

# HYUGA PRIMARY CARE

A hand is shown holding a white house icon. The house has a chimney and a window with a grid pattern. The house is surrounded by several dark blue starburst shapes. A circular arrow graphic is also visible around the house icon.

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

HYUGA PRIMARY CARE Co.,Ltd.  
7133 TSE Growth Market  
August 9, 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 of First Quarter of Fiscal Year Ending March 2025

## Financial Highlights

YoY sales up 25%, operating income up 2.6 times

Primary care home business contributed significantly to both sales and profits

## Business Highlights

### Home-visit pharmacy Business

- Profit decreased year on year
- Despite an increase in gross margin, opening and hiring expenses associated with opening new stores occurred in advance
- Cost of purchase ratio worsened due to the revision of drug prices in April, and the positive impact of the revision of dispensing fees began in June

### Kirari Prime Business

- Increased 46% YoY due to increase in membership and ARPU
- Demand for our services increased due to the revision of dispensing fees that obligated us to take certain training courses in order to obtain additional services for home patients and the number of affiliated stores has exceeded 2,000.
- Final adjustments underway to receive first Regional Prime Service order

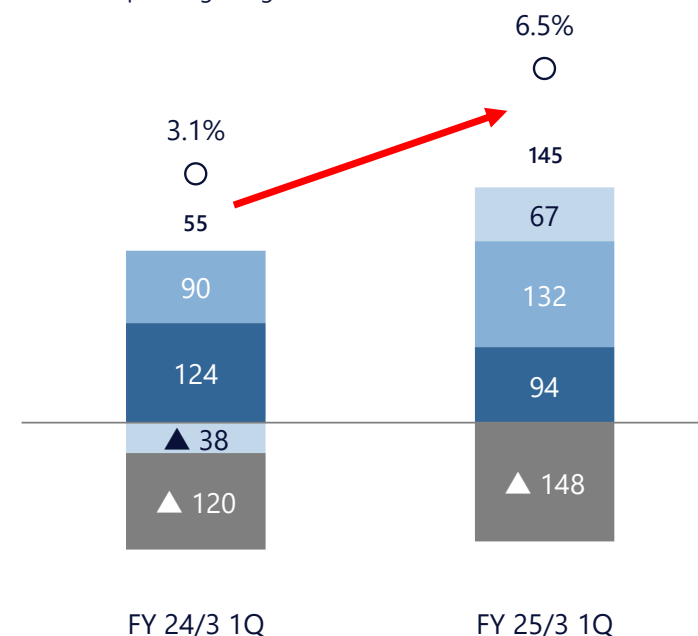
### Primary Care Home Business

- Turned profitable year on year due to increases in occupancy rates and unit occupancy rates, and increased profit from last 4Q.
  - Occupancy rate 1st building (Kasuga): 98.0% 2nd building (Hakata Mugino): 90.7%
- Expected to incur costs to open 3rd building from 3Q

## Operating Income

(millions of yen)

- Home visit pharmacy
- Kirari Prime
- Primary Care Home
- Others
- Operating margin



# Company Profile/Vision

## COMPANY

Company Profile

<b>Company Name</b>	HYUGA PRIMARY CARE Co., Ltd. (HYUGA PRIMARY CARE Co.,Ltd.)	
<b>Representative</b>	President/Pharmacist Tetsuji Kurogi	
<b>Establishment</b>	November 2007	
<b>Head Office</b>	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)	Hirota Minamitani
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

- Sales increased 24.8% year on year. Although growth in the home-visit pharmacy business slowed due to limited capacity utilization, Kirari Prime and Primary Care Home Businesses performed well
- Operating income increased 2.6 times year on year. Contributed by profitability of Primary Care Home
- Both sales and profit progressed as expected against the first half plan

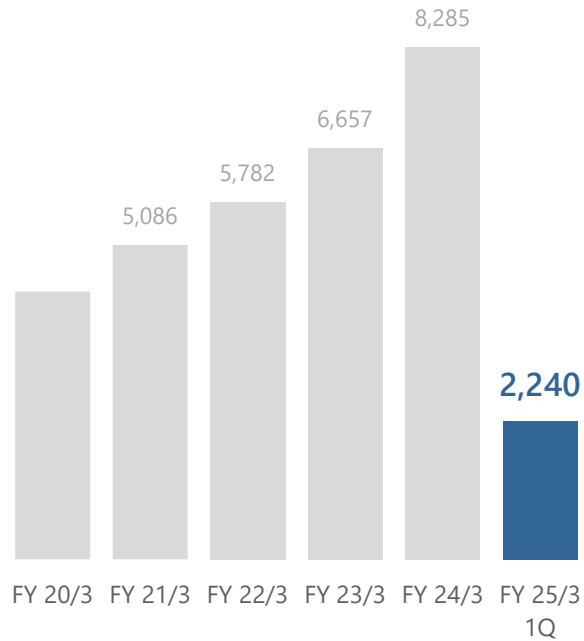
(millions of yen)	1Q 2024/3	FY 2025/3 1Q		Year-on-Year **		1st half plan Progress rate
	Actual (Non-consolidated)	1st half plan (Consolidated) *	Actual (Consolidated)	Change	Change	
<b>Sales</b>	1,795	4,532	2,240	+445	+24.8%	49.4%
Home-visit pharmacy business	1,505	3,273	1,645	+140	+9.3%	50.3%
Kirari Prime business	177	463	231	+54	+30.7%	50.0%
Primary Care Home business **	106	781	364	+258	3.4 x	46.6%
Other business **	6	13	0	- 6	-97.0%	1.6%
<b>Operating income</b>	55	397	145	+89	2.6 times	36.5%
Home-visit pharmacy business	124	298	94	- 29	-24.1%	31.6%
Kirari Prime business	90	231	132	+41	+45.9%	57.0%
Primary Care Home business **	- 38	107	67	+106	Return to profit	62.6%
Other businesses **	- 3	- 5	- 2	+1	+45.1%	39.9%
Adjustments	- 116	- 234	- 146	- 30	-26.1%	62.6%
<b>Ordinary profit</b>	55	381	141	+86	2.6 times	37.1%
<b>Net income</b>	36	263	94	+58	2.6 times	36.0%

# Performance/Net Sales Breakdown

- Net sales increased at a year-on-year pace. By sales breakdown, the weight of the Primary Care Home business increased by 5.5 points YoY
- Ordinary profit margin declined YoY due to the impact of a deterioration in profit margin caused by increases in store opening costs and hiring costs in the home-visit pharmacy business

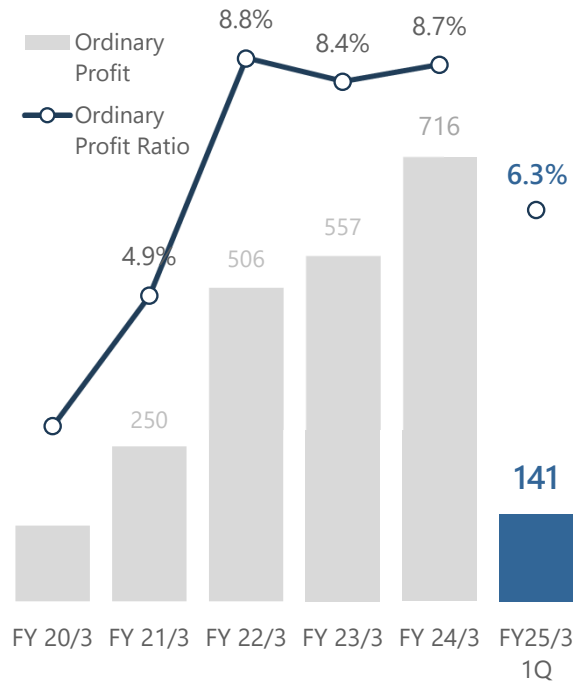
## Sales

(millions of yen)



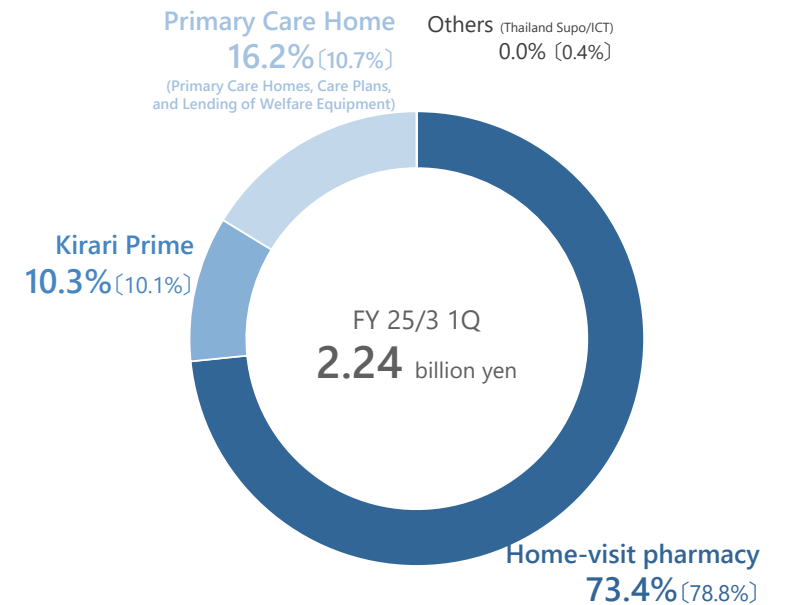
## Ordinary Profit/Ordinary Profit Ratio

(millions of yen) (%)



## Net Sales Ratio

(%) ( ) is YoY composition ratio \*



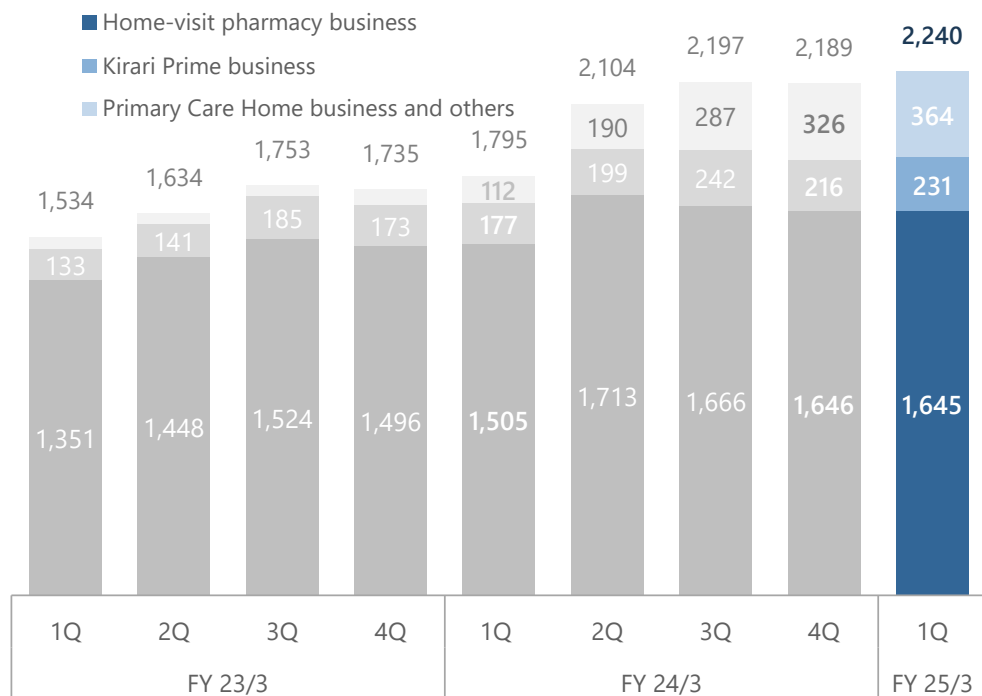


# Quarterly Financial Results (1)

- 1Q sales increased 2.3% compared to 4Q. Primary Care Home business grew
- Gross profit and operating profit decreased compared to 4Q. Impact of increased costs for opening new stores and hiring expenses in home-visit pharmacy business

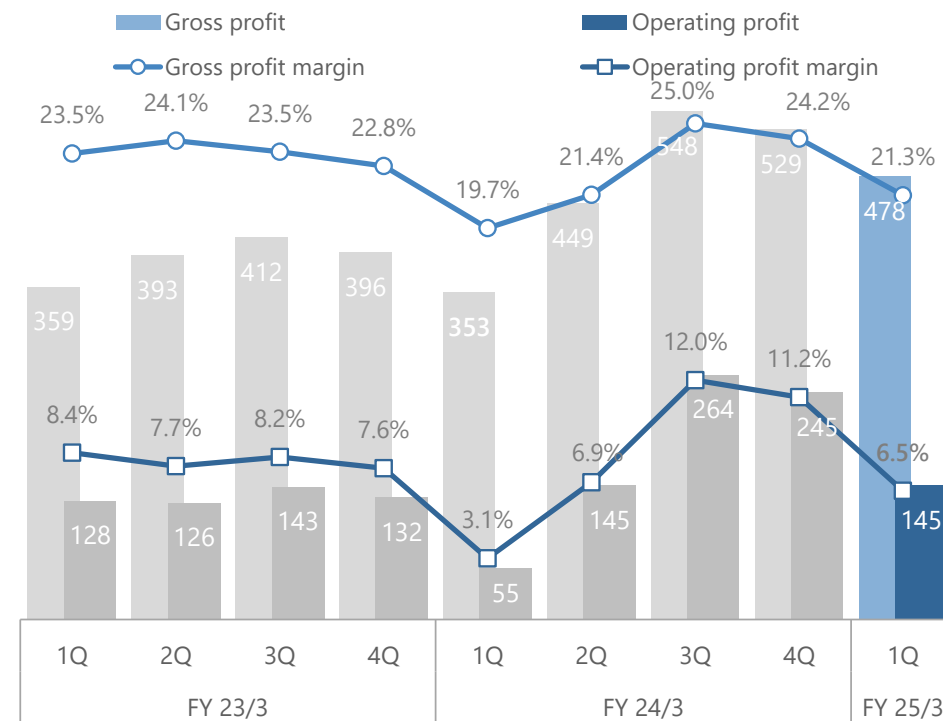
## Breakdown of sales

(millions of yen)



## Gross profit and operating profit

(millions of yen) (%)



## Quarterly Financial Results (2) By Segment

- By segment, sales of the Home-visit pharmacy business were flat compared to 4Q. The impact of curbing the acceptance of patients at home continued. New store opening costs pushed down profits
- In the Kirari Prime business, sales and profit increased compared to 4Q due to an increase in the number of members and ARPU
- In the Primary Care Home business, sales increased 14% and profit increased 43% compared to 4Q due to steady progress in occupancy

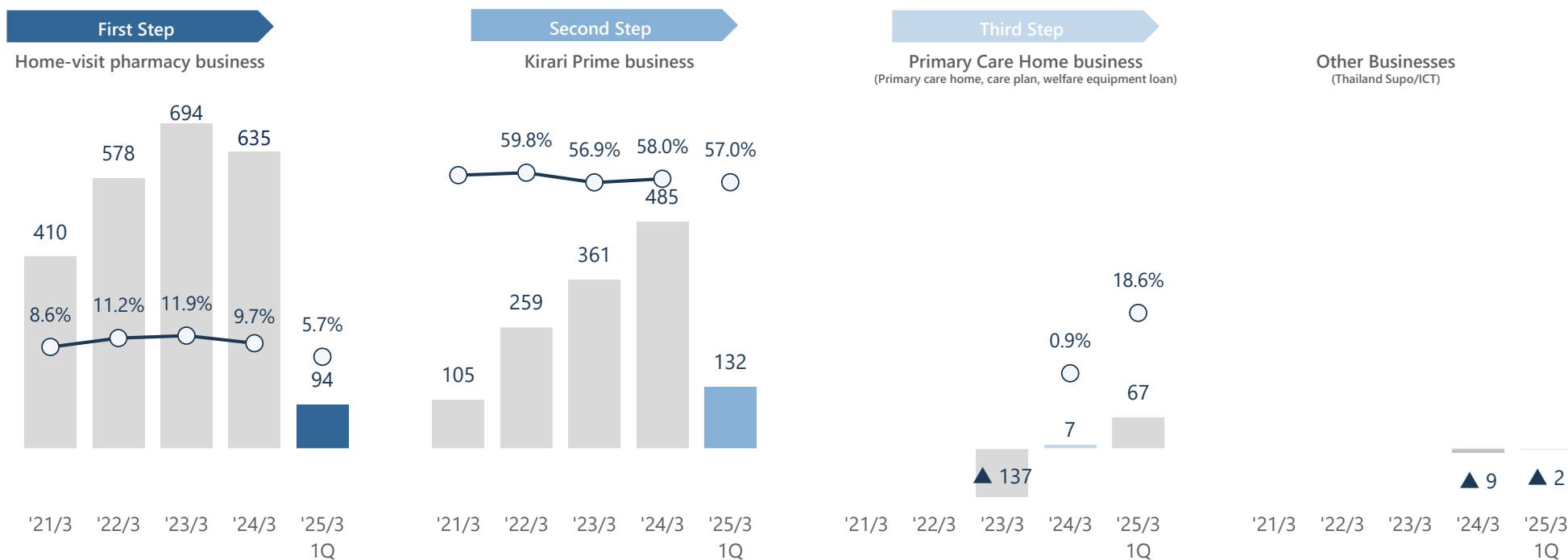
(millions of yen)	FY 2024/3				FY 2025/3 (Consolidated)
	1Q (Non-consolidated)	2Q (Non-consolidated)	3Q (Non-consolidated)	4Q (Consolidated)	1Q
<b>Sales</b>	1,795	2,104	2,197	2,189	2,240
Home-visit pharmacy business	1,505	1,713	1,666	1,646	1,645
Kirari Prime business	177	199	242	216	231
Primary Care Home business	106	181	276	319	364
Other businesses	6	9	11	7	0
<b>Operating income</b>	55	145	264	245	145
Home-visit pharmacy business	124	173	172	164	94
Kirari Prime business	90	115	154	124	132
Primary Care Home business	- 38	- 28	27	47	67
Other businesses	- 3	- 1	- 0	- 3	- 2
Adjustments	- 116	- 113	- 90	- 88	- 146
<b>Ordinary profit</b>	55	144	266	250	141
<b>Net income</b>	36	98	182	124	94

# Operating Profit by Segment

- In the Home-visit pharmacy business, which is the first step of growth, gross margin increased, but store opening and recruitment expenses incurred in advance due to new store openings
- Kirari Prime business, which is the second step, is doing well. ARPU also increased due to a steady increase in the number of members
- In the Primary Care Home business, which is the third step, profit margin also increased to 18.6%. Cost to open a third building is expected to be incurred from 3Q

## Segment profit and segment profit margin

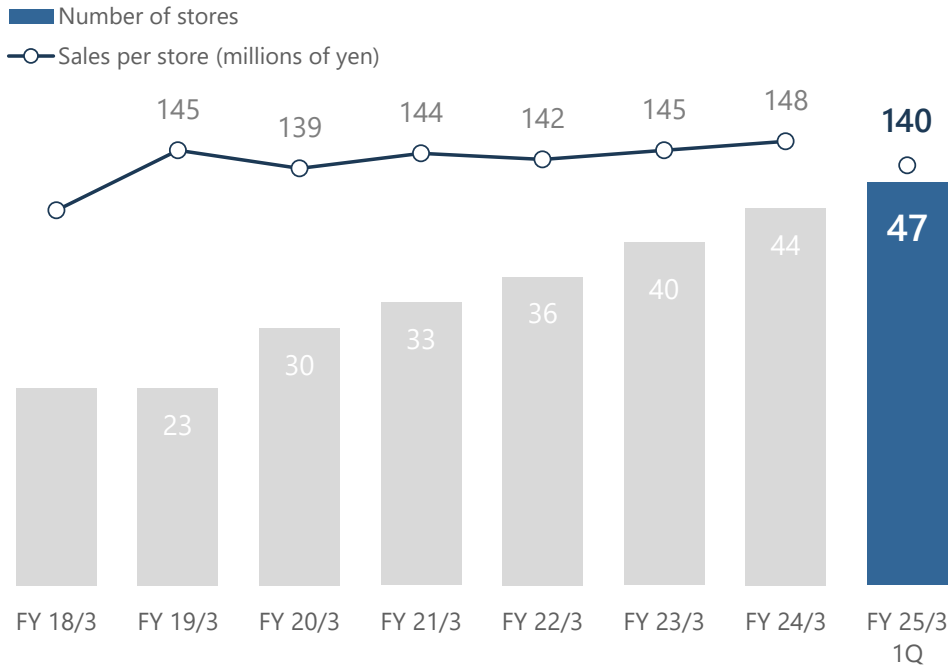
(millions of yen) (%)



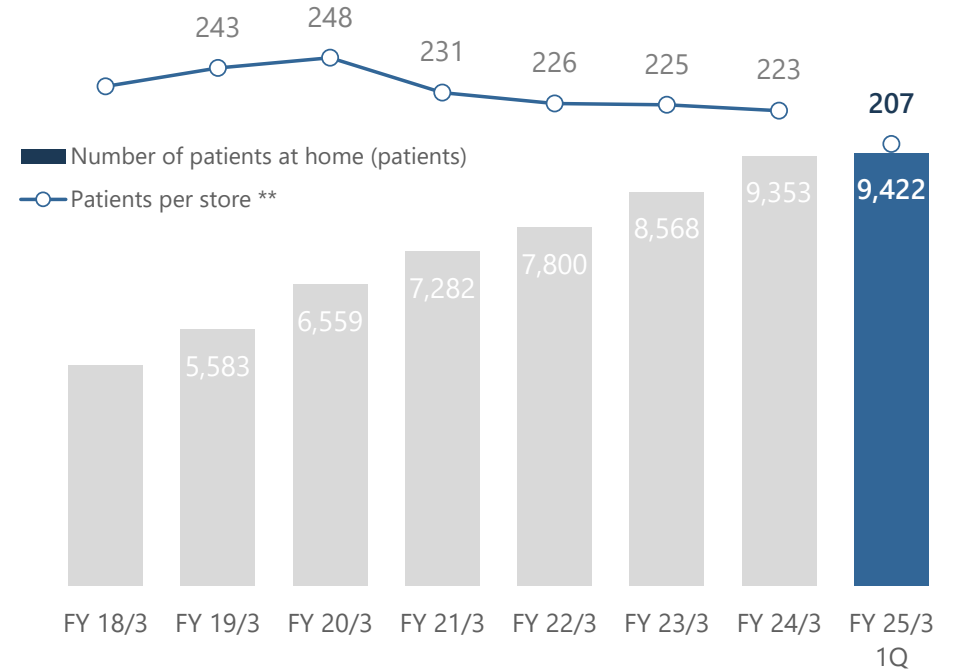
# Home-visit pharmacy business KPI

- Number of stores 47 stores, an increase of 3 stores from the end of the previous fiscal year. Sales per store declined to 140 million yen due to progress in reducing the on-site workload
- Home visiting patients increased by 69 from the end of the previous fiscal year to 9,422 due to the increase in stores. The number of patients per store was held to just under 210 due in part to reducing the on-site workload.

## Sales and number of stores



## Number of home visiting patients

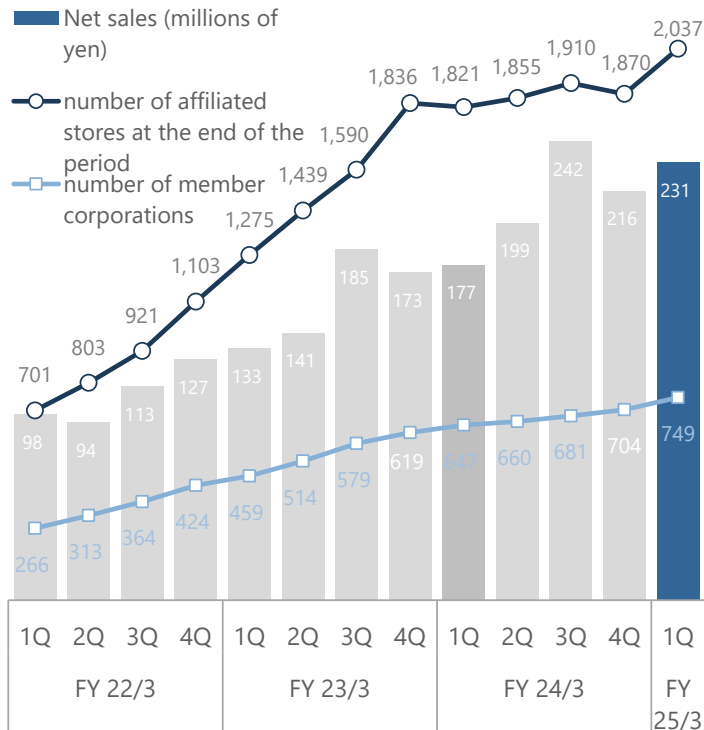


\*Sales per store (1 million yen) = Sales ÷ Number of stores at the end of the period/\*\* Number of patients per store (person) = Number of patients at home at the end of the period ÷ Average number of stores at the beginning and end of the period

# Kirari Prime Business KPI

- Net sales increased 30% year on year. The number of member stores increased by 45 companies from the fourth quarter, and the number of member stores increased by 167 stores to exceed 2,000 stores, due to the increase in demand for Kirari Prime services as a result of the revision of dispensing fees, which made it obligatory to take certain training courses to obtain additional services for home patients.
- ARPU remained firm along with the increase in the number of member stores.

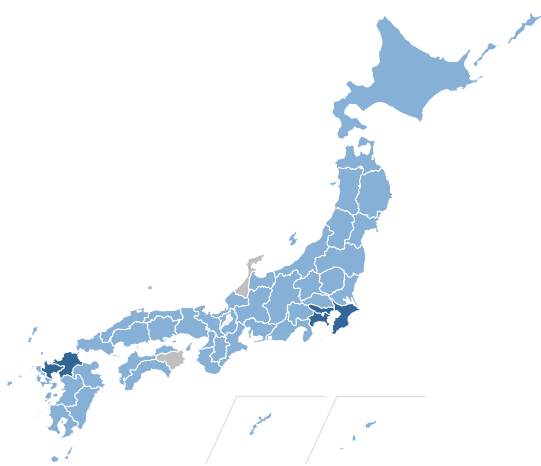
## Net sales, number of member stores, and number of companies



## Developments

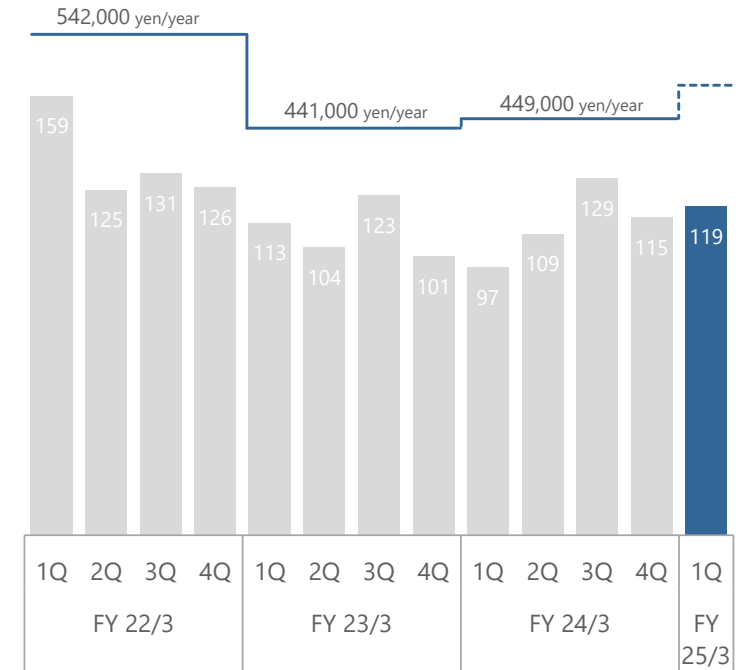
Kirari Pharmacy	5 prefectures	47 stores
Affiliated pharmacies	45 prefectures	2,037 stores

(As of June 30, 2024)



## Kirari Prime ARPU\*\*

(thousand of yen/quarter)

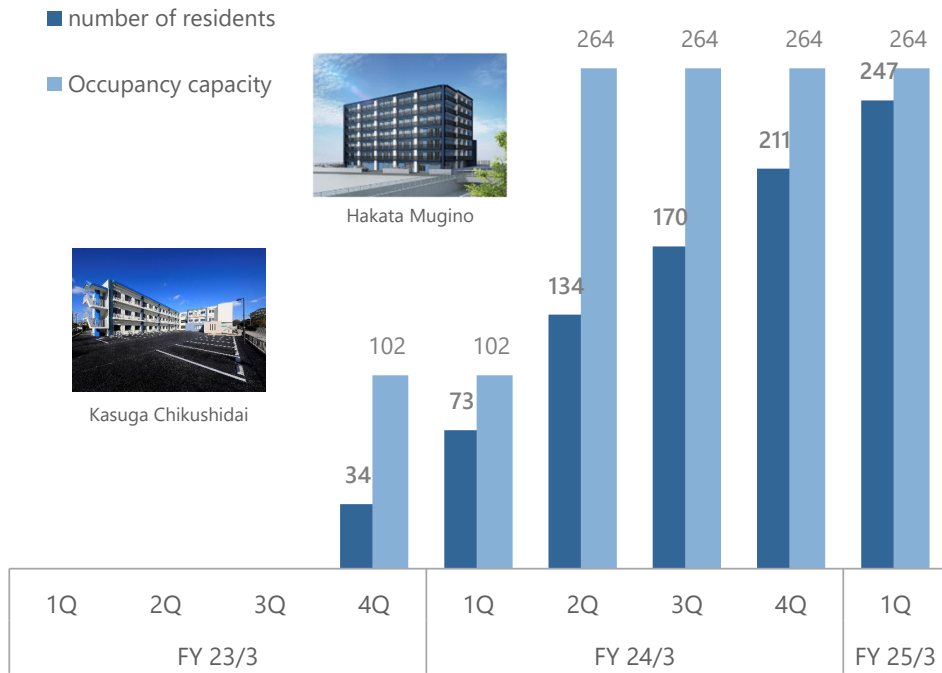


\*\*ARPU= Kirari Prime sales (including initial revenue) ÷ Average number of stores at beginning and end of the period

# Primary Care Home Business KPI

- Facility occupancy rate was 94% at the end of 1Q, and the facility is almost full.
- The average monthly unit price for residents in 1Q was ¥457,000.

## Capacity/Number of residents



## Ratio of severely ill persons a/Unit price for residents \*

(thousand of yen/month)



\*Quarterly average monthly unit price

# Action Plan for FY 2025/3 Progress

### Home-visit pharmacy Business

- Efforts to secure human resources**  
 Increased training for new employees at headquarters to reduce the training burden at stores. Introduced regular interviews with the human resources department to reduce turnover after less than one year of employment. 1Q Turnover Trend Reducing
- Expansion of stores specializing in home visits**  
 Established the stores specializing in home visits to enable more detailed dominant development. Directly linked to higher delivery efficiency. The company planned to open five stores during the fiscal year, but plans to increase the number to eight including those outside existing areas.
- Study of a Central Kitchen System**  
 Study of a central kitchen system for home-visit pharmacies to lift the ban on outsourcing dispensing operations. In the future, the company will develop a virtual dominant position, including Kirari Prime member stores.
- Expansion into New Areas**  
 Plans to expand into Kumamoto and Kagoshima prefectures for the first time this fiscal year.

### Kirari Prime Business

- Dispatch of Home Pharmacists**  
 Provision of Direct Consulting Services (Dispatch of Home Pharmacists) for the Era of Full-fledged Home Healthcare
- Automatic Linkage with Electronic Drug History System**  
 Started a business alliance to link CARADA Electronic Drug History Solamichi, an electronic drug history software provided by Solamichi Systems, with our FamCare home support system. Promoted report creation RPA using generated AI.
- Hands-on service for business succession pharmacies**  
 Started a service to increase value and establish business succession through our consulting services in response to an increasing number of small- and medium-sized pharmacies with no successors or financial difficulties
- Support service for the construction and operation of facilities for the elderly**  
 Provided consulting services for the construction and operation of facilities for the elderly to companies operating pharmacies. Developed a set of pharmacies and facilities for the elderly throughout Japan in addition to directly managed facilities. Coordination underway to receive first order.

Region Prime

### Primary Care Home Business

- Establishment of a system for expanding facilities**  
 Establishing a system that enables the development of two or more buildings per year
- Preparing to enter Kumamoto City**  
 Promoting mass marketing and considering early recognition in order to enter Kumamoto City, where there are no directly managed stores



## Balance Sheet

- Equity ratio in the first quarter of 2025/3: 26.0%. Increase in interest-bearing debt due to increase in cash holdings in preparation for business expansion
- Increase in tangible fixed assets and accounts payable due to increase in the number of home-visit pharmacy stores

(millions of yen)	2023/3 (Non-consolidated)	2024/3 (Consolidated)	2025/3 1Q End (Consolidated)	Change from the end of the previous fiscal year
<b>Current assets</b>	1,959	2,444	2,684	+239
Cash and Bank	567	688	848	+160
Accrued revenue	1,152	1,498	1,517	+19
<b>Non-current assets</b>	955	3,910	4,007	+97
Tangible fixed assets	276	2,997	3,035	+37
Intangible fixed assets	440	364	373	+8
<b>Total assets</b>	2,914	6,354	6,691	+336
<b>Liabilities</b>	1,431	4,711	4,953	+241
A/P trade	669	751	916	+164
Interest-bearing debt *	193	2,629	2,770	+140
Lease liability (short-and long)	57	168	191	+22
<b>Net assets</b>	1,483	1,643	1,737	+94
<b>Liabilities and net assets</b>	2,914	6,354	6,691	+336
Equity ratio	50.9%	25.9%	26.0%	+0.1pt
ROE	30.0%	26.8%	—	—
ROA	14.1%	11.3%	—	—
total asset turnover	2.4 times	1.3 times	—	—

Impact of business expansion

Effect of opening new stores

Impact of business expansion

Effect of increase in cash holdings

\*Interest-bearing debt = short-term borrowings + current portion of long-term borrowings + long-term borrowings + corporate bonds \* Does not include lease obligations



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## Earnings Outlook (Consolidated)

- No change from initial forecast
- For 2025/3, we expect sales to increase by 14.1% and operating income to increase by 30.9%. Sales and income growth will be consecutive since the company was founded \*, and operating income will be close 1 billion yen. Ordinary income is also expected to reach record highs
- On a half-year basis, there is no change in the structure of the company's bias toward the second half. However, due to the opening of new primary care homes, initial costs are expected to be incurred in the second half on a year-on-year basis.

(millions of yen)	FY 2024/3 Results			FY 2025/3 Outlook			YoY Change			Full-year
	First half **	Second half	Full-year	First half	Second half	Full-year	First half	Second half	Full-year	Change
<b>Sales</b>	3,899	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%
<b>Operating income</b>	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	-
<b>Ordinary profit</b>	199	517	716	381	508	889	+181	- 8	+172	+24.1%
<b>Net Income ***</b>	134	306	441	263	354	618	+128	+48	+177	+40.2%

\*Excluding changes in the fiscal year

\*\* Non-consolidated financial results

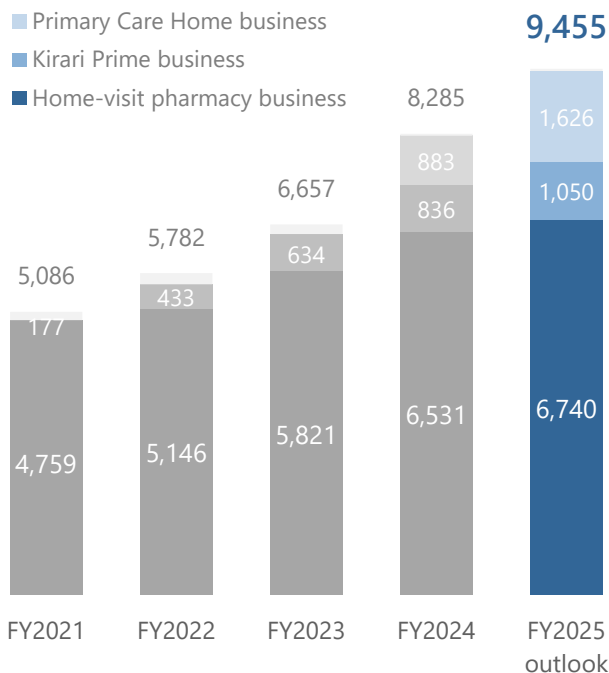
\*\*\* Net income attributable to owners of parent for consolidated financial results from the second half of the 2024/3 fiscal year

# KPI Assumptions

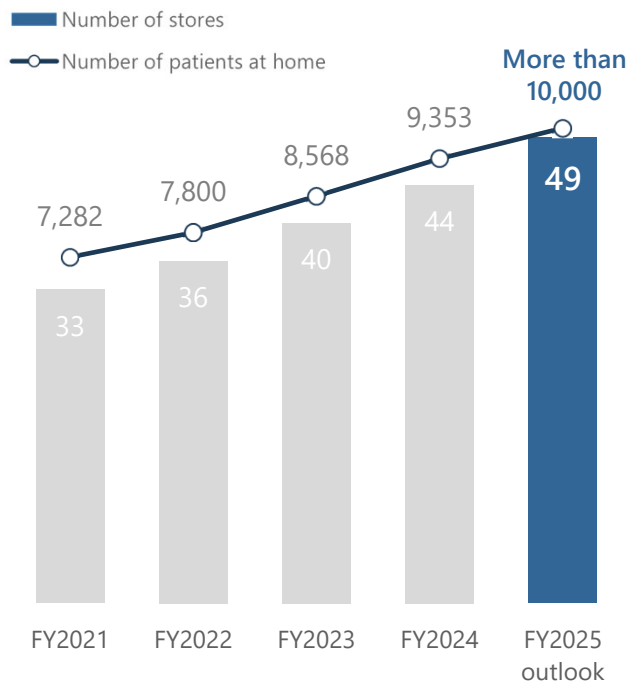
- In terms of sales, the Primary Care Home business grew significantly. This business is expected to surpass Kirari Prime and become the second largest company in terms of sales.
- In the Home-visit pharmacy business, we maintained the same pace of store openings as in previous years..The number of patients 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

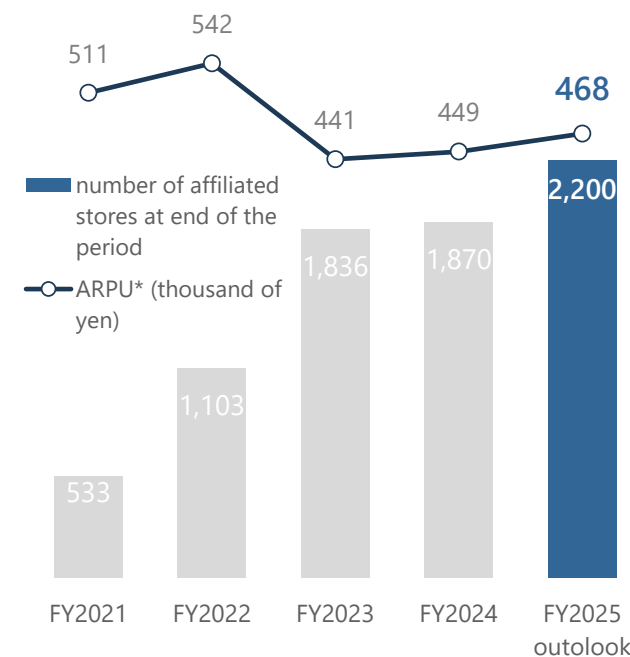
(millions of yen)



## Home Visit Pharmacy Business KPI Assumption



## Kirari Prime Business KPI Assumption



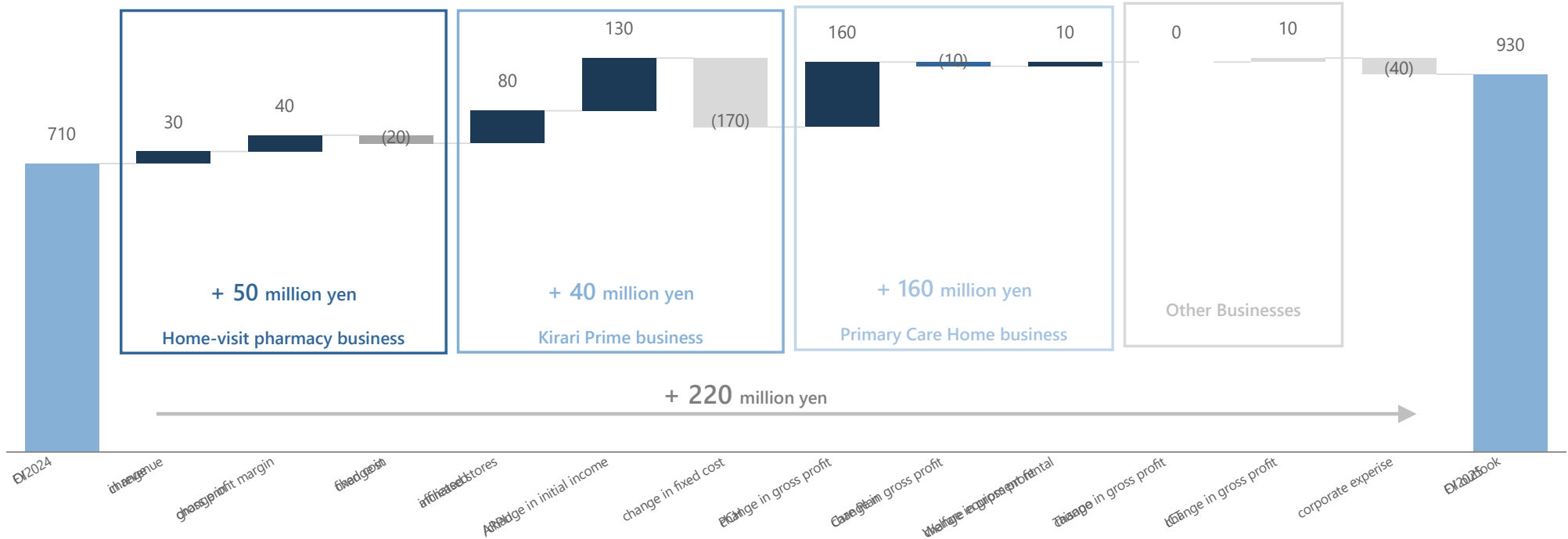
\*ARPU= Kirari Prime Sales (including initial revenue) ÷ Average number of franchisees at the beginning and end of the period

# 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

(millions of yen)



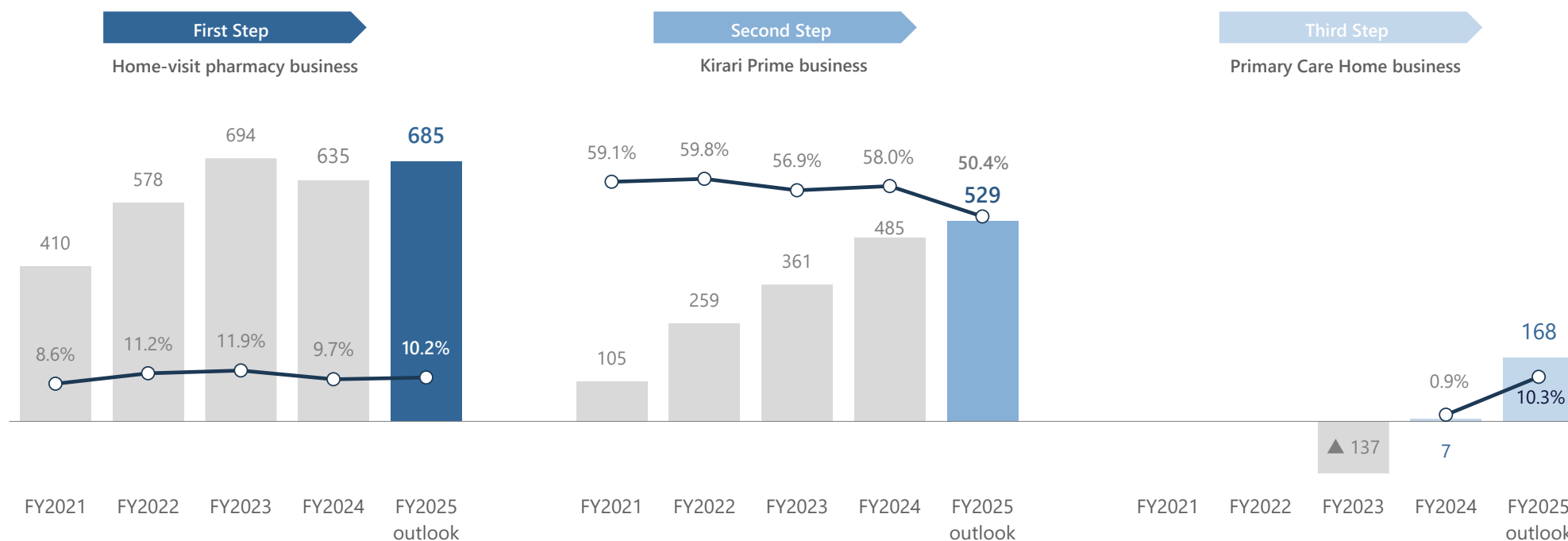
·PCH (Primary Care Home)

# 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) (%)



# 2024 Remuneration Revision Impact

## Trends in this spring's compensation revision

Remuneration was revised just before 2025, when the baby-boomer generation will become over 75 years 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

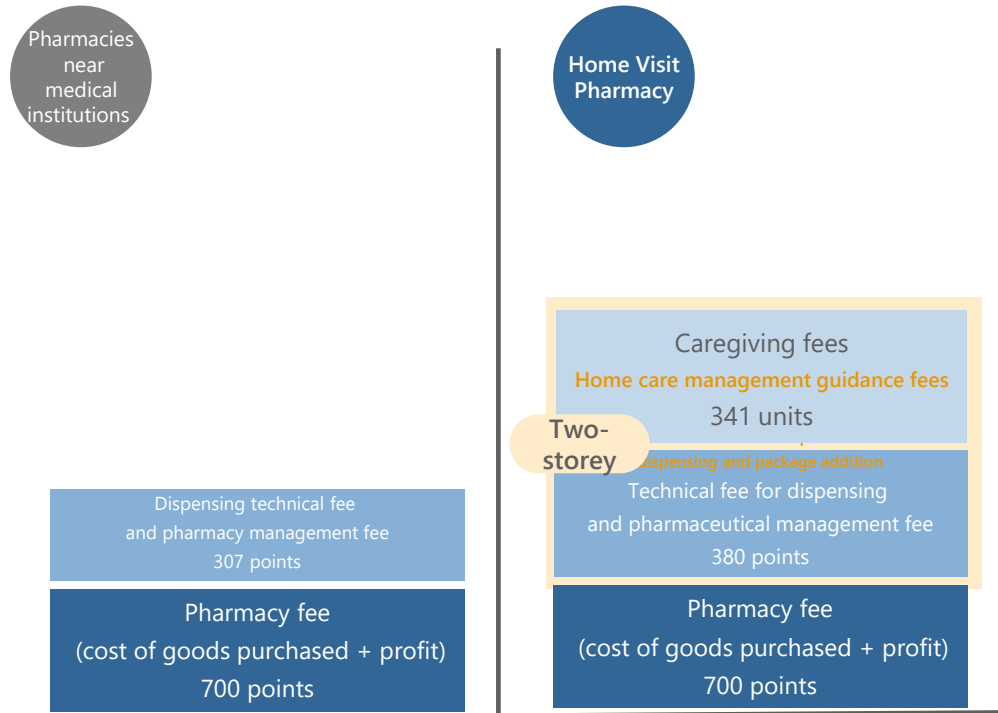
- Based on the evaluation of home visits, dispensaries are polarized into "home focused" or not. Therefore, it is predicted that Prime member stores will change to a more "home focused" configuration.
- Member stores: ARPU may increase due to increased use of home focused services, while pharmacies that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

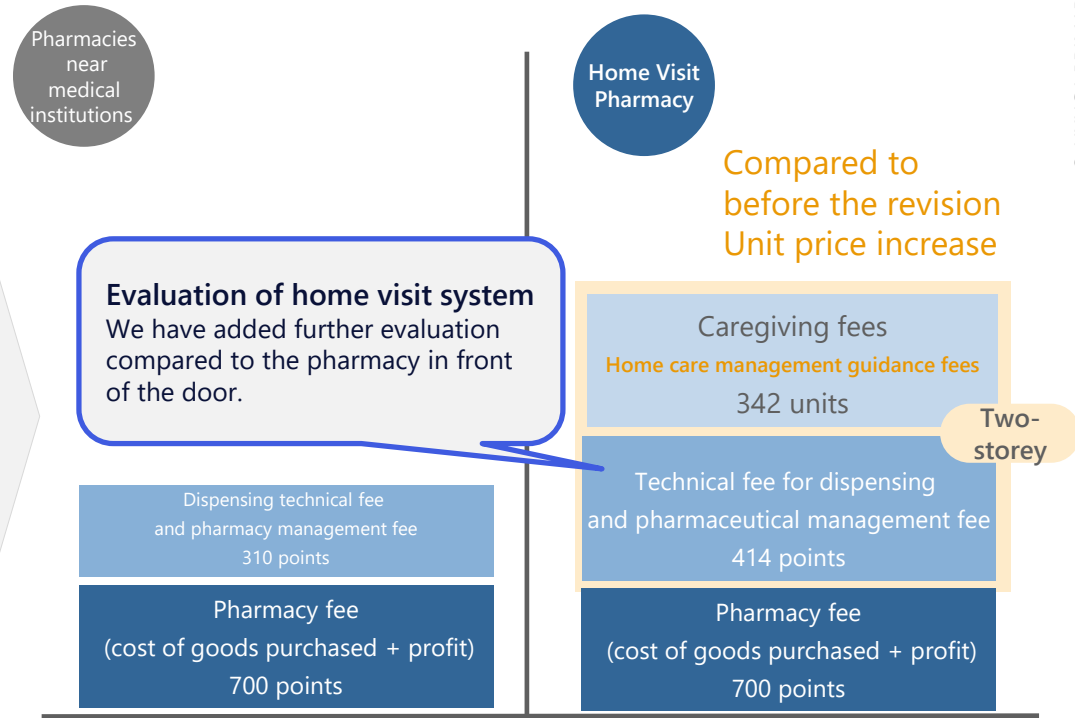
- In the case of home care nursing, the remuneration decreased by 1%. However, the result is expected to be positive due to the acceptance of residents with high medical dependency.
- Received favorable evaluations for end-of-life care at home (including care for terminally ill cancer patients) .The 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	<b>Addition of comprehensive home pharmacy system</b> *Limited to home prescriptions	-		<b>500 yen</b>	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**



# Home-Visit Pharmacy Business: Direction of Operation Reform

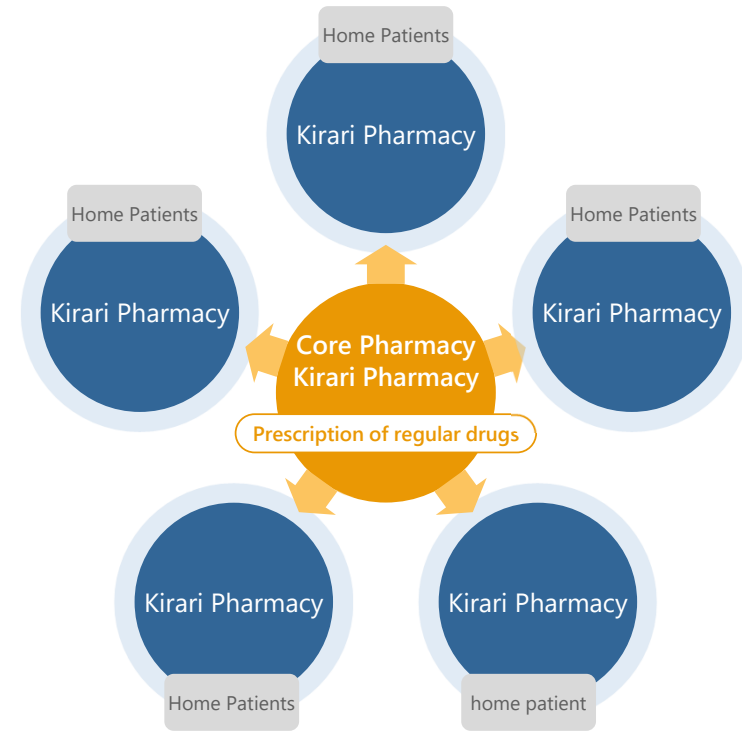
## Previous Operation System

- 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.



## Facility operation status



### Building 1 'Primary care home Hyuga Kasuga Chickushidai' \*

- **Opened on January 13, 2023**
- Address: 5-132 -1, Chickushidai, 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



### 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



### 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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# Topics

## Entry into Pharmacy Services by Major Online Distributors

Q: Will this affect Home-visit Pharmacies?  A: No

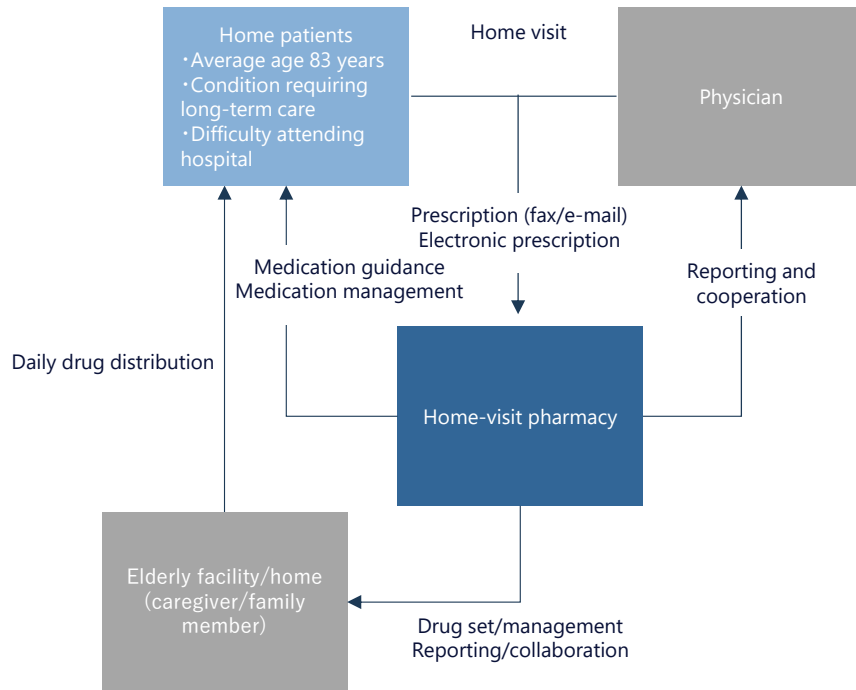
### Differences with The Company

	Our Company (Home-visit Pharmacy)	Major Distributors
Target Audience	<ul style="list-style-type: none"><li>•Elderly</li><li>•Conditions requiring long-term care</li><li>•Difficulty attending hospital</li><li>•Need help managing medication</li></ul>	<ul style="list-style-type: none"><li>•Highly IT literate</li><li>•Emphasis on convenience</li><li>•Ability to manage medication by oneself</li></ul>
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

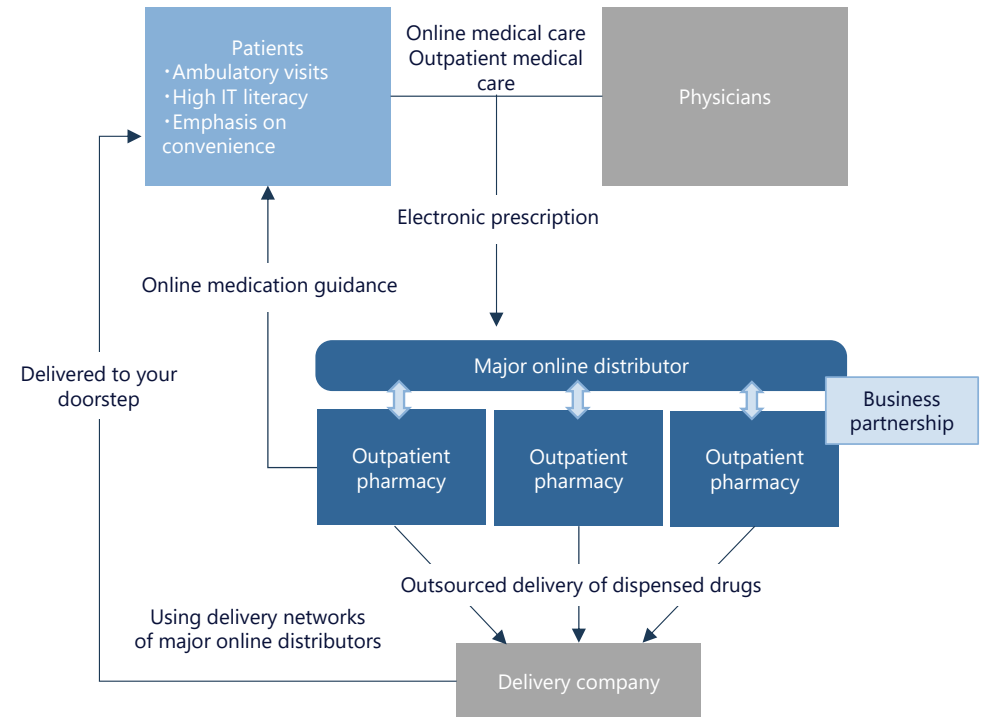
## Home-visit Pharmacy

- 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.

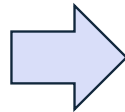
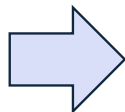


## Pharmacy service provided by a major online distributor

- 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) \*



# 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

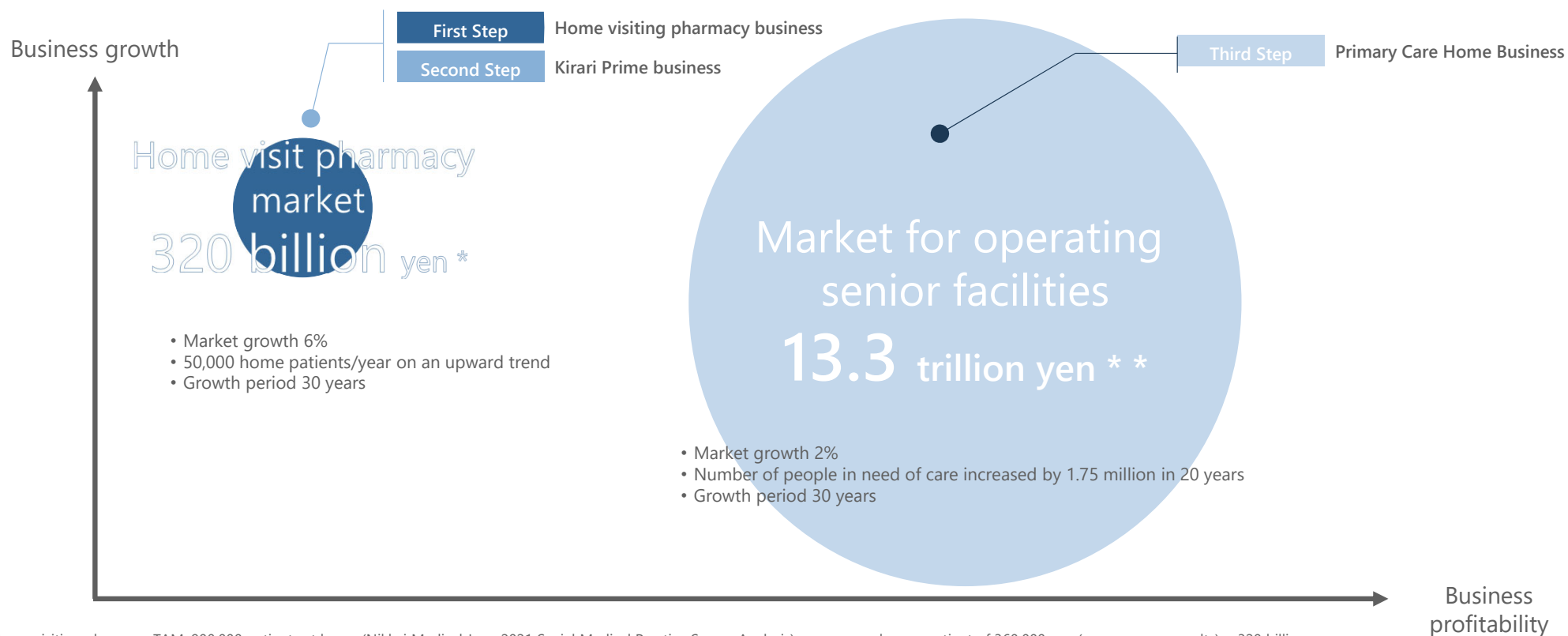
- Proposal of how to manage drugs according to the patient's situation
- Continuous management of dosing conditions
- Sharing information with doctors and care managers

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

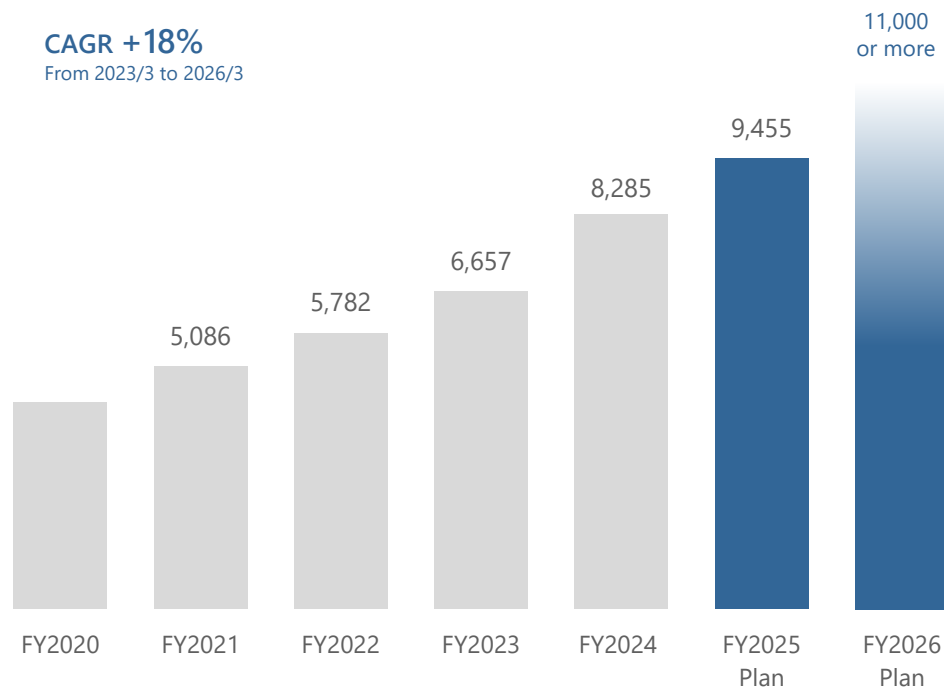


## medium-term growth plan

- 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.

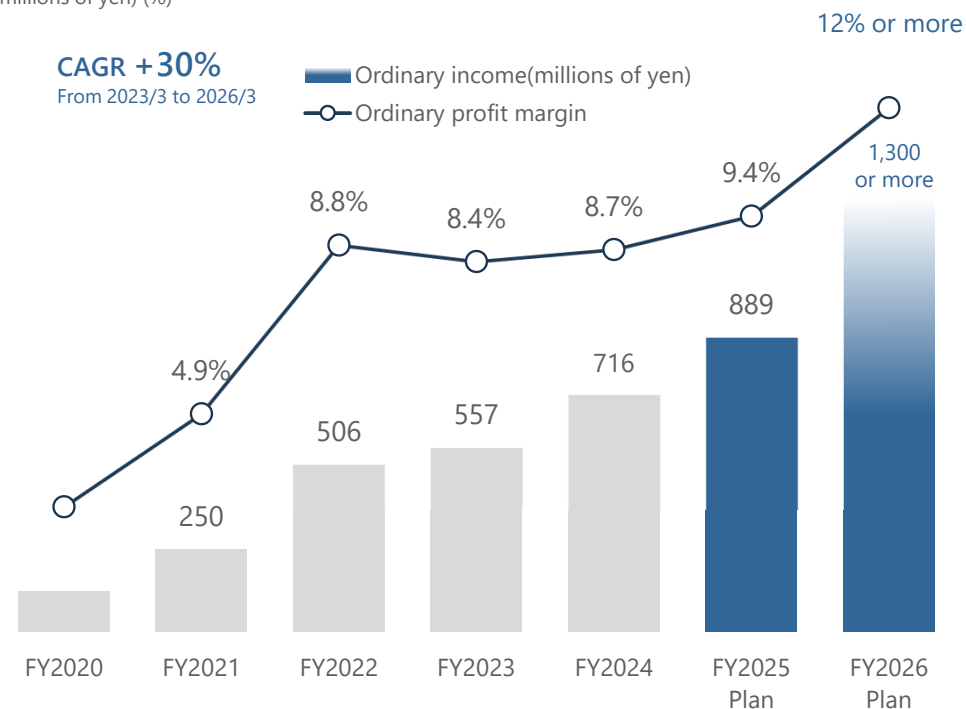
### Net Sales

(millions of yen)



### Ordinary Income/Ordinary Income Ratio

(millions of yen) (%)



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# 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

The screenshot displays the 'Sustainability Report' page. Key sections include:
 

- トップメッセージ**: A message from a company representative.
- ESG経営方針の全体像 (1) 中長期ビジョンとSDGsへの考え方**: Overview of the company's ESG strategy, including a vision statement and thoughts on SDGs.
- マテリアリティマッピング**: A matrix mapping the company's material issues to the 17 SDGs.
- 重点課題グループとSDGs17の目標への貢献**: A table detailing the contribution of key issue groups to the 17 SDGs.

# Organizing Materiality

Our company organizes matters considered important in five areas

Key Issues Group	Materiality
<b>I</b> Contributing to the enhancement and development of community health care as a platformer of a community comprehensive care system	<ol style="list-style-type: none"> <li>1. Contribution to community health care as a family pharmacy and pharmacist</li> <li>2. Strengthen pharmacy functions by enhancing community medical care, including cancer alleviation</li> <li>3. Promotion of online medicine using DX and IT tools</li> <li>4. Providing health education, medical and nursing care information to local communities</li> <li>5. Contributing to social security by promoting proper use of pharmaceuticals</li> <li>6. Implementation of a bridge and community comprehensive care system in both the medical and nursing care fields through the spread of home health care</li> <li>7. Contributing to the enhancement of community health care using the network established by the Kirari Prime Business</li> </ol>
<b>II</b> Safe and secure pharmaceutical supply as social infrastructure	<ol style="list-style-type: none"> <li>8. Ensuring the quality and safety of the pharmaceutical products to be provided and appropriate management</li> <li>9. Enhancing resilience to disasters and pandemics to ensure stable and sustainable pharmacy operations</li> <li>10. Ensuring procurement stability by strengthening supply chain management</li> </ol>
<b>III</b> Measures to protect the environment and reduce environmental impact	<ol style="list-style-type: none"> <li>11. Reducing waste, including pharmaceuticals, and improving the efficiency of resource use</li> <li>12. Reducing CO2 Emissions by Making Energy Use More Efficient and Using Renewable Energy</li> </ol>
<b>IV</b> Supporting the development and performance of diverse human resources and the revitalization of medical and nursing care sites	<ol style="list-style-type: none"> <li>13. Promote work-life balance through the realization of diverse work styles</li> <li>14. Providing places of activity and managing working hours according to the way you work</li> <li>15. Establishing a work environment that promotes employee health and job satisfaction</li> <li>16. Respect for Human Rights and Promote Diversity (Promote Elderly Employment/Promote Women's Participation/Support LGBTQ Understanding)</li> <li>17. Securing human resources to support company growth</li> <li>18. Establishing a personnel system to promote growth</li> <li>19. Effective utilization of human resources through promotion of DX</li> </ol>
<b>V</b> Strengthening governance	<ol style="list-style-type: none"> <li>20. Sustained Strengthening of Corporate Governance</li> <li>21. Highly transparent disclosure</li> <li>22. Enhancing Information Security</li> <li>23. Compliance</li> </ol>

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# 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 dispensing
- In order to provide safe, secure, high-quality, effective and efficient medical and nursing care services, it is also effective in the pharmacotherapy of patients. Need to ensure continuous access to safe drug therapy

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

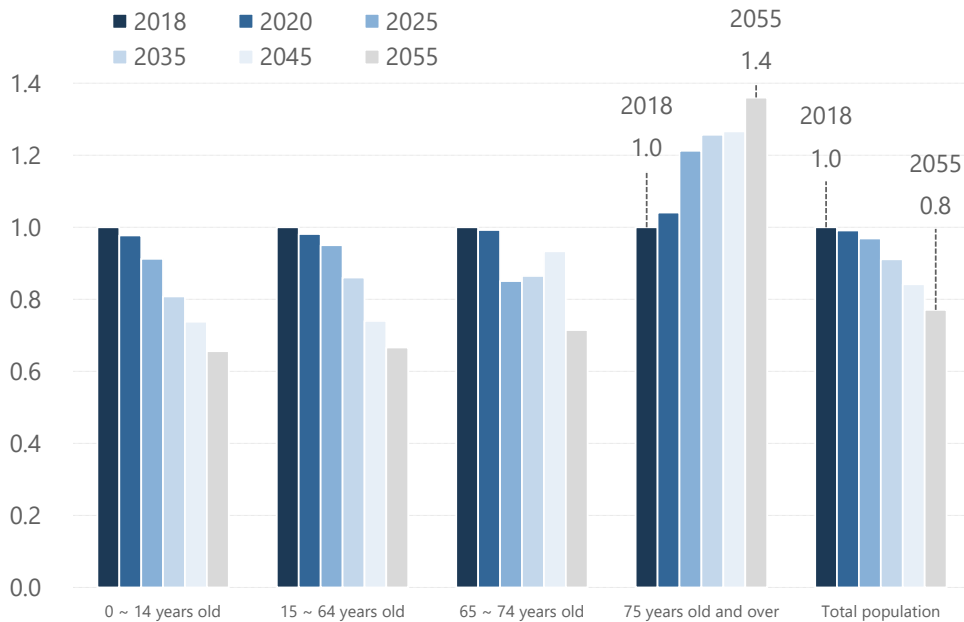
- While the total population of Japan is decreasing, the number of people aged 75 and over is increasing, and in 2055, the number was 1.4 times that of 2018 (the total population was 0.8 times in the same period). The number of single households aged 65 and over is expected to increase, with a 1.5 fold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

## Changes in population by age group

(2018 years = 1)

### Population aged 75 and over

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

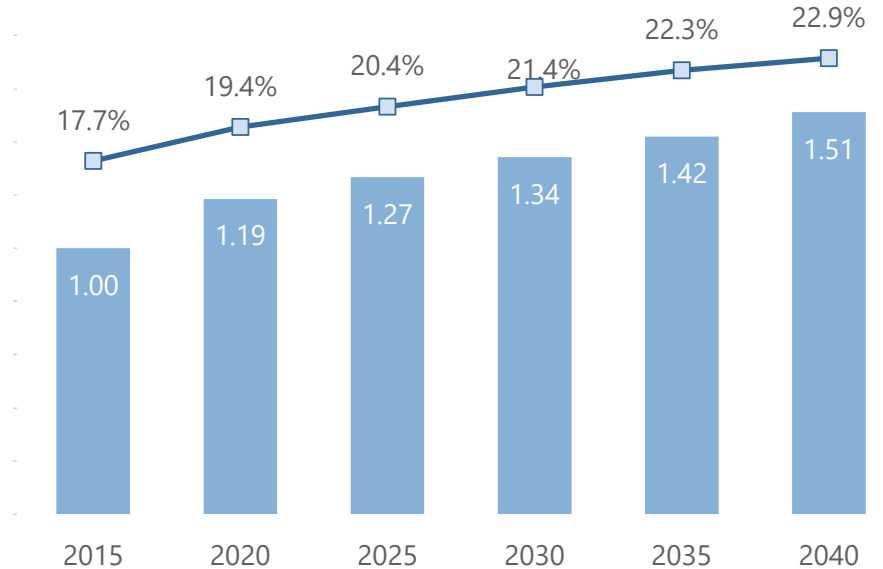


## Number of single elderly households \*

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

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

a single person    Percentage of population aged 65 and over



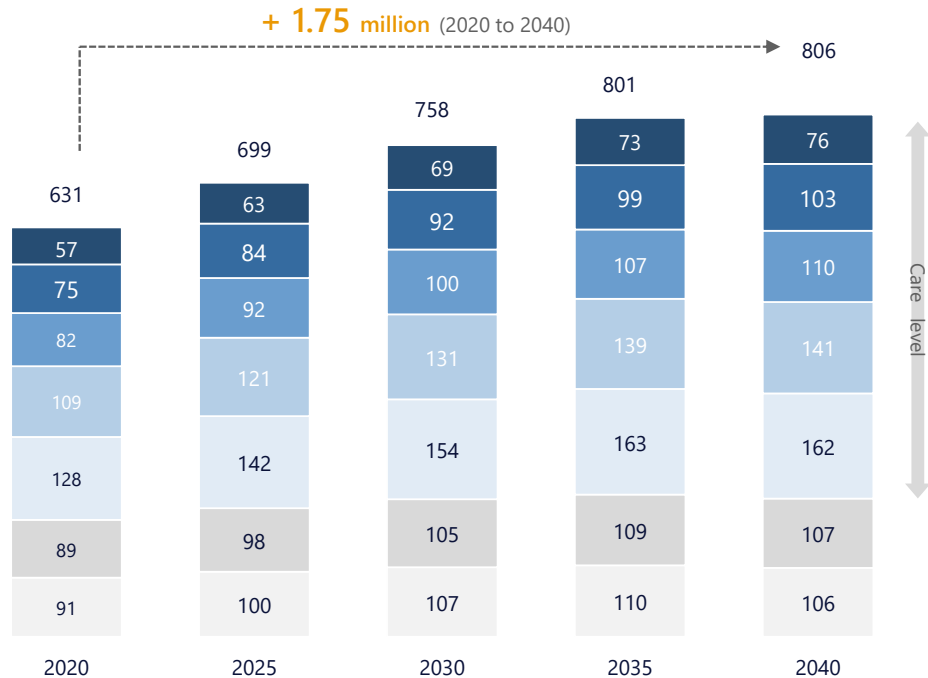
Source: Cabinet Office's "White Paper on Aging Society in Reiwa 2"

# 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

(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
<b>Total</b>	<b>28 %</b>	<b>1.75 million people</b>

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)

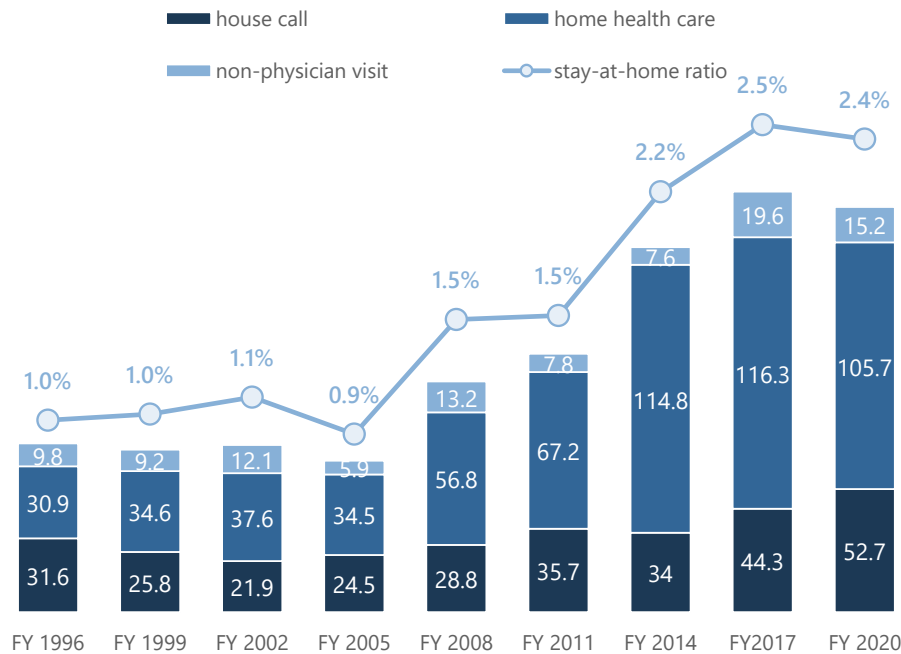


# Business Environment Home Patient and Home Pharmacy

- 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

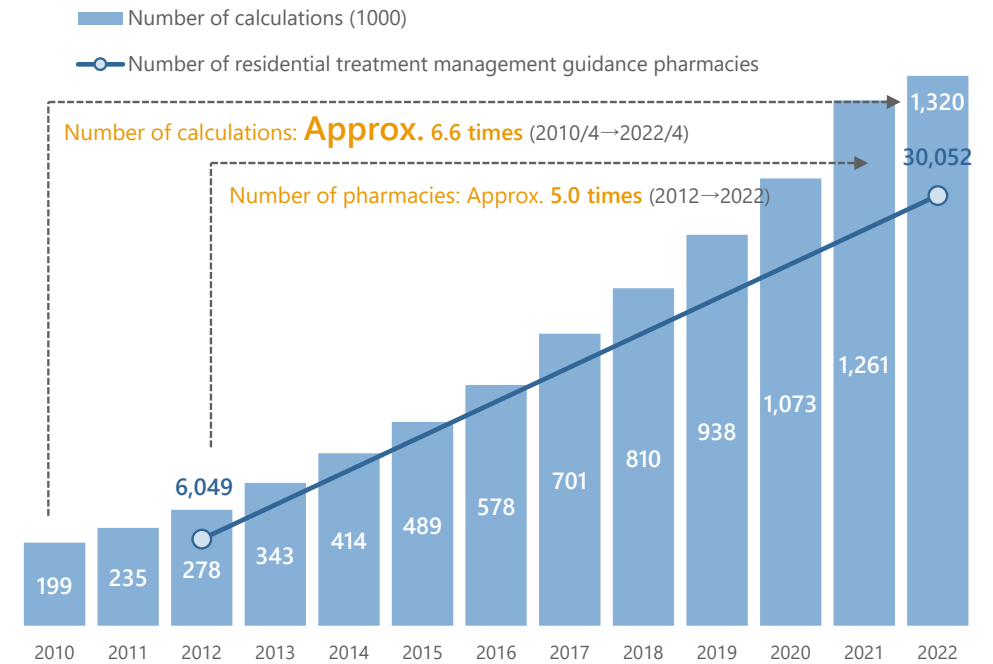
## Number of patients at home Ratio of patients at home to all patients

(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."

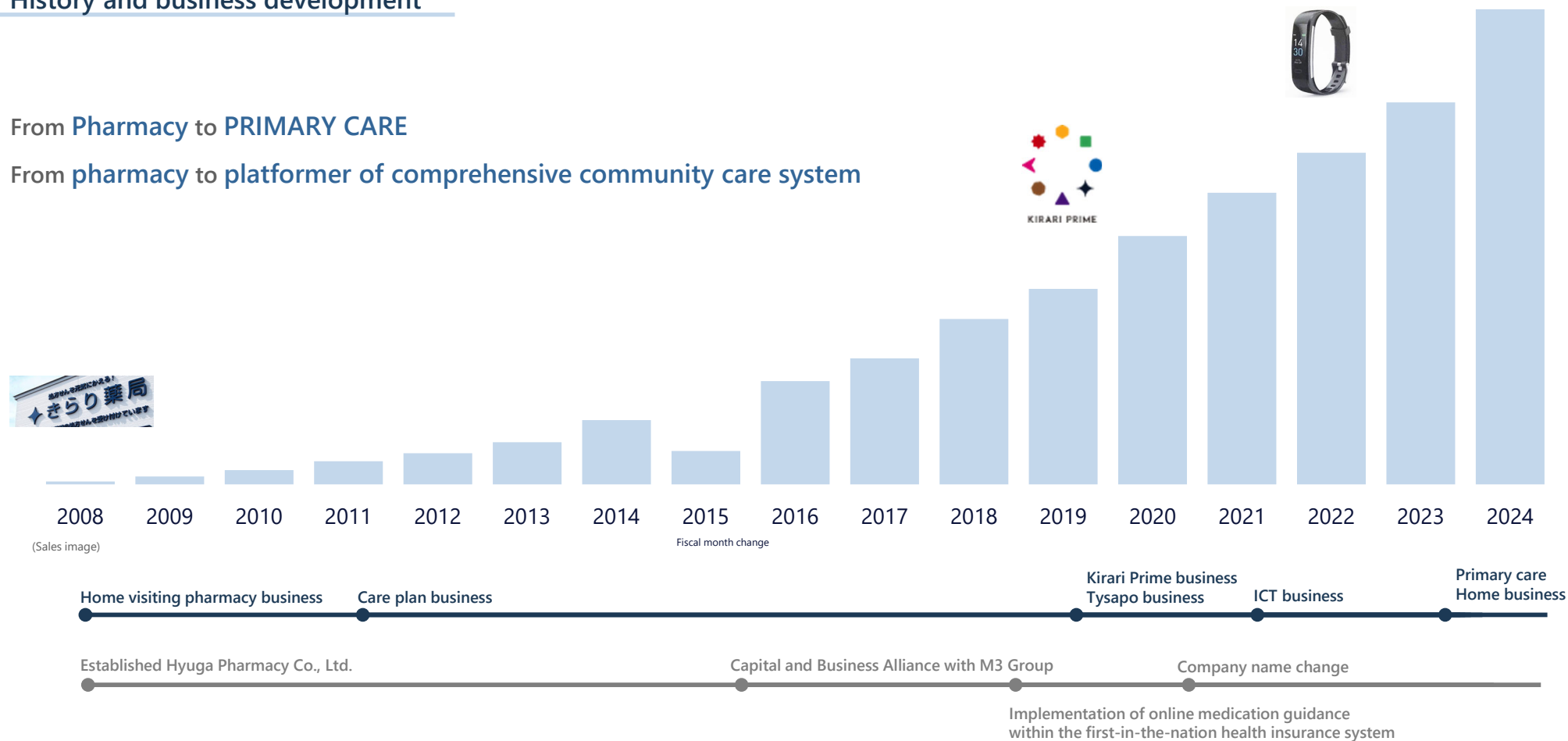
# HYUGA PRIMARY CARE    Company Profile

# History

## History and business development

From Pharmacy to PRIMARY CARE

From pharmacy to platformer of comprehensive community care system



## Financial Highlights \*

		11 <sup>th</sup> term	12 <sup>th</sup> term	13 <sup>th</sup> term	14 <sup>th</sup> term	15 <sup>th</sup> term	16 <sup>th</sup> term	17 <sup>th</sup> 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.

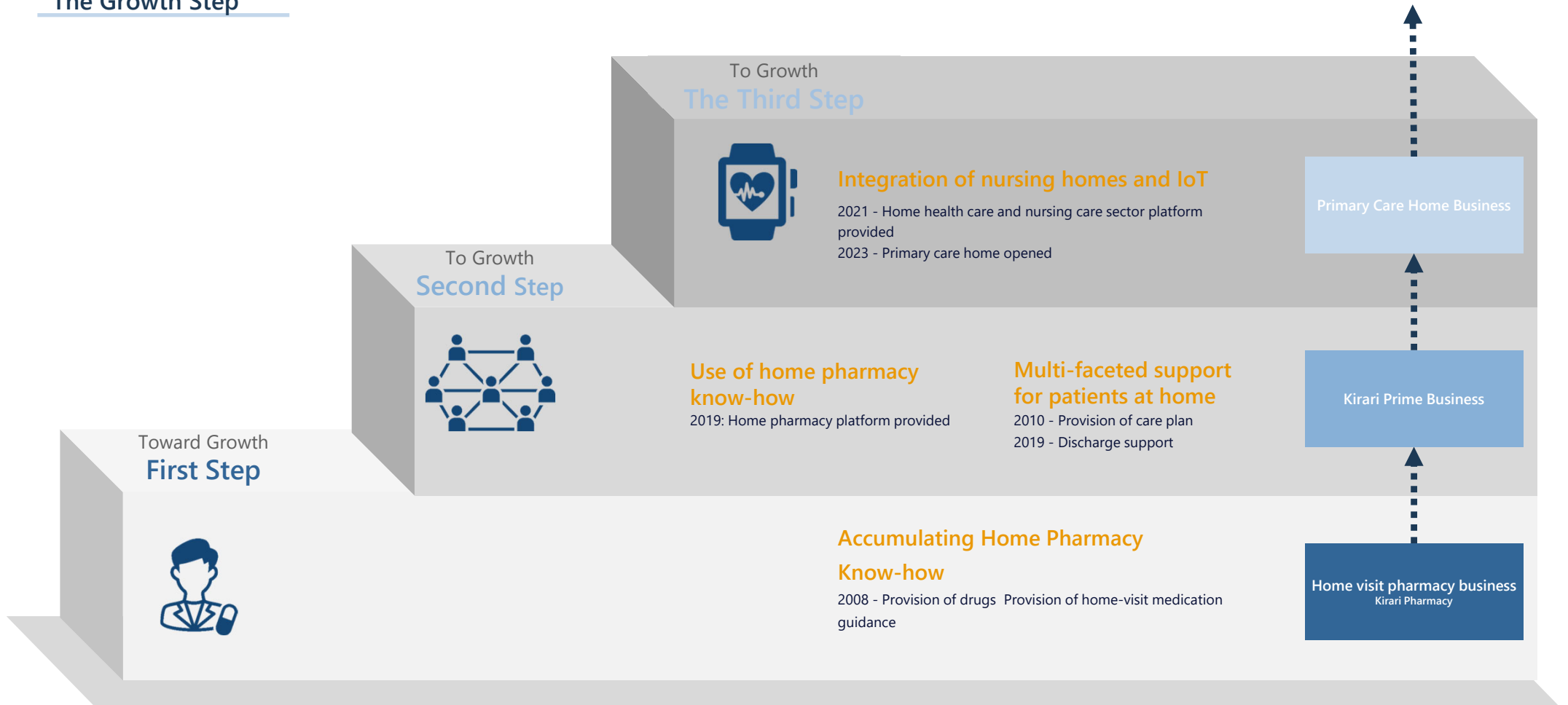
\*\* The Company conducted a stock split at the rate of 2 shares per common share on April 1, 2023. Assuming that the stock split was conducted at the beginning of the 16 fiscal year, net assets per share and net income per share are calculated.

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

# Strengthening the Third Step to Growth

## The Growth Step

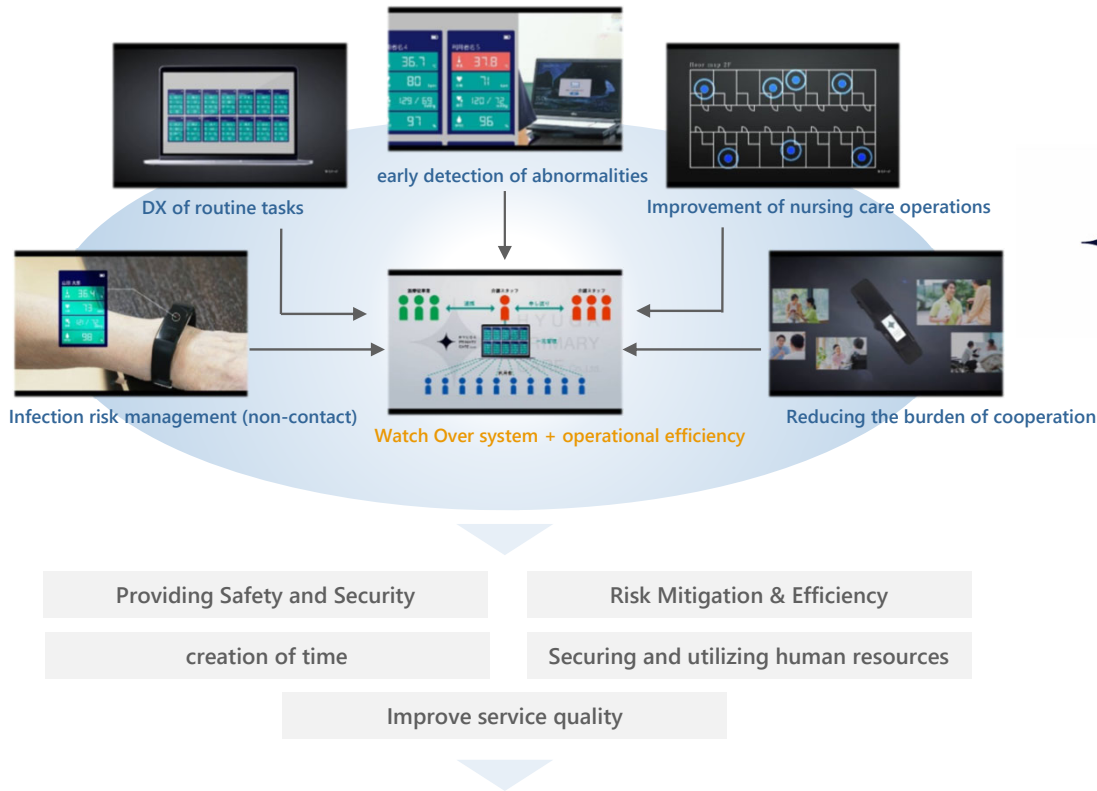
## Expanding the Platform for Community Comprehensive Care Systems



# Strengthening the Third Step toward Growth ICT Business

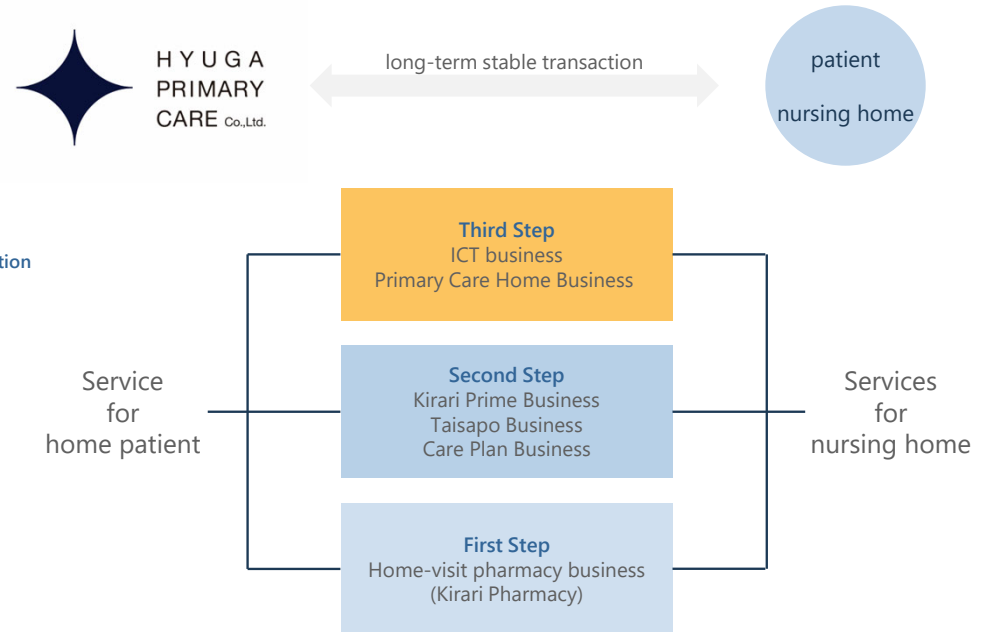
## Primary Care Robot®

Watch Over system



Improvement of patient QOL and Construction of sustainable care system

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



# Strengthening the Third Step for Growth Primary Care Home business

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

## New Business Overview \*

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

#### ◇ Facility Concept

##### ① Upsizing & Utilization of ICT

- Scale up to 100 beds and increase the number of rooms to reduce the burden on individuals
- Reduce workload with in-house developed ICT equipment

##### ② Providing Home Care - Regular and On-demand

- 24 hours a day, 365 days a year, medical and nursing care are available

##### ③ Less expense for patients

- Individual burden amount set according to the level of care

\*About "Home Care - Regular and On-demand"

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

## Affinity with home-visit pharmacy business

### Our nursing care services "Home Care - Regular and On-demand"

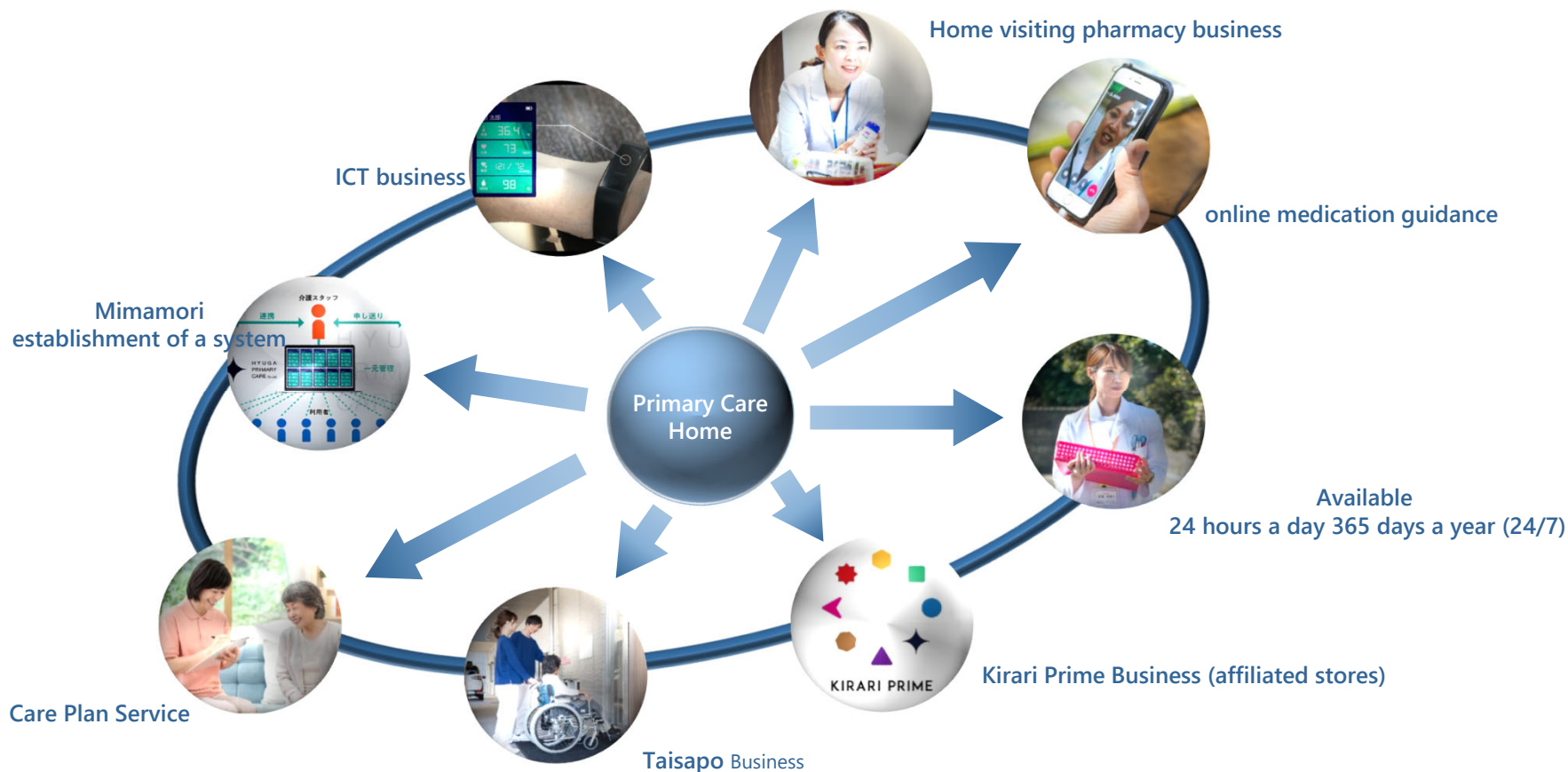
### Home-Visit Pharmacy Business

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

# 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.





# Business Overview

First step

Home-visit pharmacy business

# Home visit pharmacy business

## About the Home-Visit Pharmacy Business

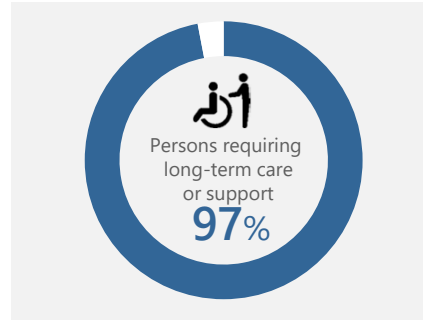
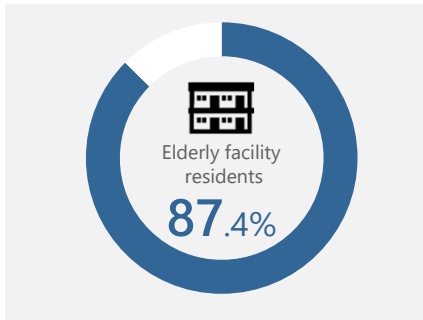
One of the social infrastructures that enable people to receive medical care with peace of mind at home, 24 hours a day, 365 days a year (24/7).

### 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

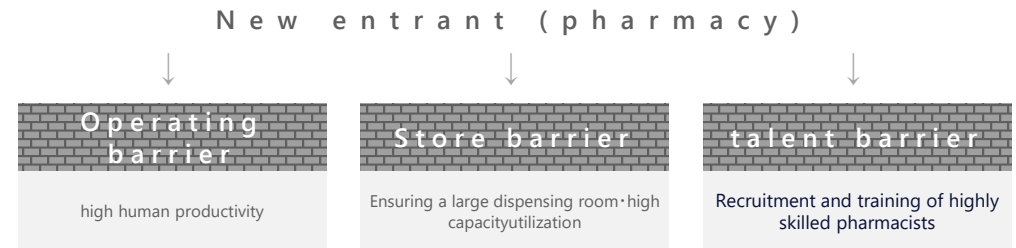
## patient attributes

(as of the end of March 2022)

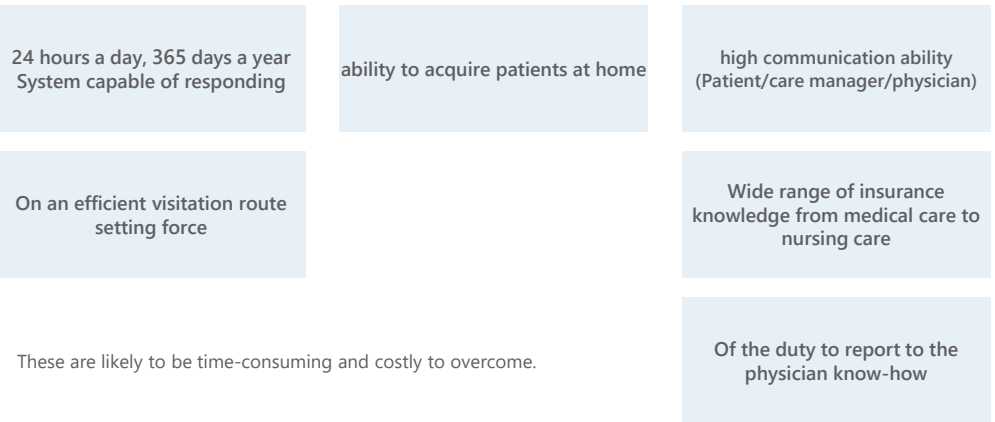


## high entry barriers

Conventional pharmacies entering the home pharmacy business



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

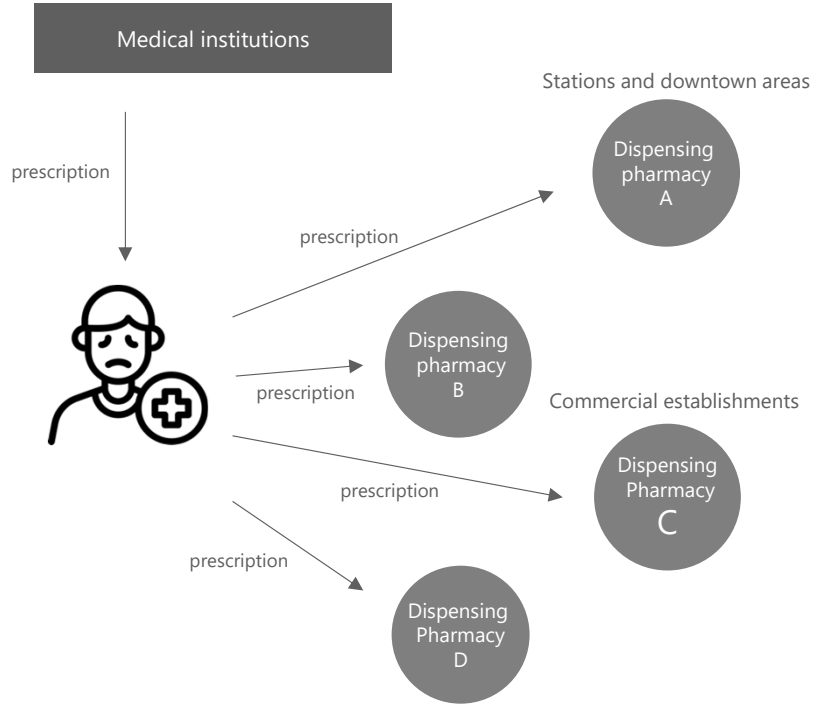


# Home visiting pharmacy business (2) Aim and location of new stores

Pharmacies near medical institutions

## "Outpatients themselves visit pharmacies"

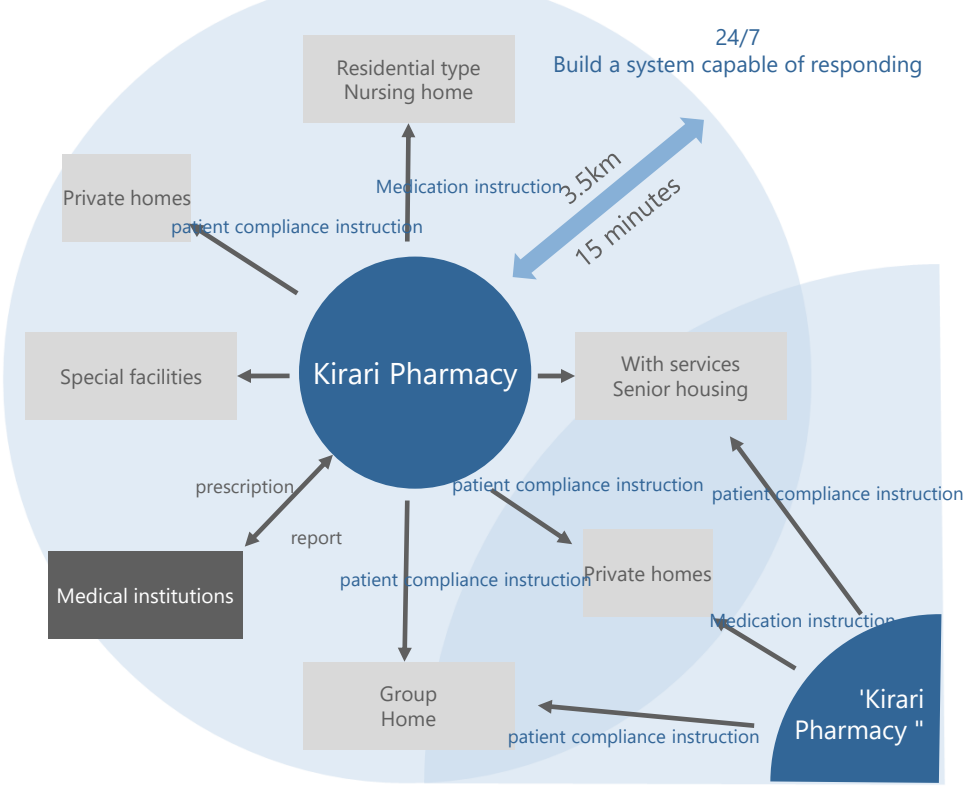
- Open stores near medical institutions where outpatient visits are expected
- Therefore, there are many cases where the store is located close to competing pharmacies
- The cost of opening a store tends to be higher because location is important



Home visit Pharmacy

## "Pharmacist visits after signing contract with patient"

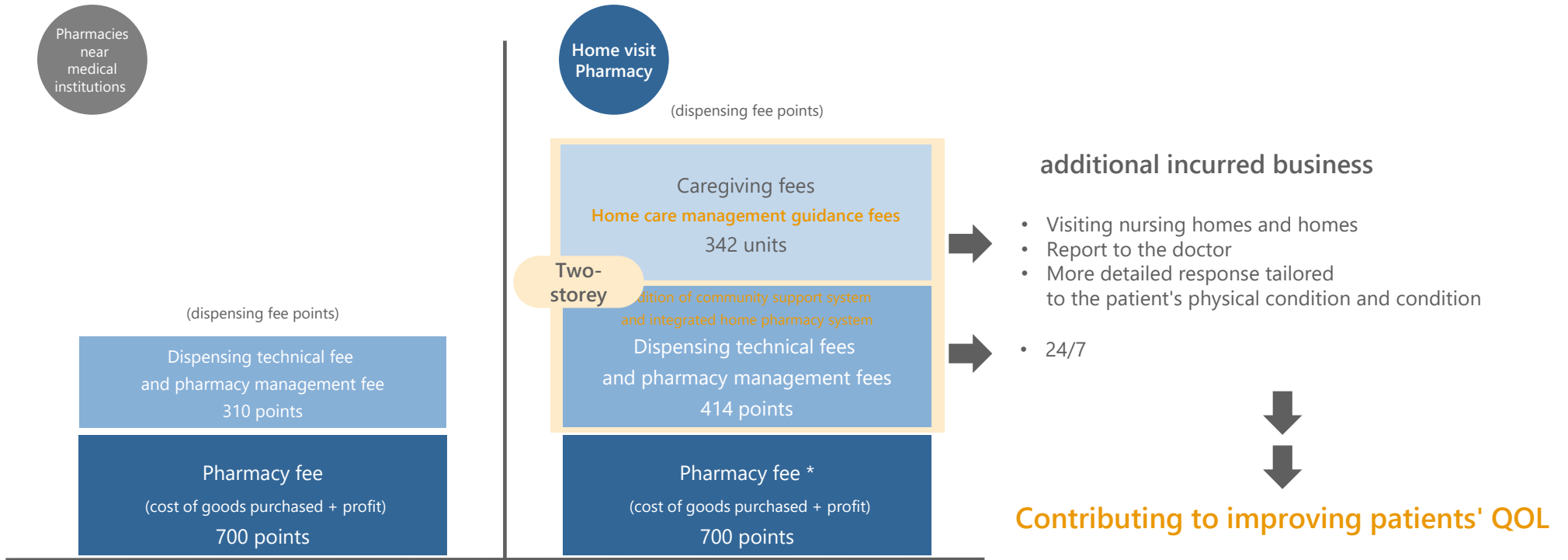
- No specific requirements for opening stores
- Ability to form long-term partnerships with residents of senior living facilities who have difficulty visiting hospitals
- Improve visiting efficiency by pursuing a dominant approach with a 3.5 km radius



# 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

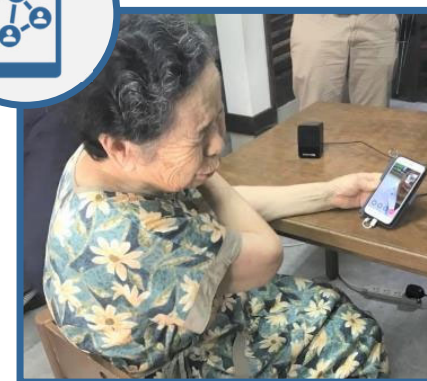
# Home-visit pharmacy business “Online medication instruction for nursing homes”

- 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、適切な情報を把握でき、医師・患者双方がオンラインでの診療が可能であると判断し、相互に合意した場合にはオンライン診療を認める方向で一定の要件を含む具体案を検討する。その上で、対面診療との関係を考慮し、診療報酬上の取扱いも含めて実施に向けた取組を進める
- d オンライン服薬指導については、患者がオンライン診療又は訪問診療を受診した場合に限定しない。また、薬剤師の判断により初回からオンライン服薬指導することも可能とする。介護施設等に居住する患者への実施に係る制約は撤廃する。これらを踏まえ、オンライン服薬指導の診療報酬について検討する
- e オンライン資格確認等システムを基盤とした電子処方箋システムの運用を開始するとともに、薬剤の配送における品質保持等に係る考え方を明らかにし、一気通貫のオンライン医療の実現に向けて取り組む
- 【b~e:令和3年度から検討開始、令和4年度から順次実施（電子処方箋システムの運用については令和4年夏目途措置）】



## High barrier to entry in the home-visit pharmacy business "A pharmacy that can efficiently handle a large volume of dispensing operations"



Kirari Pharmacy Onojo

- The size of the dispensary is 65m<sup>2</sup>, and there are approximately 5 full-time equivalent pharmacists.
- More than 3 times the size of the standard 18.9m<sup>2</sup> dispensary facility for 5 pharmacists.
- Responsible for dispensing approximately 720 \* visiting patients

Compared to ambulatory pharmacies, home pharmacies require sufficient space to do the work due to the large number of dispensing processes



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



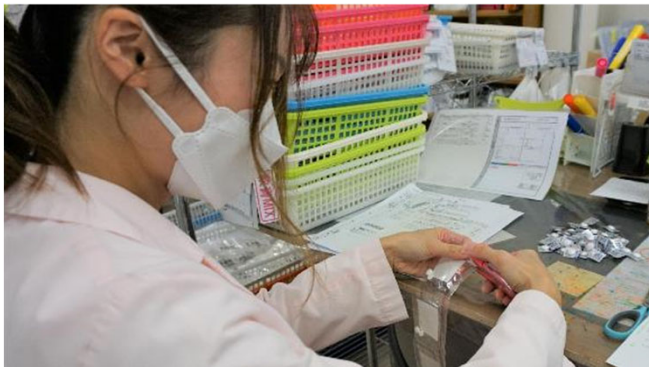
Same patient's medicine set for one week  
Change the color of the line every time you take it to make it easier to understand



A set of medicines taken by patients on the same floor of the facility at the time of taking them.  
The facility staff gave it the best reviews. (It also takes the most time and effort)



Many calendar sets for patients in private homes  
Reading QR code reveals drug information inside



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



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



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

# High barrier to entry in the home-visit pharmacy business

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



User (patient)

Pharmacists

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



Caregiver

Pharmacist

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



Nurse

Pharmacist

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



Pharmacist

Doctor

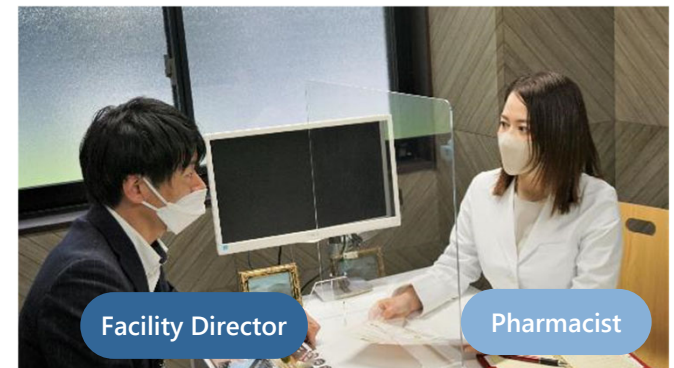
Consultation with doctors to suggest changes to the most appropriate medication according to the patient's situation. Also involved in prescription design



Care Manager

Pharmacist

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



Facility Director

Pharmacist

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



# Business Overview

Second step

**Kirari Prime Business**

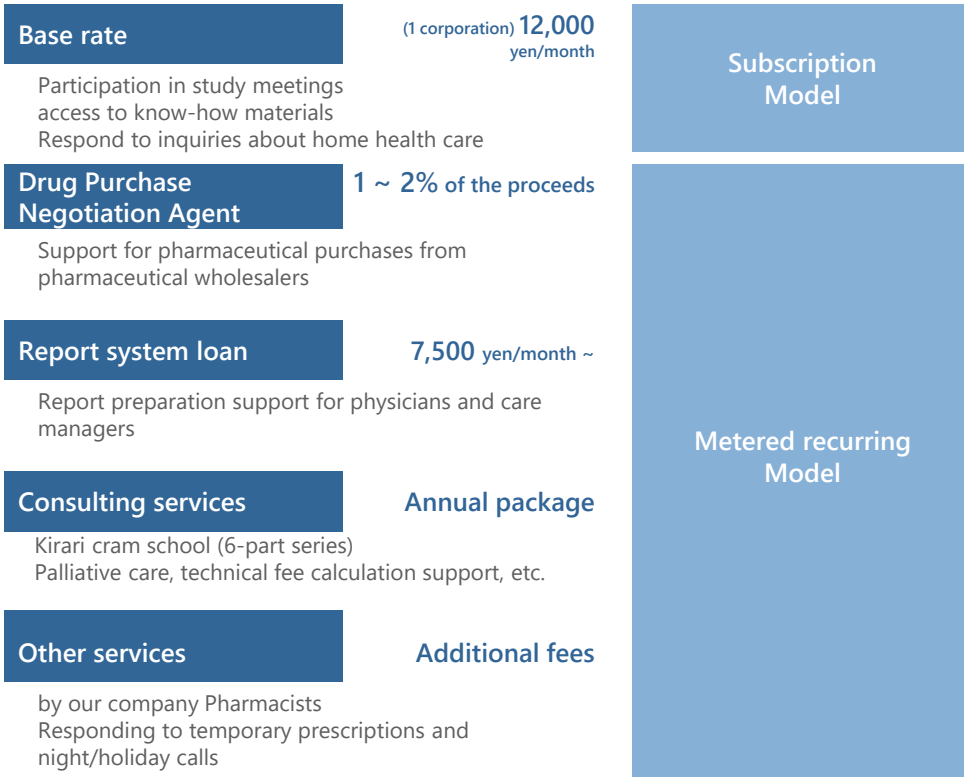
# Kirari Prime Business

## Business model and pricing system

Share of Kirari Prime Business Sales

**Subscription Recurring Sales Ratio 90%**

(Fiscal year ended March 2022)



## Competitiveness, Policy and Environment

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

Pharmacies near medical institutions → Home Visit Pharmacy/

Expansion of comprehensive community care



Impact of drug price lowering/Expansion of major dispensing pharmacy stores

Survival as a dispensing pharmacy by small and medium sized pharmacy store

# Business Overview

Third step

Primary care home business

## Overview of Primary Care Home Business

- Primary Care Home Hyuga Kasuga Chikushidai, the first facility for the elderly, opened in January 2023, has **99 residents** and an occupancy rate of **97.1%**. This facility alone is profitable every month. 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 **158 residents (including reservations)** and an occupancy rate of **97.5%**, 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 June 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	99	97.1%	162	<b>158 *</b>	97.5%*
Nursing care level <small>(average of residents)</small>		Severe illness rate	3.61		12%	3.46		16%
Unit price per occupant			About 440,000 ~ 470,000 yen			About 440,000 ~ 470,000 yen		

### User fee (Kasuga Chikushidai/Hakata Mugino)

\*Including reservation

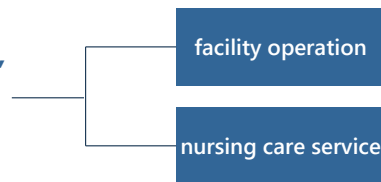
Degree of nursing care requirement	Rent	Food expenses	Common expenses for management	Monthly
Care Needed 1	46,000 yen	43,000 yen	65,000 yen	154,000 yen
Care Needed 2	46,000 yen	43,000 yen	55,000 yen	144,000 yen
Care Needed 3	46,000 yen	43,000 yen	13,000 yen	102,000 yen
Care Needed 4	46,000 yen	43,000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

# 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

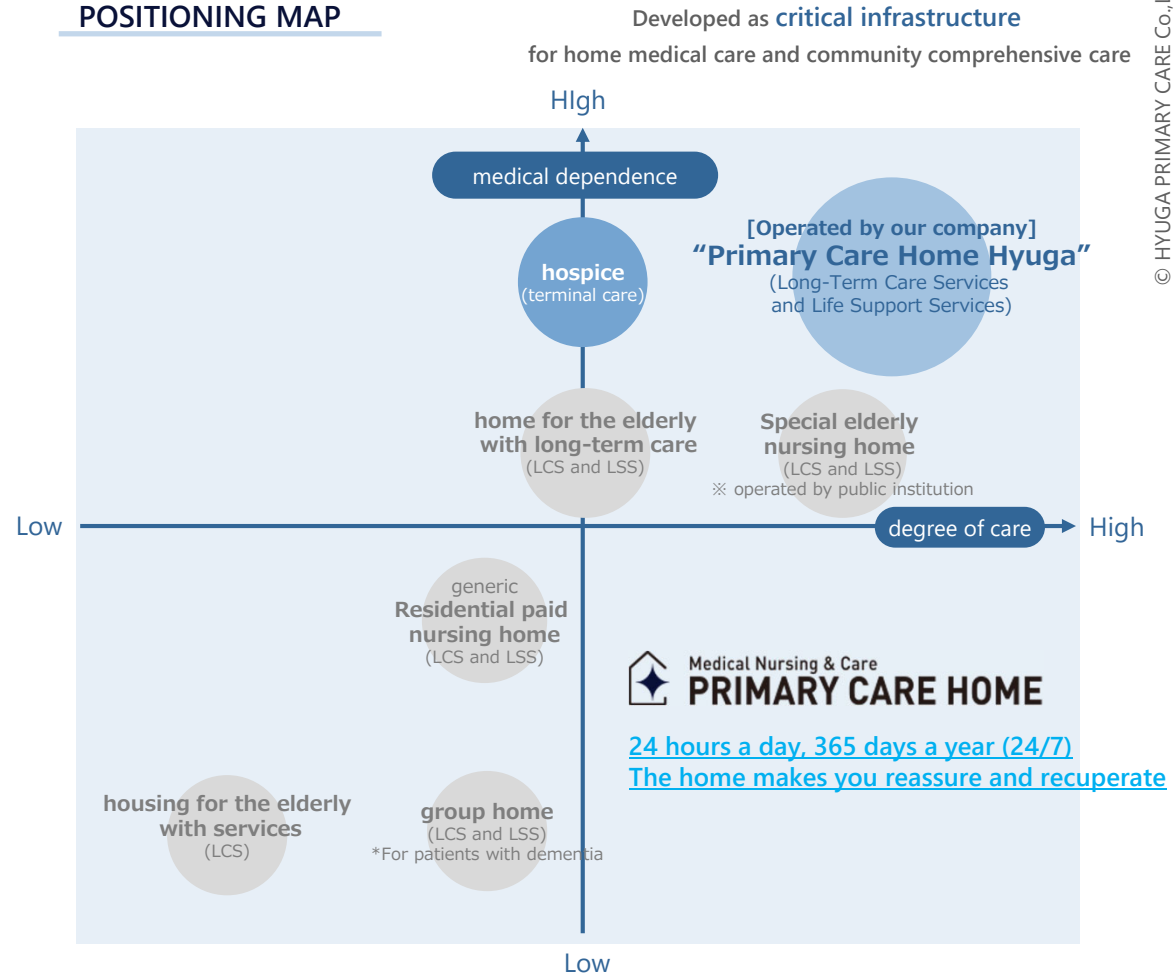
**[Operated by our company]**  
**“Primary Care Home Hyuga”**  
 (Long-Term Care Services and Life Support Services)



### 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



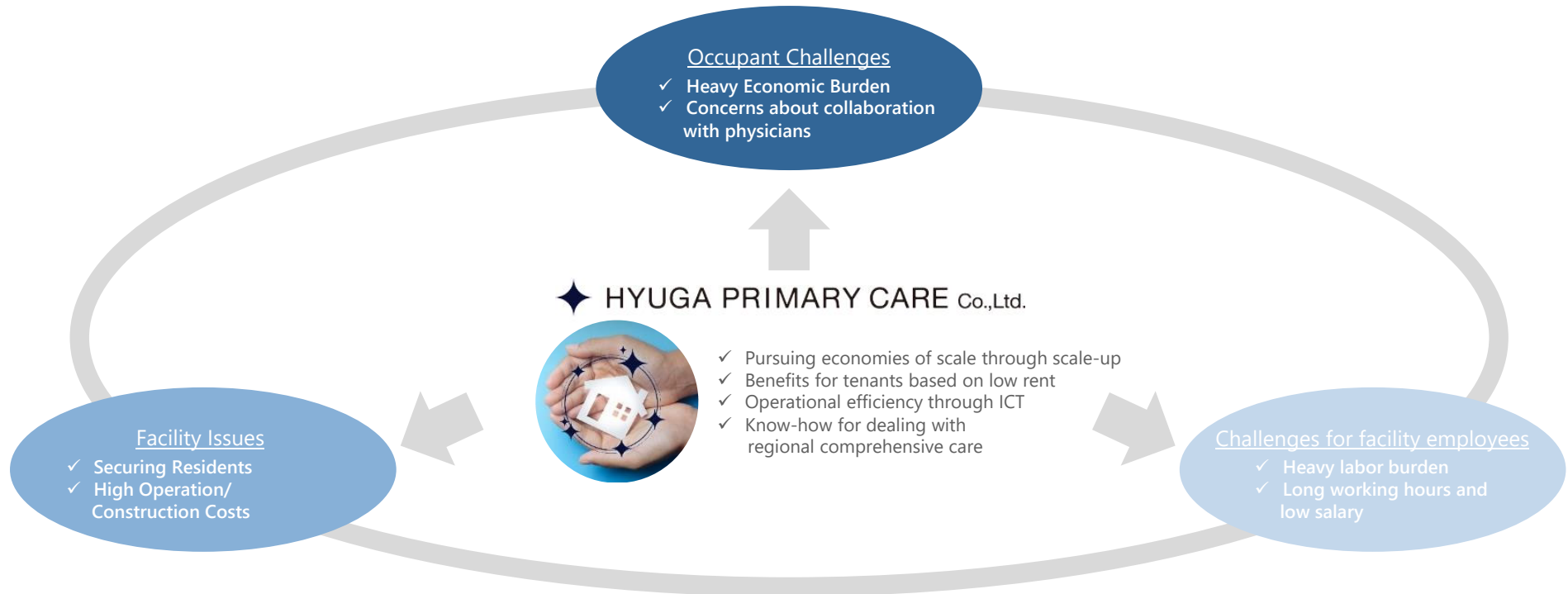
## Comparison with similar nursing homes

	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"> <li>Staff ratio: 70% for nursing care and 30% for nursing care</li> <li>Operates its own home care nursing system that provides regular patrolling and timely care</li> <li>Conversion to DX by ICT and efficient personnel structure at large-scale facilities</li> <li>Setting that the total cost does not change even if the degree of nursing care changes</li> <li>Even those who are highly dependent on medical care can move in at low prices, which helps solve social problems.</li> </ul>	<ul style="list-style-type: none"> <li>We basically make money only on hotel costs.</li> <li>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.</li> <li>Some facilities have 24 hour nursing staff (at least 1 full-time equivalent), but most have only a few.</li> </ul>	<ul style="list-style-type: none"> <li>Large proportion of staff is nurses</li> <li>In-house home nursing and home care services</li> <li>Actual costs for nursing care and nursing care that exceed the public share</li> <li>Most of the residents do not have to pay medical expenses or have low medical expenses, so there is no actual charge.</li> </ul>
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.

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

### 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.



- 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.**



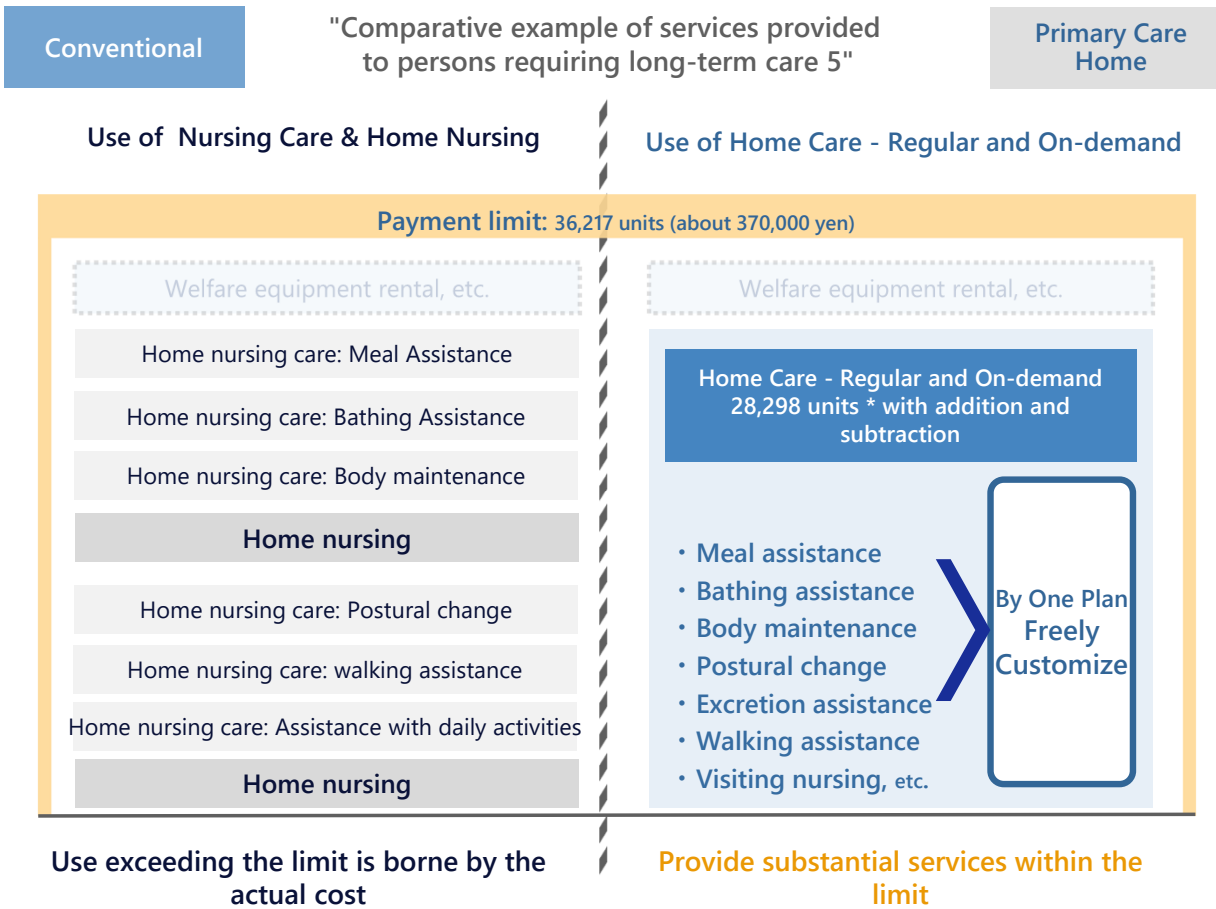
## Comparison with medical care beds and public nursing homes

- 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	144,000 beds	72,000 beds	48,000 beds	368,000 beds Nursing care type: Approximately 9,000 beds	567,000 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 Type I      Type II	Long-Term Care Insurance Act (Long-Term Care Health Facilities for the Elderly)	Act on Welfare of the Elderly (Welfare Facilities for the Elderly)	
t a f f i n	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	4 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	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: 248,000 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 First Quarter of the Fiscal Year Ending March 2025

HYUGA PRIMARY CARE Co., Ltd.

August 2024