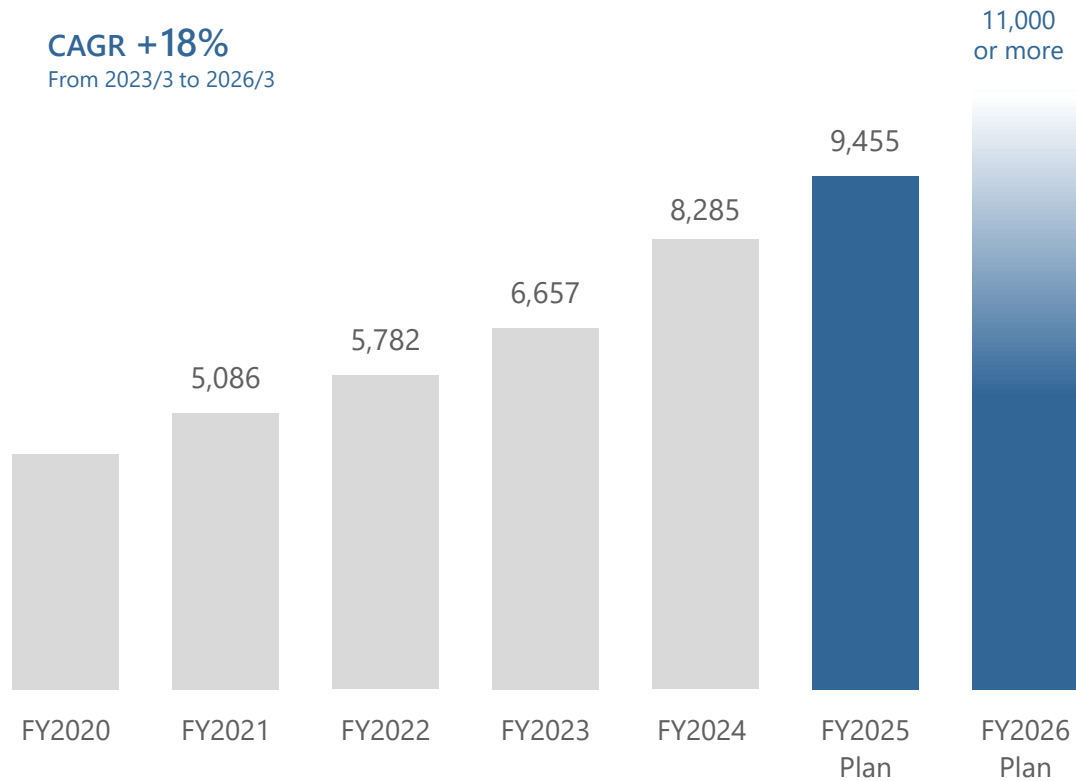
** Primary care home business TAM : 6.89 million people requiring long-term care (the Ministry of Health, Labour and Welfare Report on the Status of Long-Term Care Insurance Business, February 2022) x rate of utilization of in-home services (calculated from the 2021 Survey on Long-term Care Benefit Expenses,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

medium-term growth plan

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

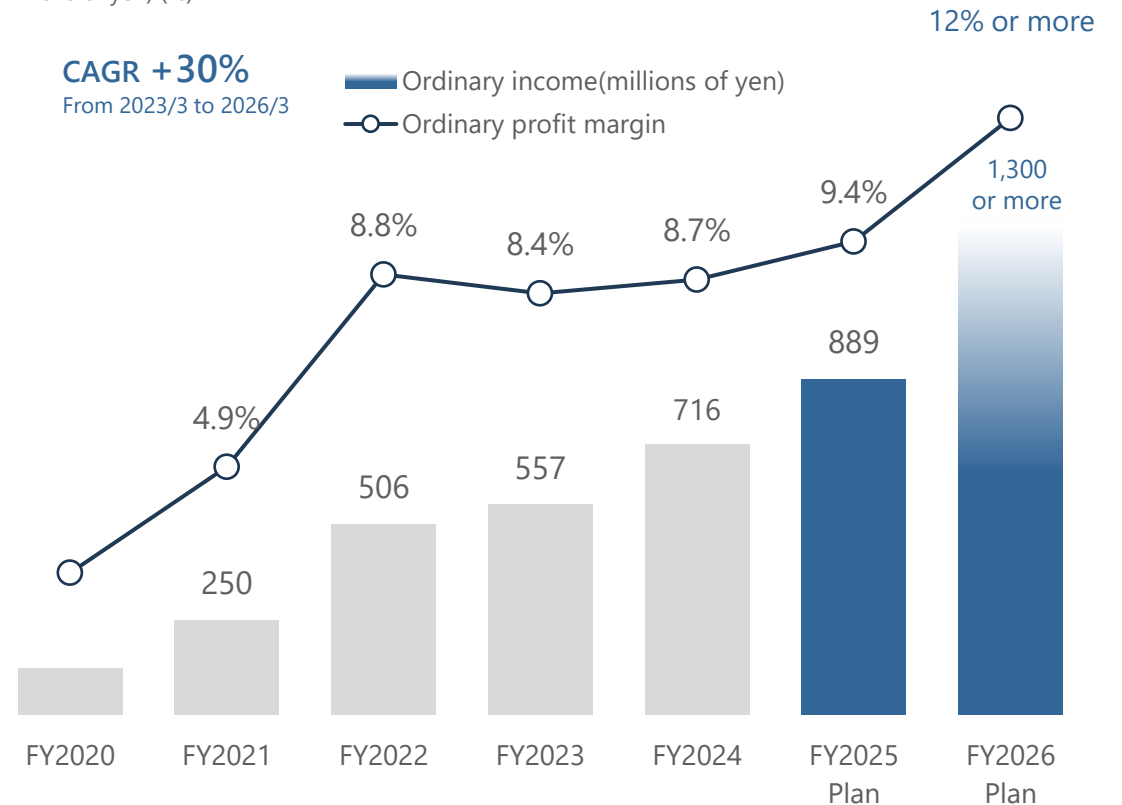
Net Sales

(millions of yen)



Ordinary Income/Ordinary Income Ratio

(millions of yen) (%)



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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

トップメッセージ

ESG経営方針の全体像（1）中長期ビジョンとSDGsへの考え方

中長期ビジョン

SDGsへの考え方

マテリアリティマッピング

マテリアリティとSDGs17の目標への貢献

重点課題グループとSDGs17の目標への貢献

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

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

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

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

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

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

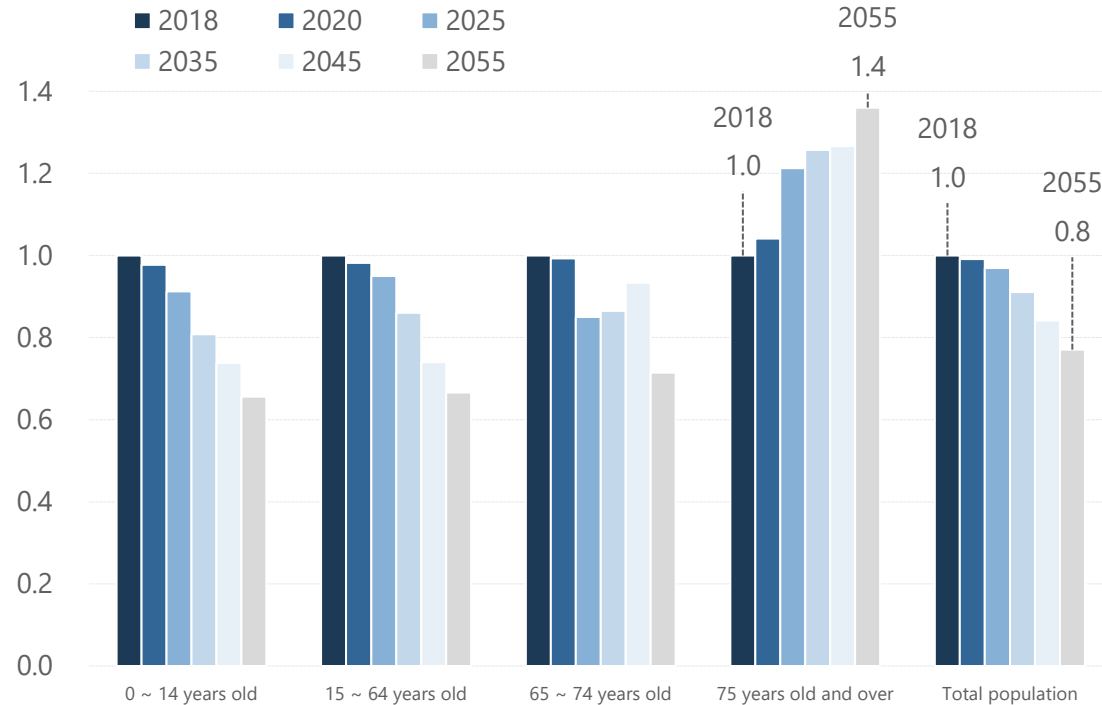
- While the total population of Japan is decreasing, the number of people aged 75 and over is increasing, and in 2055, the number was 1.4 times that of 2018 (the total population was 0.8 times in the same period). The number of single households aged 65 and over is expected to increase, with a 1.5 fold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

Changes in population by age group

(2018 years = 1)

Population aged 75 and over

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

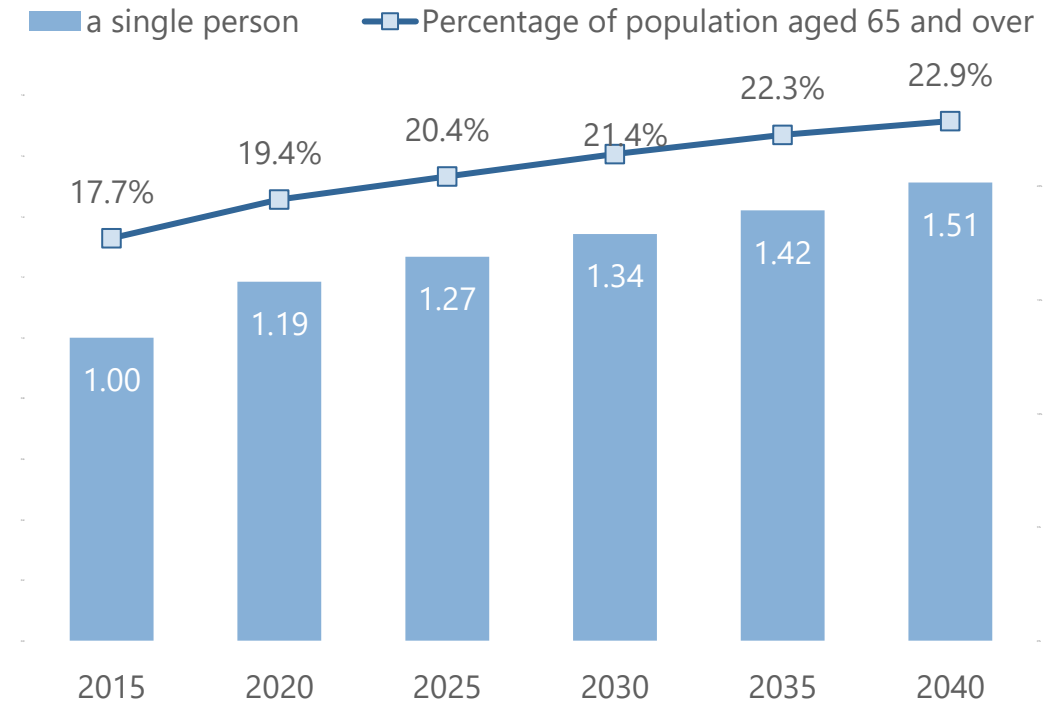


Number of single elderly households *

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

elderly single household

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



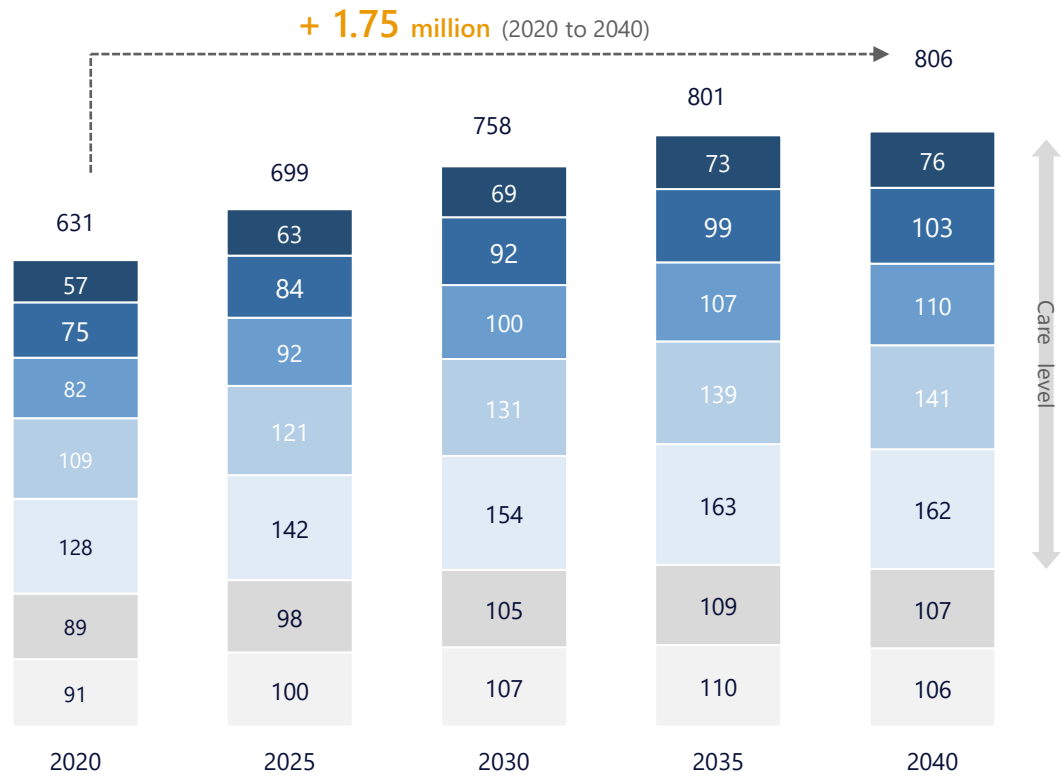
Source: Cabinet Office's "White Paper on Aging Society in Reiwa 2"

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

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

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

(10k persons)



Rate of increase and number of increase by certified category

(from 2020 to 2040)

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

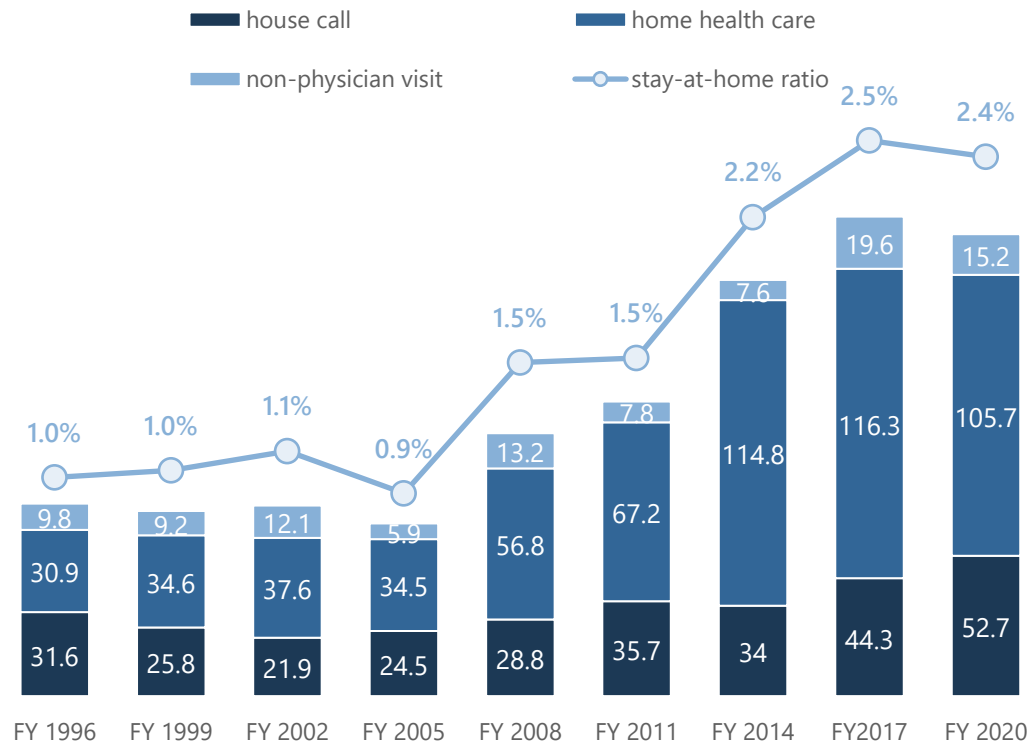
Sources: "Population Estimates (October 30)" (the Ministry of Internal Affairs and Communications), "Long-Term Care Insurance Business Status Report (October 30)" (the Ministry of Health, Labour and Welfare), "Japan's Future Population Estimates (April 29) (Mid-Birth (Mid-Death) Estimates)" (the National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

Business Environment Home Patient and Home Pharmacy

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

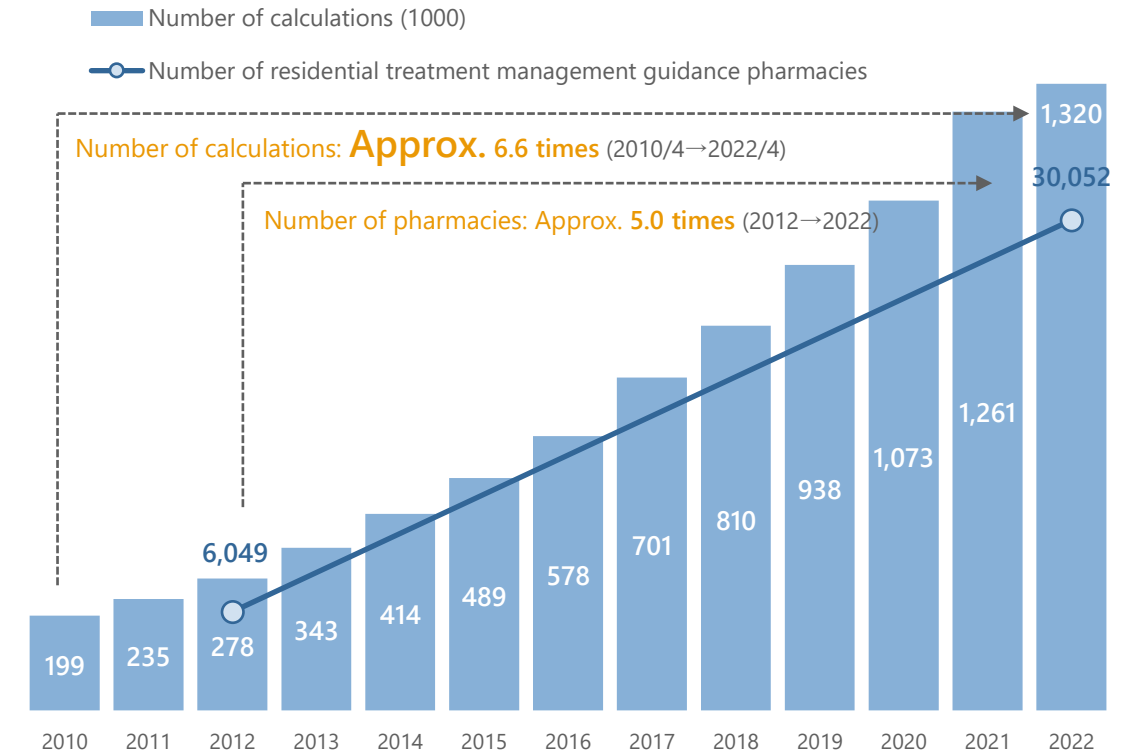
Number of patients at home Ratio of patients at home to all patients

(1000 patients/day)



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

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

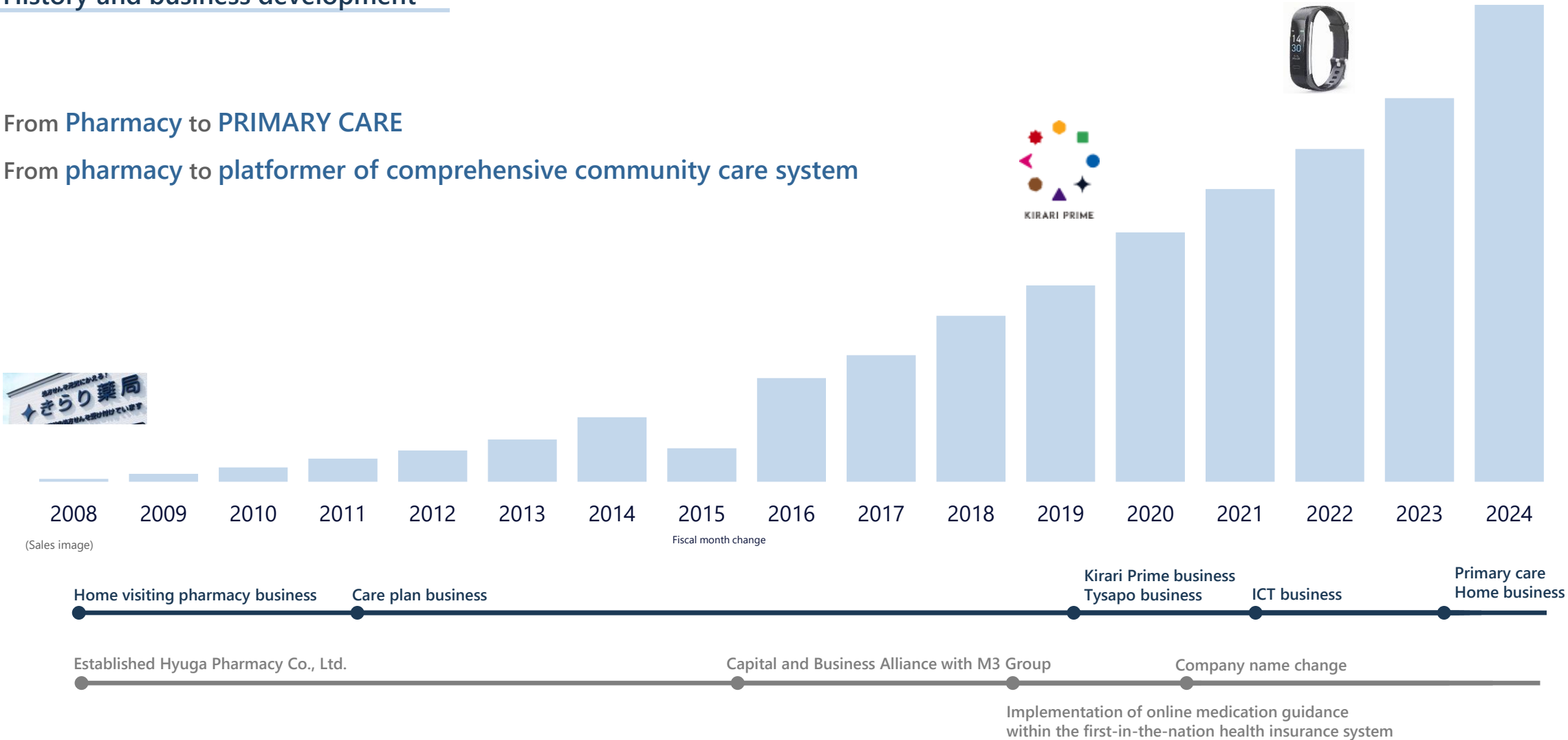


Source: the Ministry of Health, Labour and Welfare "Summary of Patient Survey"/"Monthly Statistics Report on Long-Term Care Benefit Expenditures, etc."

HYUGA PRIMARY CARE Company Profile

History and business development

From Pharmacy to PRIMARY CARE
From pharmacy to platformer of comprehensive community care system



Financial Highlights *

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

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

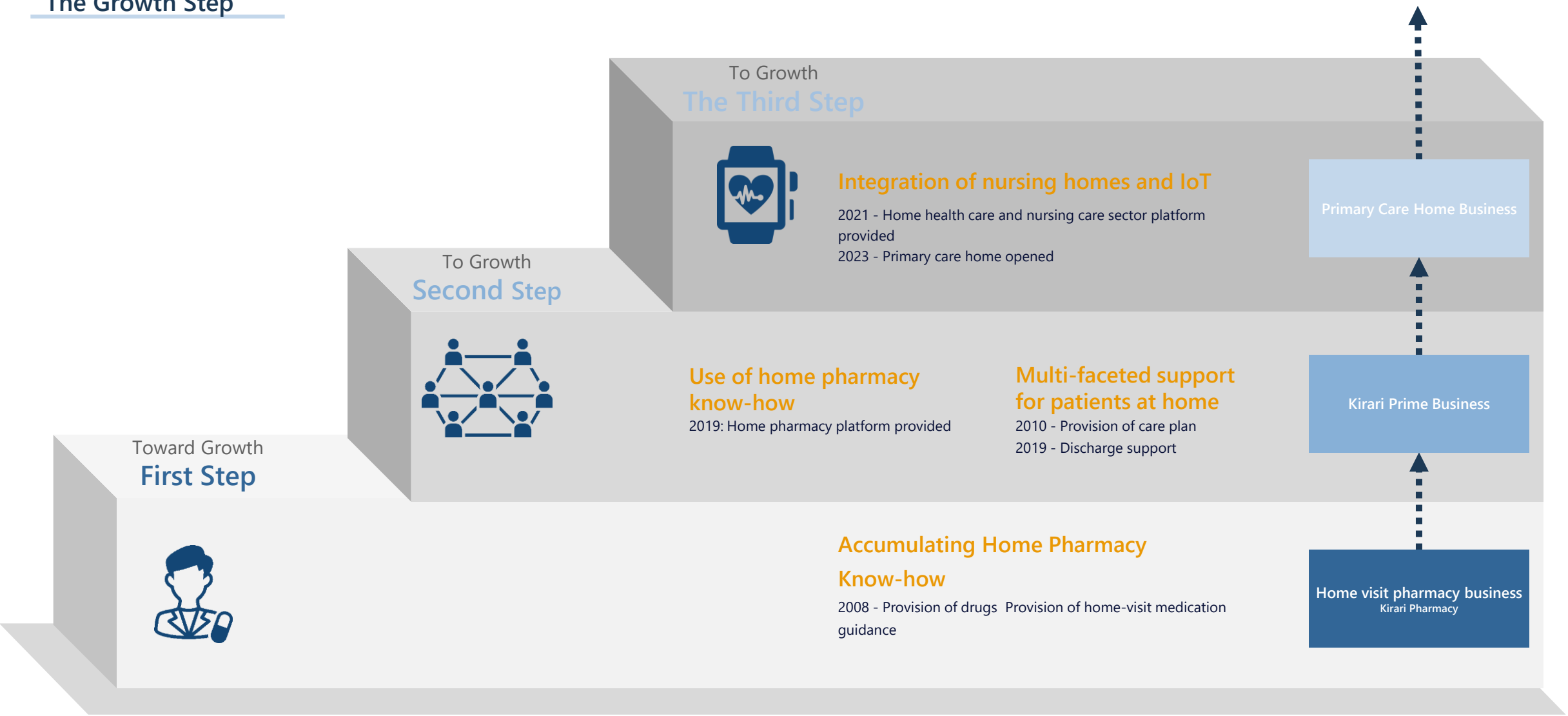
** The Company conducted a stock split at the rate of 2 shares per common share on April 1, 2023. Assuming that the stock split was conducted at the beginning of the 16 fiscal year, net assets per share and net income per share are calculated.

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

Strengthening the Third Step to Growth

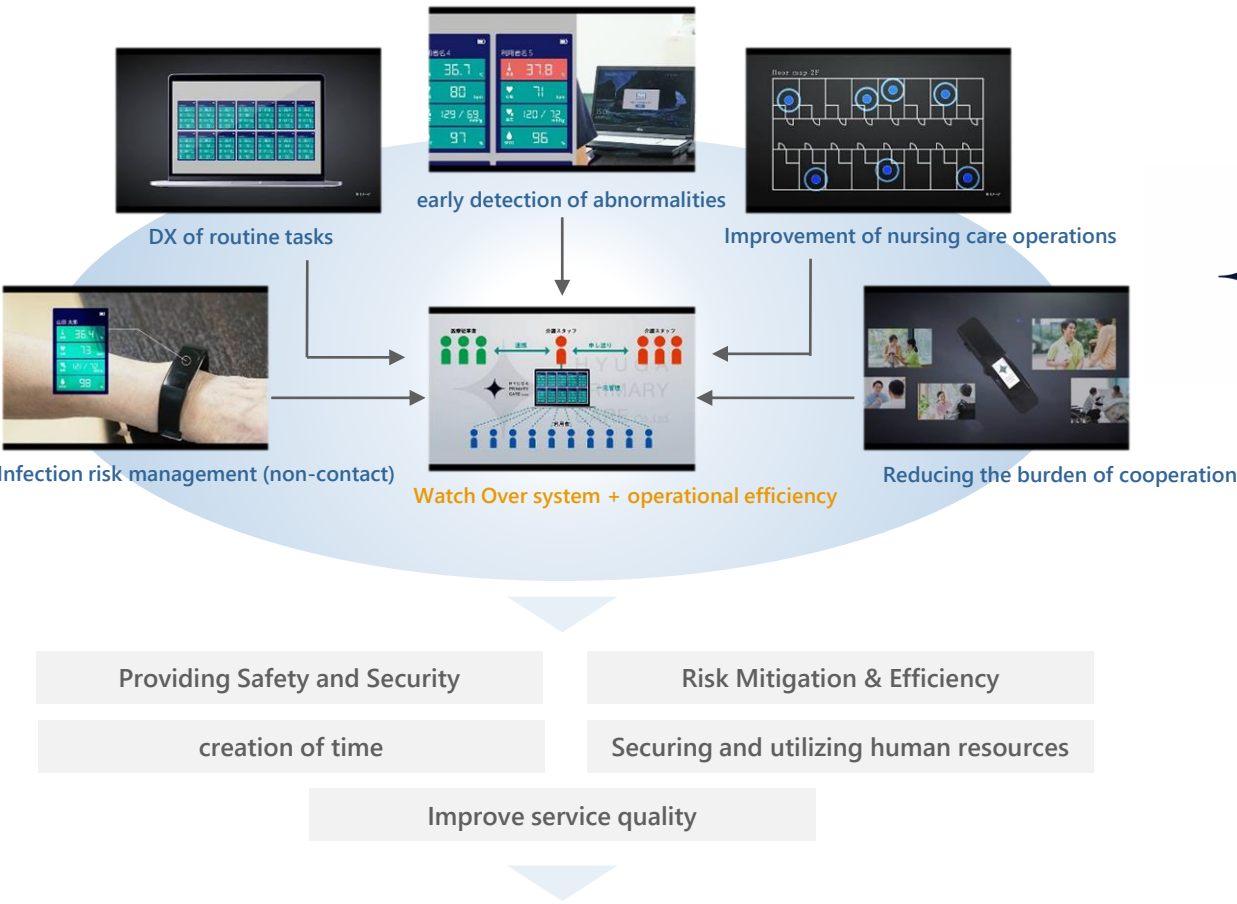
The Growth Step

Expanding the Platform for Community Comprehensive Care Systems

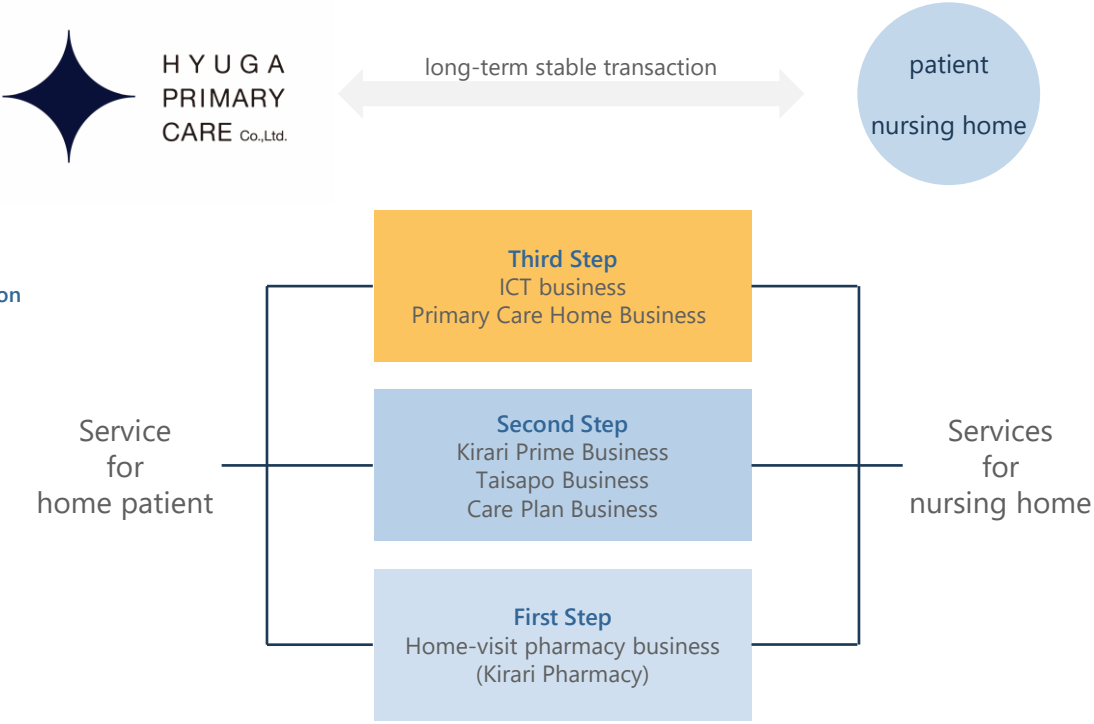


Primary Care Robot®

Watch Over system



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



Improvement of patient QOL and Construction of sustainable care system

Strengthening the Third Step for Growth Primary Care Home business

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

New Business Overview *

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

◆ Facility Concept

- ① **Upsizing & Utilization of ICT**
 - Scale up to 100 beds and increase the number of rooms to reduce the burden on individuals
 - Reduce workload with in-house developed ICT equipment
- ② **Providing Home Care - Regular and On-demand**
 - 24 hours a day, 365 days a year, medical and nursing care are available
- ③ **Less expense for patients**
 - Individual burden amount set according to the level of care

*About "Home Care - Regular and On-demand

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

Affinity with home-visit pharmacy business

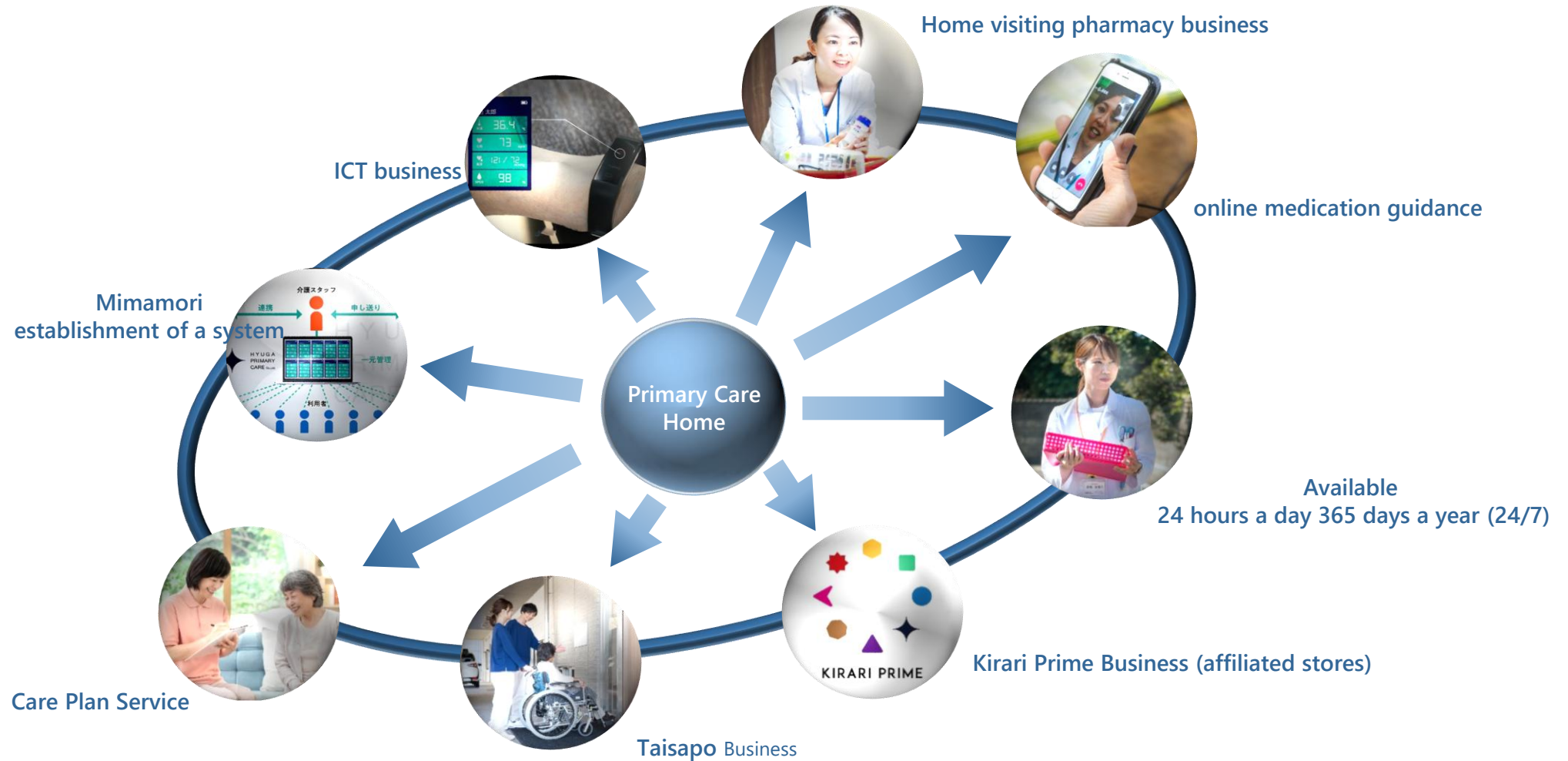
Our nursing care services "Home Care - Regular and On-demand"		Home-Visit Pharmacy Business
Periodic patrol	10 to 15 minutes at a time offered multiple times a day	Periodic home visits to provide medication instructions
Responding	Required services are arranged 24 hours a day, 365 days a year	24 Hours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

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

Strengthening the third step for growth

Establishing a cross-cell structure centered on facility management

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



First step

Home-visit pharmacy business

About the Home-Visit Pharmacy Business

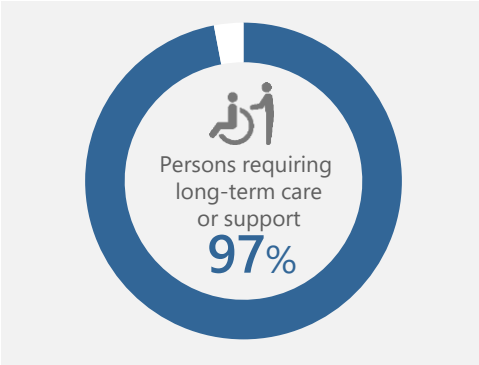
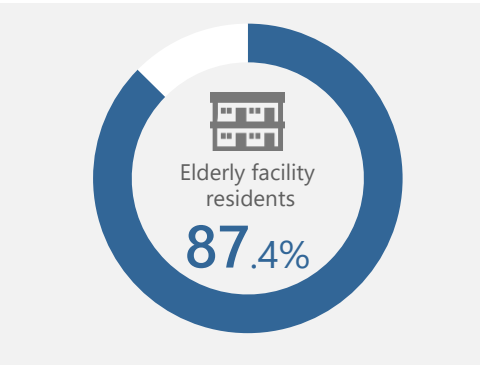
One of the **social infrastructures** that enable people to receive medical care with peace of mind at home, 24 hours a day, 365 days a year (24/7).

Main business

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

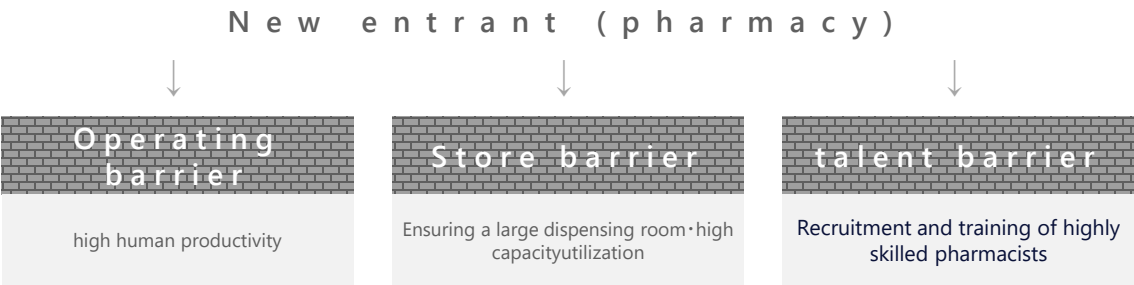
patient attributes

(as of the end of March 2022)



high entry barriers

Conventional pharmacies entering the home pharmacy business



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

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

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

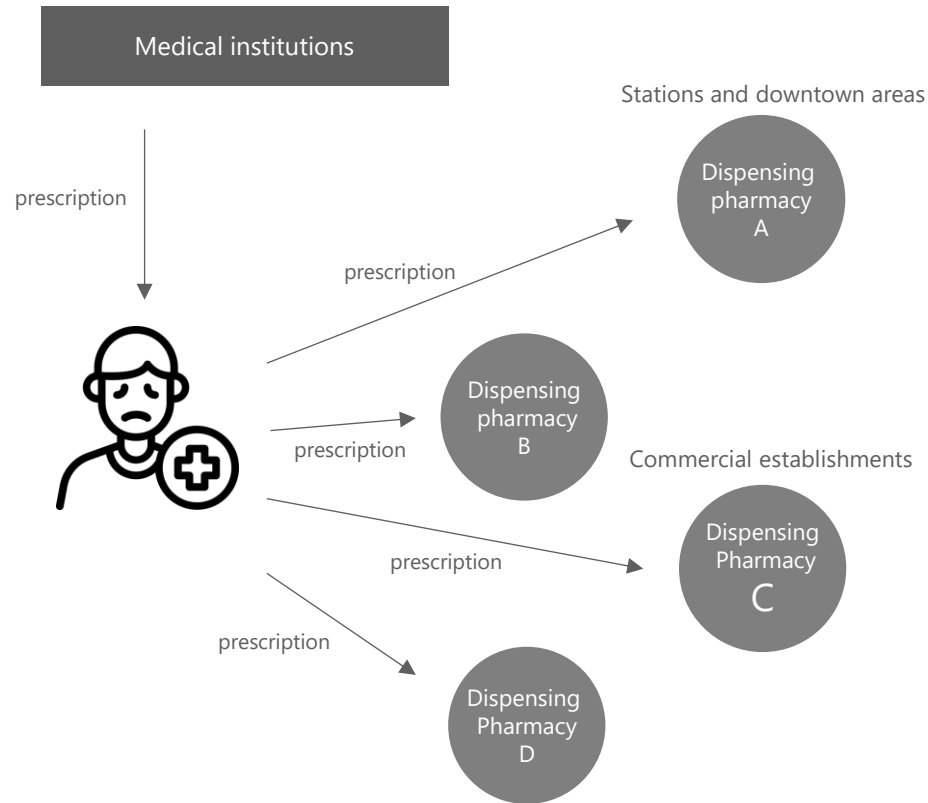
Of the duty to report to the
physician know-how

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

Pharmacies near medical institutions

"Outpatients themselves visit pharmacies"

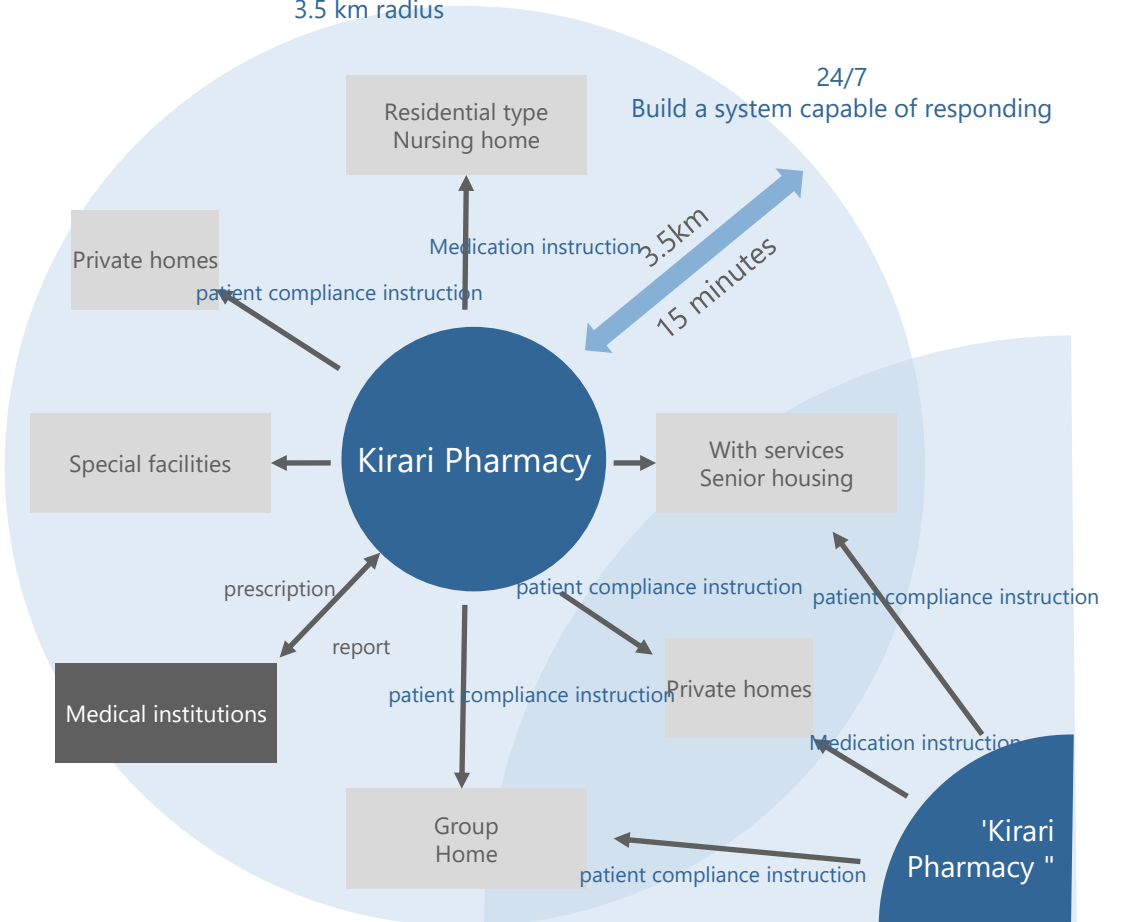
- Open stores near medical institutions where outpatient visits are expected
- Therefore, there are many cases where the store is located close to competing pharmacies
- The cost of opening a store tends to be higher because location is important



Home visit Pharmacy

"Pharmacist visits after signing contract with patient"

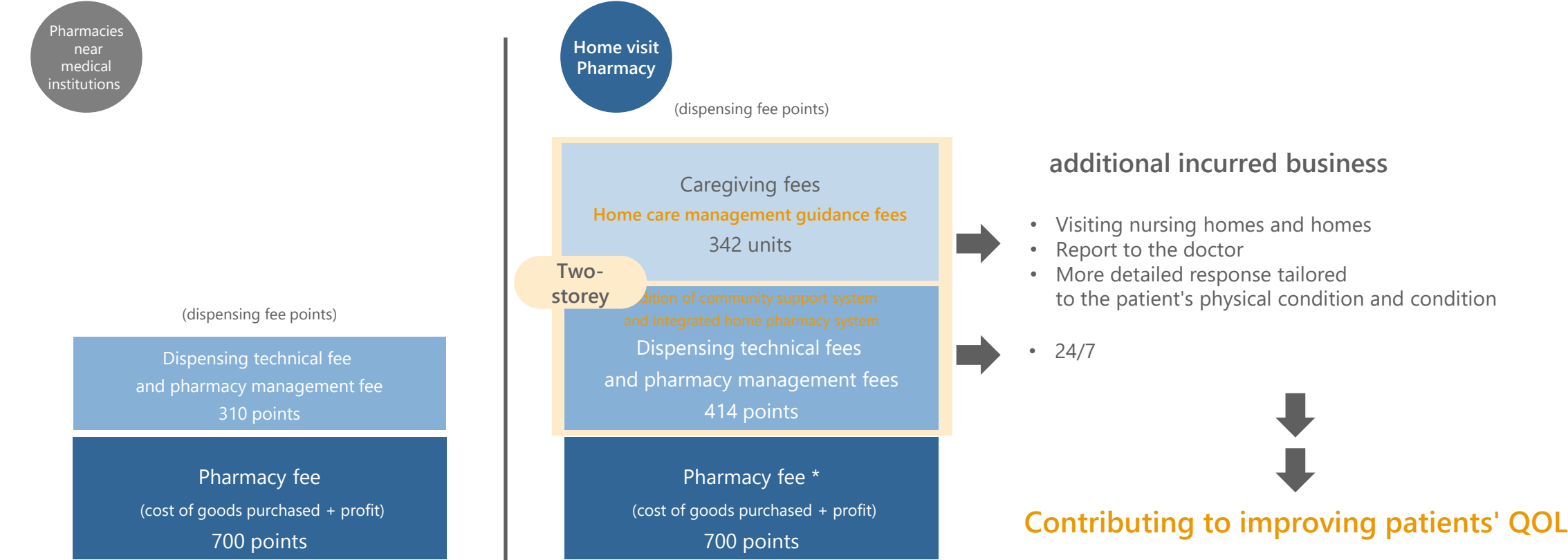
- No specific requirements for opening stores
- **Ability to form long-term partnerships with residents of senior living facilities who have difficulty visiting hospitals**
- Improve visiting efficiency by pursuing a dominant approach with a 3.5 km radius



Home visiting pharmacy business (3) Number of dispensing fees

Comparison of dispensing fee points

Home-based dispensing has about double the number of reward points compared to conventional dispensing methods. That means more work, but more business opportunities
On the other hand, the human connection with the patient is stronger, and the possibility of signing a long-term contract is higher. Collaborating with doctors, etc. can also contribute to improving the QOL of patients



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

Comparative example per prescription for 14 days of oral medication

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

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

「規制改革実施計画」（令和3年6月18日閣議決定）（抄）

オンライン診療・オンライン服薬指導の特例措置の恒久化

- a オンライン診療・服薬指導については、新型コロナウイルス感染症が収束するまでの間、現在の時限的措置を着実に実施する【a:新型コロナウイルス感染症が収束するまでの間、継続的に措置】
- b 医療提供体制におけるオンライン診療の果たす役割を明確にし、オンライン診療の適正な実施、国民の医療へのアクセスの向上等を図るとともに、国民、医療関係者双方のオンライン診療への理解が進み、地域において、オンライン診療が幅広く適正に実施されるよう、オンライン診療の更なる活用に向けた基本方針を策定し、地域の医療関係者や関係学会の協力を得て、オンライン診療活用の好事例の展開を進める
- c 情報通信機器を用いたオンライン診療については、初診からの実施は原則、かかりつけ医による実施（かかりつけ医以外の医師が、あらかじめ診療録、診療情報提供書、地域医療ネットワーク、健康診断結果等の情報により患者の状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）】



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

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



Same patient's medicine set for one week

Change the color of the line every time you take it to make it easier to understand



A set of medicines taken by patients on the same floor of the facility at the time of taking them.

The facility staff gave it the best reviews. (It also takes the most time and effort)



Many calendar sets for patients in private homes

Reading QR code reveals drug information inside



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



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



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

High barrier to entry in the home-visit pharmacy business

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



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.

Second step

Kirari Prime Business

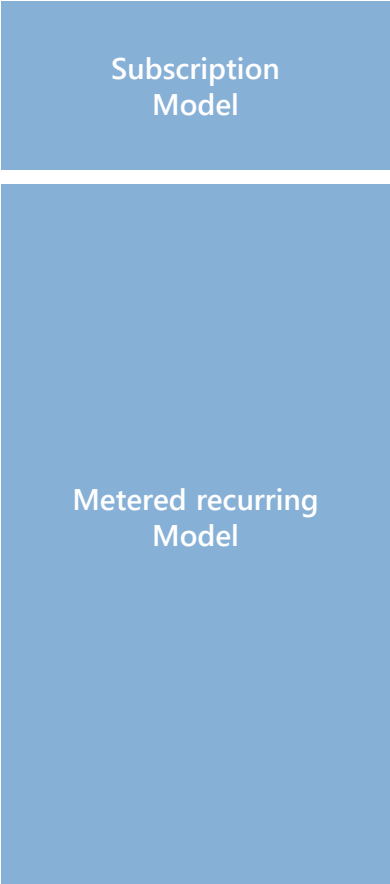
Business model and pricing system

Share of Kirari Prime Business Sales

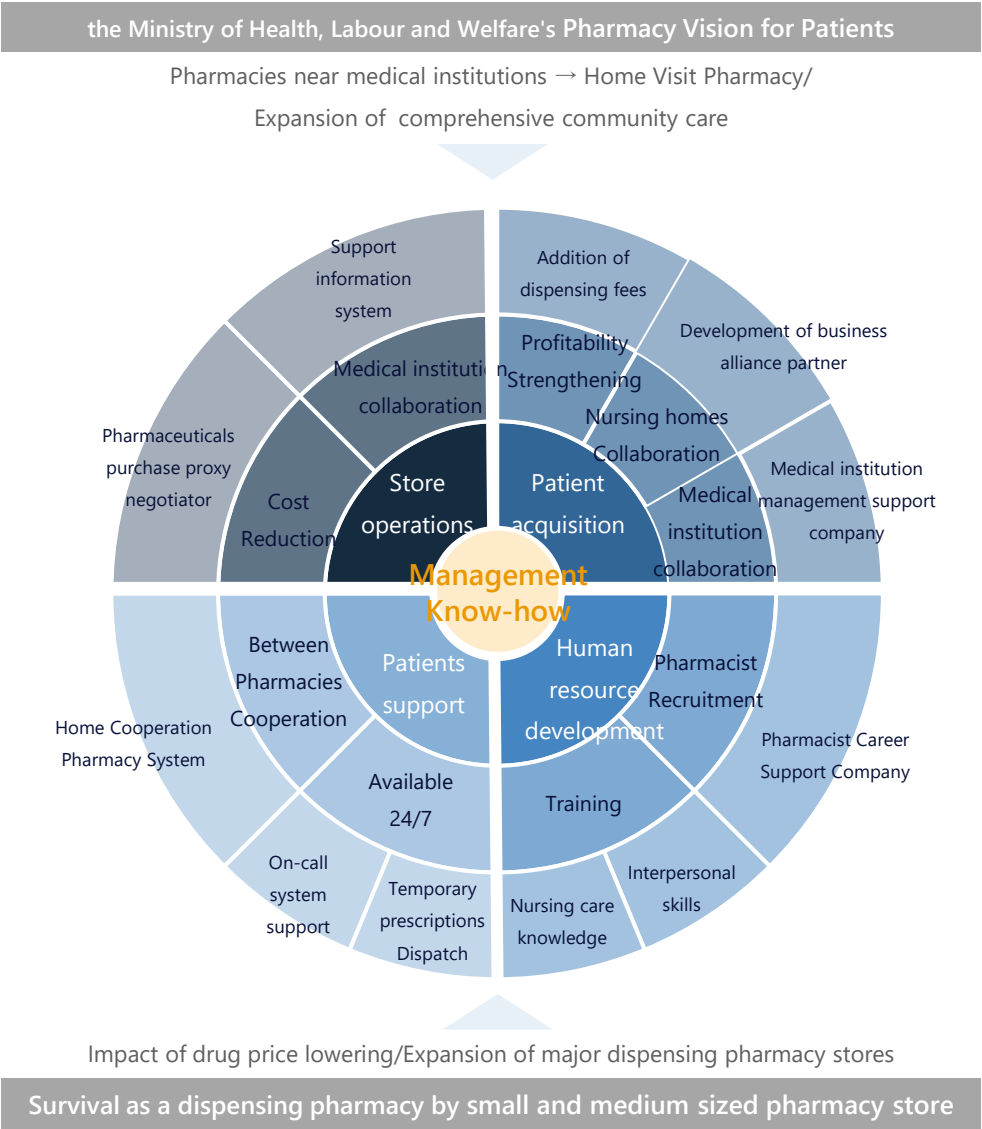
Subscription Recurring Sales Ratio 90%

(Fiscal year ended March 2022)

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	



Competitiveness, Policy and Environment



Third step Primary care home business

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

Facility concept and features

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

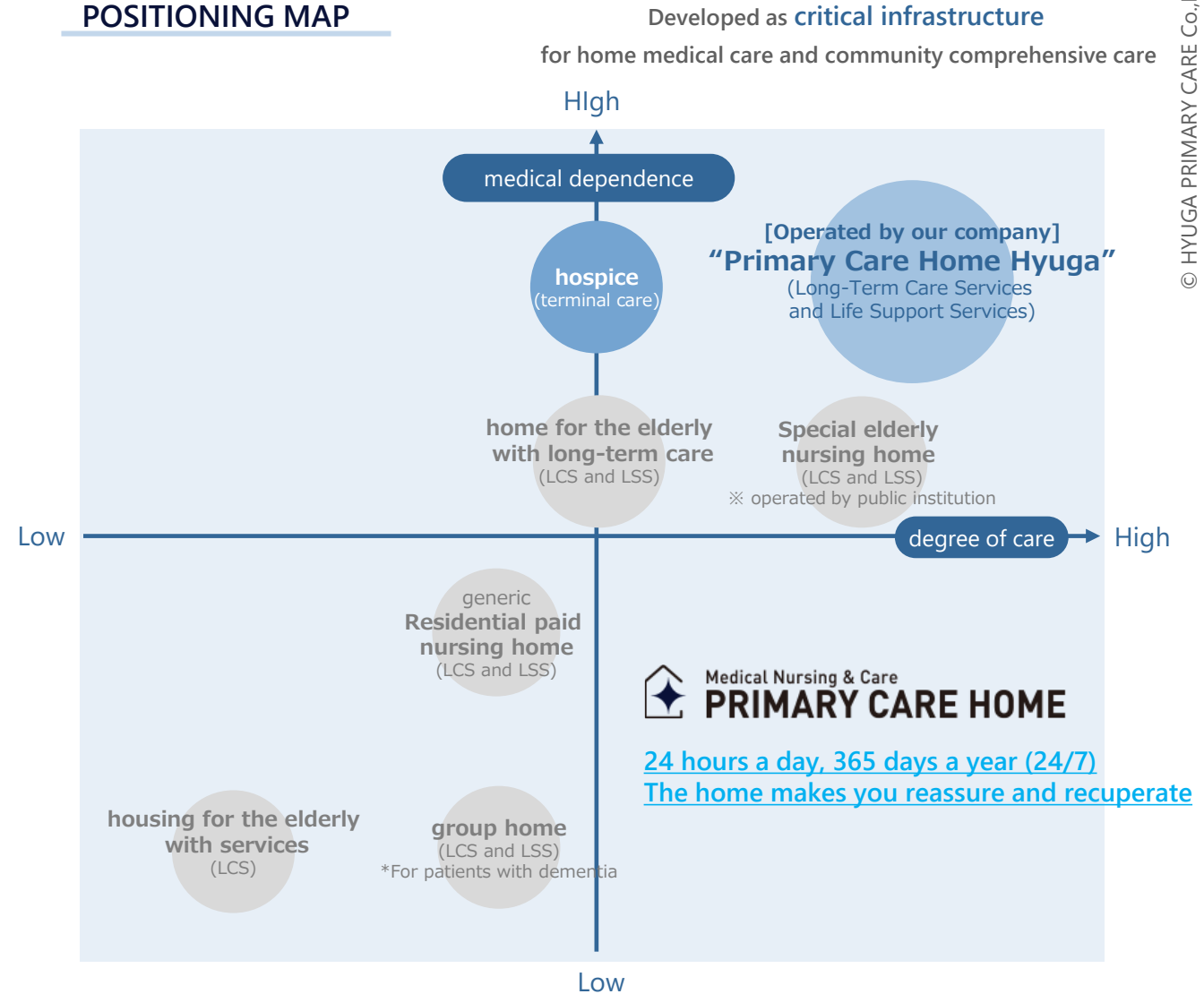
[Operated by our company]
"Primary Care Home Hyuga"
 (Long-Term Care Services
 and Life Support Services)



services that support the lives of the elderly

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

POSITIONING MAP



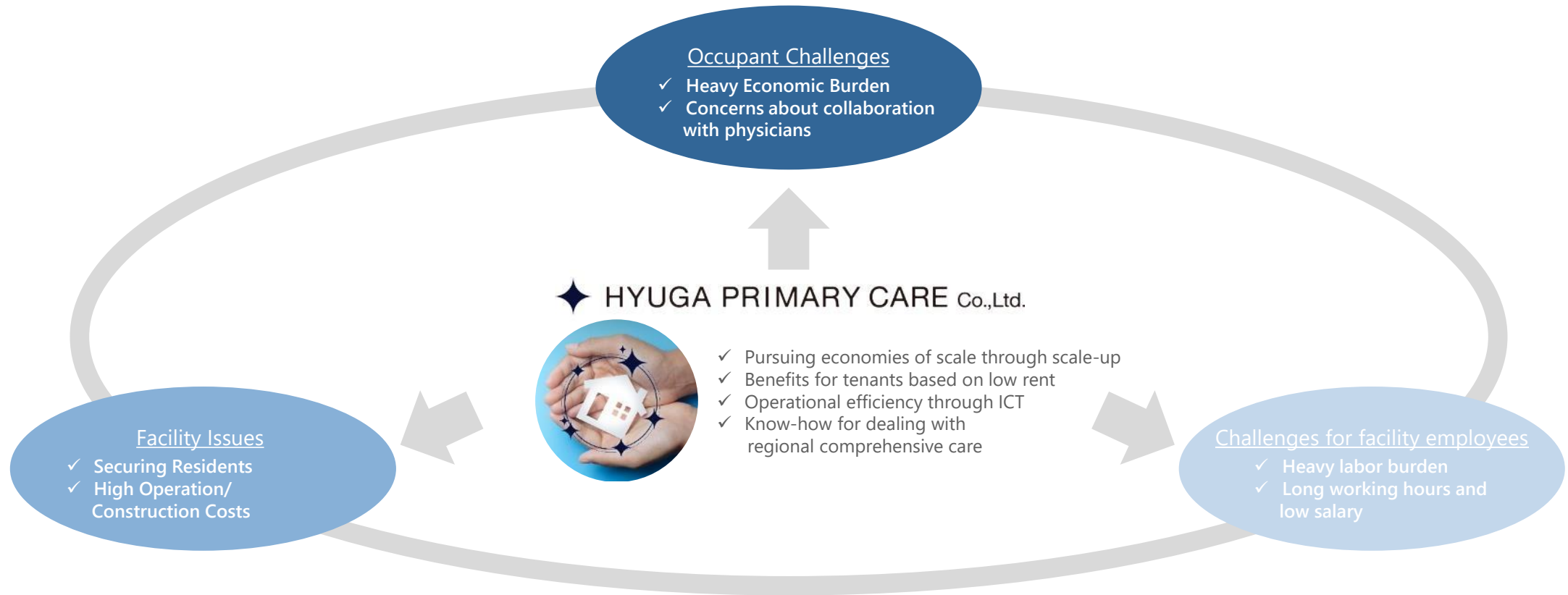
Comparison with similar nursing homes

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

Realize solution of trilemma structures

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

Trilemma structure of facility management



Differences from existing nursing homes

Benefits of moving in

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

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

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

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

Responding to medical needs

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

Medical insurance home nursing

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

etc.



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

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

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



Although it was difficult for conventional fee-based nursing homes

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

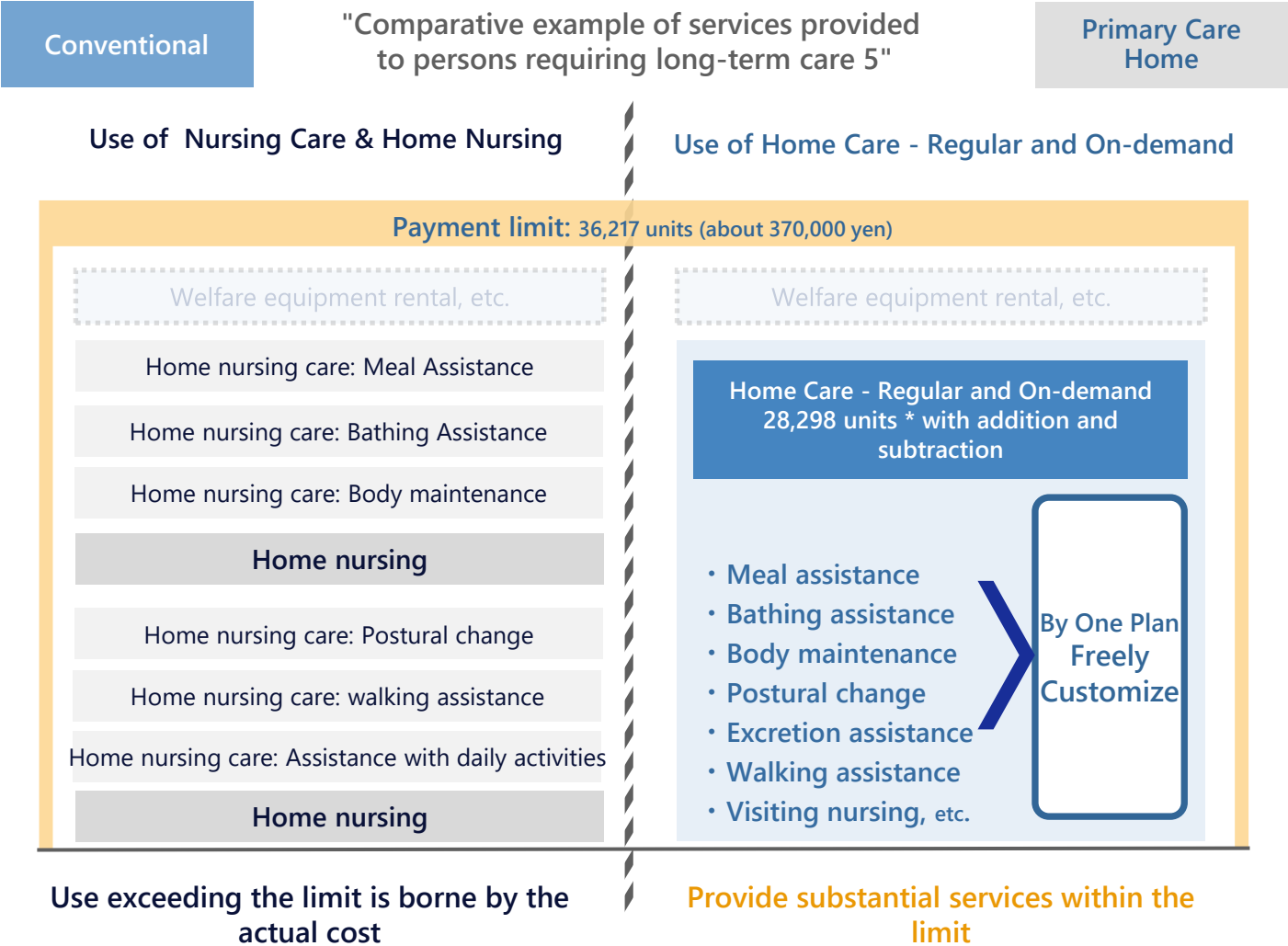
Comparison with medical care beds and public nursing homes

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

		Primary Care Home HYUGA	medical care bed		Nursing Care Hospital (Former: Nursing Care Medical Bed)		nursing home for the elderly	special care nursing home
			20 to 1	25 to 1				
overview		A living facility that can provide nursing care under medical supervision and necessary medical care to those in need of long-term care.	Beds in hospitals and clinics that admit mainly patients requiring long-term care *There are 20 to 1 and 25 to 1 standards for nursing staff (based on medical fees).		Long-term care and living facilities for elderly people requiring long-term care		a facility that provides rehabilitation and other services to persons in need of long-term care and aims to return to their homes Limited length of stay	Living facilities for persons in need of care
Number of beds		Number of paid nursing homes 540,000 beds	144000 beds	72000 beds	48000 beds		368000 beds Nursing care type: Approximately 9000 beds	567000 beds
establishment basis		Act on Welfare of the Elderly (Apartment Buildings for the Elderly)	Medical Care Law (Hospitals and Clinics)		Long-Term Care Insurance Act		Long-Term Care Insurance Act (Long-Term Care Health Facilities for the Elderly)	Act on Welfare of the Elderly (Welfare Facilities for the Elderly)
staffing	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	3 to 1
	care worker	*2.7 to 1	4 to 1	2 to 1	5 to 1	6 to 1	About 2/7 of them are nursing staff.	
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%

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

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



Home NursingCare

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

[Home Care - Regular and On-demand]

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

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

HYUGA PRIMARY CARE Co.,Ltd.

February 2025