

**HYUGA PRIMARY CARE (7133 TSE Mothers) - - - - - January 6, 2022****Focused on operating home-visit pharmacies**

This report is an English translation of part of the report issued on December 24, 2021.  
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**【 7133 HYUGA PRIMARY CARE Sector : Retail Trade 】**

Fiscal Year	Net sales (mn yen)	YoY (%)	Ope. profit (mn yen)	YoY (%)	Ord. profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2020	4,331	27.0	122	-	122	90.7	32	131.8	9.9	151.4	0.0
Mar. 2021	5,086	17.4	228	86.5	250	104.9	97	195.2	29.0	178.7	0.0
Mar. 2022 f	5,784	13.7	503	120.5	474	89.3	330	240.3	96.5	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending Mar. 2022 are the company's forecast.

**Focused on the Core Business of Operating Home-Visit Pharmacies**

HYUGA PRIMARY CARE pursues business centering on the operation of home-visit pharmacies. Dispensing pharmacies include both pharmacies that establish locations near a medical institution and home-visit pharmacies, which send pharmacists to visit in-home patients for whom visiting a doctor is difficult. There are significant differences in who is targeted by the services and the requirements of the business.

With society shifting toward in-home medical care, it is highly likely that demand for home-visit pharmacy services will grow, but there are various barriers to entry, and there are almost no companies which are engaged in delivering these services as their core business.

In 2019, HYUGA PRIMARY CARE launched its Kirari Prime business, which supports other dispensing pharmacies by providing them with the expertise it has acquired in operating home-visit pharmacies, and is accelerating its area expansion into the home-visit pharmacy sector.

Its home-visit pharmacy business accounts for almost 90% of its net sales, but the Kirari Prime business is growing rapidly, and combined with the fact that it is a business with an inherently high profit margin, it is creating a second revenue source for the company.

**Home-Visit Pharmacy Business**

The company's home-visit pharmacies provide home-visit pharmacy services while also retaining the functions of general pharmacies located near medical facilities. As of the end of September, it had opened 35 locations in the five prefectures of Kyushu and the Tokyo metropolitan area.

When visiting patients, pharmacists share information about the visit, such as reporting on their condition to the prescribing physician and care manager, and given that they're also available to respond 24 hours a day, 365 days a year, these pharmacies have a role to play in community-based integrated care systems.

The number of home-visit patients, which is an essential KPI, increased from 7,282 people at the end of March 2021 to 7,515 people at the end of September. Among service users, 87%

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were residents of facilities for the elderly, and 97% were certified as persons eligible for long-term nursing care. Furthermore, while the workload is higher compared to a regular pharmacy, the dispensing fee points are almost doubled, so the profitability is trending higher.

**HYUGA PRIMARY CARE (7133 TSE Mothers) - - - - - January 6,2022****Financial Statements**

Statement of income	Fiscal Year	Mar. 2020		Mar. 2021		Six months to Sep. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		4,331	100.0	5,086	100.0	2,767	100.0
Cost of sales		3,772	87.1	4,302	84.6	2,197	79.4
Gross profit		559	12.9	783	15.4	570	20.6
Selling, general and administrative expenses		436	10.1	555	10.9	343	12.4
Operating profit		122	2.8	228	4.5	226	8.2
Non-operating income		2	-	26	-	0	-
Non-operating expenses		2	-	3	-	3	-
Ordinary profit		122	2.8	250	4.9	223	8.1
Profit before income taxes		62	1.4	164	3.2	220	8.0
Profit		32	0.8	97	1.9	145	5.3

Balance sheet	Mar. 2020		Mar. 2021		Sep. 2021	
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets	1,236	69.8	1,561	77.5	1,648	73.7
Cash and deposits	227	12.8	538	26.7	560	25.1
Accounts receivable	744	42.0	832	41.3	863	38.6
Inventories	251	14.2	176	8.8	192	8.6
Non-current assets	535	30.2	453	22.5	587	26.3
Property, plant and equipment	173	9.8	142	7.1	171	7.7
Intangible assets	232	13.1	170	8.5	272	12.2
Investments and other assets	129	7.3	140	7.0	143	6.4
Total assets	1,771	100.0	2,015	100.0	2,235	100.0
Current liabilities	954	53.8	1,093	54.3	1,232	55.1
Accounts payable	519	29.3	537	26.7	612	27.4
Short-term borrowings	-	-	-	-	100	4.5
Current portion of long-term borrowings	136	7.7	163	8.1	146	6.5
Non-current liabilities	314	17.8	311	15.5	248	11.1
Long-term borrowings	284	16.0	284	14.1	219	9.8
Net assets	502	28.4	609	30.2	754	33.8
Shareholders' equity	502	28.4	609	30.2	754	33.8

Statement of cash flows	Mar. 2020		Mar. 2021		Six months to Sep. 2021	
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Cash flows from operating activities	34		351		176	
Depreciation	75		76		31	
Cash flows from investing activities	-165		-77		-172	
Cash flows from financing activities	-6		36		18	
Dividends paid	-		-		-	
Net increase in cash and cash equivalents	-136		310		22	
Cash and cash equivalents	227		538		560	

Note:Non-consolidated basis

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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