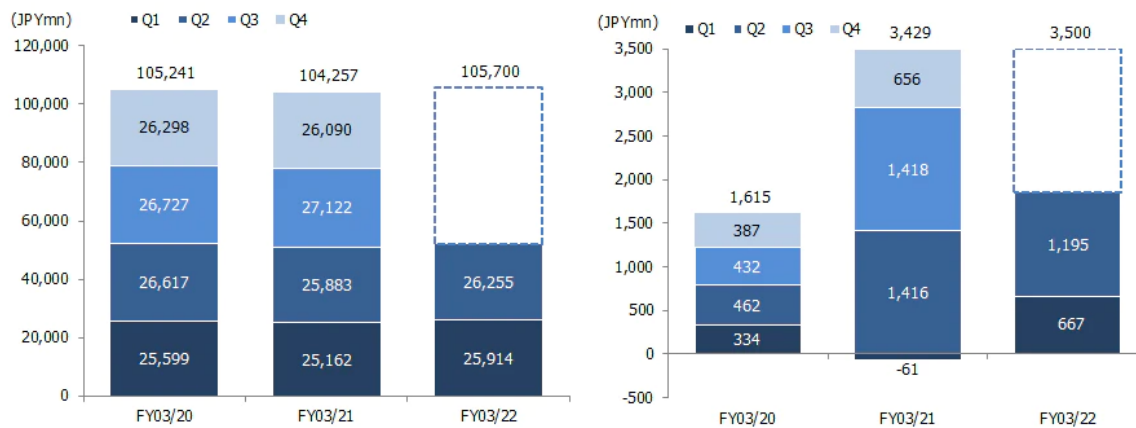


Cumulative (JPYmn)	FY03/20				FY03/21				FY03/22		FY03/22			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	% of Est.	1H Est.	% of Est.	FY Est.
Sales	25,599	52,216	78,943	105,241	25,162	51,045	78,167	104,257	25,914	52,169	100.0%	52,160	49.4%	105,700
YoY	7.3%	9.8%	8.5%	7.1%	-1.7%	-2.2%	-1.0%	-0.9%	3.0%	2.2%				1.4%
Gross profit	9,839	19,819	30,225	40,214	9,704	20,502	31,665	42,412	10,738	21,861				
YoY	8.4%	10.8%	9.8%	7.9%	-1.4%	3.4%	4.8%	5.5%	10.7%	6.6%				
Gross profit margin	38.4%	38.0%	38.3%	38.2%	38.6%	40.2%	40.5%	40.7%	41.4%	41.9%				
SG&A expenses	9,504	19,022	28,997	38,599	9,765	19,147	28,892	38,982	10,071	19,999				
YoY	7.2%	9.3%	9.5%	7.7%	2.7%	0.7%	-0.4%	1.0%	3.1%	4.4%				
SG&A ratio	37.1%	36.4%	36.7%	36.7%	38.8%	37.5%	37.0%	37.4%	38.9%	38.3%				
Operating profit	334	796	1,228	1,615	-61	1,355	2,773	3,429	667	1,862	100.1%	1,860	53.2%	3,500
YoY	57.5%	67.2%	18.1%	13.1%	-	70.2%	125.8%	112.3%	-	37.4%		37.3%		2.1%
Operating profit margin	1.3%	1.5%	1.6%	1.5%	-	2.7%	3.5%	3.3%	2.6%	3.6%				3.3%
Recurring profit	323	784	1,208	1,560	-62	1,397	2,770	3,479	935	2,235	100.2%	2,230	55.9%	4,000
YoY	68.2%	79.0%	19.6%	3.9%	-	78.2%	129.3%	123.0%	-	60.0%		59.6%		15.0%
Recurring profit margin	1.3%	1.5%	1.5%	1.5%	-	2.7%	3.5%	3.3%	3.6%	4.3%				3.8%
Net income	97	218	326	-895	-201	578	2,013	2,198	583	1,431	100.1%	1,430	79.5%	1,800
YoY	-4.0%	83.2%	-12.4%	-	-	165.1%	517.5%	-	-	147.6%		147.4%		-18.1%
Net margin	0.4%	0.4%	0.4%	-	-	1.1%	2.6%	2.1%	2.2%	2.7%				1.7%
Quarterly (JPYmn)	FY03/20				FY03/21				FY03/22					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2				
Sales	25,599	26,617	26,727	26,298	25,162	25,883	27,122	26,090	25,914	26,255				
YoY	7.3%	12.3%	6.1%	3.2%	-1.7%	-2.8%	1.5%	-0.8%	3.0%	1.4%				
Gross profit	9,839	9,980	10,406	9,989	9,704	10,798	11,163	10,747	10,738	11,123				
YoY	8.4%	13.3%	7.9%	2.5%	-1.4%	8.2%	7.3%	7.6%	10.7%	3.0%				
Gross profit margin	38.4%	37.5%	38.9%	38.0%	38.6%	41.7%	41.2%	41.2%	41.4%	42.4%				
SG&A expenses	9,504	9,518	9,975	9,602	9,765	9,382	9,745	10,090	10,071	9,928				
YoY	7.2%	11.4%	9.9%	2.6%	2.7%	-1.4%	-2.3%	5.1%	3.1%	5.8%				
SG&A ratio	37.1%	35.8%	37.3%	36.5%	38.8%	36.2%	35.9%	38.7%	38.9%	37.8%				
Operating profit	334	462	432	387	-61	1,416	1,418	656	667	1,195				
YoY	57.5%	75.0%	-23.4%	-0.3%	-	206.5%	228.2%	69.5%	-	-15.6%				
Operating profit margin	1.3%	1.7%	1.6%	1.5%	-	5.5%	5.2%	2.5%	2.6%	4.6%				
Recurring profit	323	461	424	352	-62	1,459	1,373	709	935	1,300				
YoY	68.2%	87.4%	-25.9%	-28.3%	-	216.5%	223.8%	101.4%	-	-10.9%				
Recurring profit margin	1.3%	1.7%	1.6%	1.3%	-	5.6%	5.1%	2.7%	3.6%	5.0%				
Net income	97	121	108	-1,221	-201	779	1,435	185	583	848				
YoY	-4.0%	57.2%	-57.3%	-	-	543.8%	1,228.7%	-	-	8.9%				
Net margin	0.4%	0.5%	0.4%	-	-	3.0%	5.3%	0.7%	2.2%	3.2%				

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

Quarterly sales and operating profit



Source: Shared Research based on company data

Quarterly results

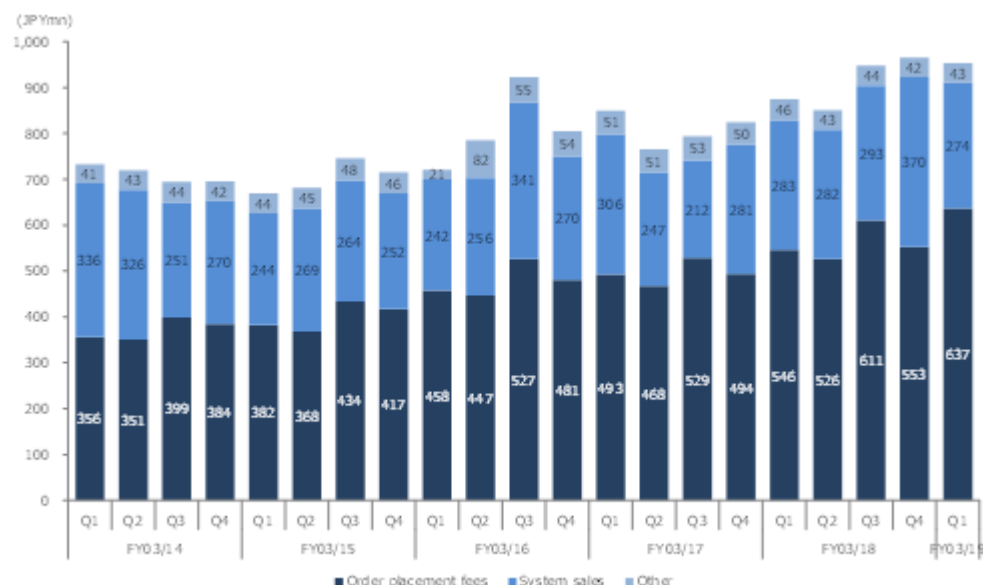
By segment (cumulative) (JPYmn)	FY03/20				FY03/21				FY03/22	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2
Sales	25,599	52,216	78,943	105,241	25,162	51,045	78,167	104,257	25,914	52,169
YoY	7.3%	9.8%	8.5%	7.1%	-1.7%	-2.2%	-1.0%	-0.9%	3.0%	2.2%
Community Pharmacy Network	24,224	49,290	74,637	99,617	23,922	48,539	74,368	99,214	24,657	49,663
YoY	7.4%	10.2%	9.1%	7.9%	-1.2%	-1.5%	-0.4%	-0.4%	3.1%	2.3%
% of total	94.1%	93.6%	93.8%	94.0%	94.5%	94.5%	94.6%	94.6%	94.6%	94.6%
Leasing and Facility-related	760	1,829	2,659	3,425	723	1,438	2,194	2,940	739	1,536
YoY	26.7%	21.3%	11.6%	3.2%	-4.9%	-21.4%	-17.5%	-14.2%	2.2%	6.8%
% of total	3.0%	3.5%	3.3%	3.2%	2.9%	2.8%	2.8%	2.8%	2.8%	2.9%
Food Service	730	1,434	2,128	2,797	612	1,248	1,874	2,474	586	1,166
YoY	-7.4%	-9.6%	-10.7%	-11.5%	-16.2%	-13.0%	-11.9%	-11.5%	-4.2%	-6.6%
% of total	2.8%	2.7%	2.7%	2.6%	2.4%	2.4%	2.4%	2.4%	2.2%	2.2%
Other	38	79	122	165	51	110	171	229	74	152
YoY	15.2%	-13.2%	-26.5%	-36.8%	34.2%	39.2%	40.2%	38.8%	45.1%	38.2%

% of total	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%			
Segment sales adjustments			-154	-417	-603	-764	-154	-292	-442	-601	-143	-350
Operating profit			334	796	1,228	1,615	-61	1,355	2,773	3,429	667	1,862
YoY			57.5%	67.2%	18.1%	13.1%	-	70.2%	125.8%	112.3%	-	37.4%
Community Pharmacy Network			825	1,736	2,764	3,743	434	2,369	4,329	5,703	1,202	2,885
YoY			28.5%	41.5%	18.5%	13.0%	-47.4%	36.5%	56.6%	52.4%	177.0%	21.8%
Operating profit margin			3.4%	3.5%	3.7%	3.8%	1.8%	4.9%	5.8%	5.7%	4.9%	5.8%
Leasing and Facility-related			-8	68	67	45	6	16	34	32	-2	32
YoY			-	580.0%	-	-	-	-76.5%	-49.3%	-28.9%	-	100.0%
Operating profit margin			-	3.7%	2.5%	1.3%	0.8%	1.1%	1.5%	1.1%	-0.3%	2.1%
Food Service			-12	-34	-38	-43	-19	-13	-2	-21	-1	1
YoY			-	-	-	-	-	-	-	-	-	-
Operating profit margin			-	-	-	-	-	-	-	-	-	-
Other			-21	-39	-56	-71	-11	-13	-17	-31	-7	-12
YoY			-	-	-	-	-	-	-	-	-	-
Operating profit margin			-	-	-	-	-	-	-	-	-	-
Segment profit adjustments			-447	-934	-1,508	-2,057	-472	-1,003	-1,569	-2,253	-523	-1,043
			FY03/20				FY03/21				FY03/22	
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales			25,599	26,617	26,727	26,298	25,162	25,883	27,122	26,090	25,914	26,255
YoY			7.3%	12.3%	6.1%	3.2%	-1.7%	-2.8%	1.5%	-0.8%	3.0%	1.4%
Community Pharmacy Network			24,224	25,066	25,347	24,980	23,922	24,617	25,829	24,846	24,657	25,006
YoY			7.4%	13.1%	7.0%	4.6%	-1.2%	-1.8%	1.9%	-0.5%	3.1%	1.6%
% of total			96.6%	93.3%	94.2%	94.4%	94.5%	94.6%	94.7%	94.7%	93.5%	94.5%
Leasing and Facility-related			760	1,069	830	766	723	715	756	746	739	797
YoY			26.7%	17.7%	-5.0%	-18.3%	-4.9%	-33.1%	-8.9%	-2.6%	2.2%	11.5%
% of total			3.0%	4.0%	3.1%	2.9%	2.9%	2.7%	2.8%	2.8%	2.8%	3.0%
Food Service			730	704	694	669	612	636	626	600	586	580
YoY			-7.4%	-11.8%	-12.8%	-14.1%	-16.2%	-9.7%	-9.8%	-10.3%	-4.2%	-8.8%
% of total			2.9%	2.6%	2.6%	2.5%	2.4%	2.4%	2.3%	2.3%	2.2%	2.2%
Other			38	41	43	43	51	59	61	58	74	78
YoY			15.2%	-29.3%	-42.7%	-54.7%	34.2%	43.9%	41.9%	34.9%	45.1%	32.2%
% of total			0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%
Segment sales adjustments			520	-263	-186	-161	-154	-138	-150	-159	-463	-207
Operating profit			334	462	432	387	-61	1,416	1,418	656	667	1,195
YoY			57.5%	75.0%	-23.4%	-0.3%	-	206.5%	228.2%	69.5%	-	-15.6%
Community Pharmacy Network			825	911	1,028	979	434	1,935	1,960	1,374	1,202	1,683
YoY			28.5%	80.0%	61.4%	-	-47.4%	112.4%	90.7%	40.3%	177.0%	-13.0%
Operating profit margin			3.4%	3.6%	4.1%	-	1.8%	7.9%	7.6%	5.5%	4.9%	6.7%
Leasing and Facility-related			-8	76	-1	-22	6	10	18	-2	-2	34
YoY			-	-	-	-	-	-86.8%	-	-	-	240.0%
Operating profit margin			-	7.1%	-	-	0.8%	1.4%	2.4%	-	-0.3%	4.3%
Food Service			-12	-22	-4	-5	-19	6	11	-19	-1	2
YoY			-	-	-	-	-	-	-	-	-	-66.7%
Operating profit margin			-	-	-	-	-	0.9%	1.8%	-	-	0.3%
Other			-21	-18	-17	-15	-11	-2	-4	-14	-7	-5
YoY			-	-	-	-	-	-	-	-	-	-
Operating profit margin			-	-	-	-	-	-	-	-	-	-
Segment profit adjustments			-447	-487	-574	-549	-472	-531	-566	-684	-523	-520

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

(Reference) Former Pharmaceuticals Network segment sales

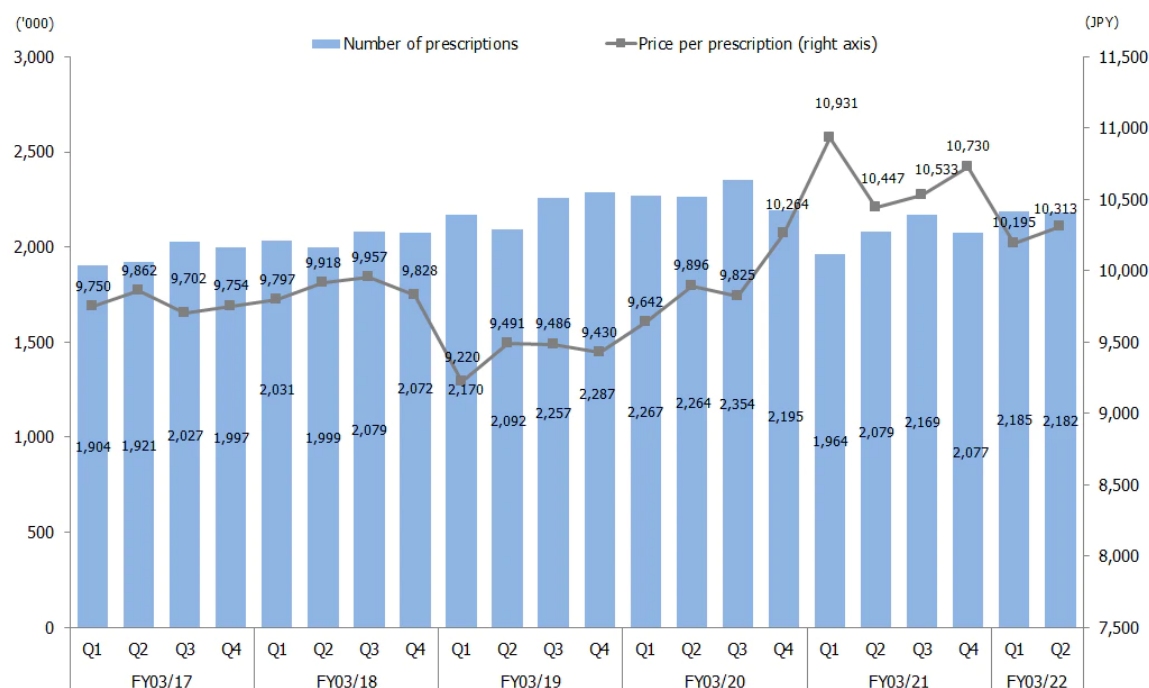


Source: Shared Research based on company data

Notes: Undisclosed from Q2 FY03/19

The former Pharmaceuticals Network segment was integrated into the new Community Pharmacy Network segment from FY03/20

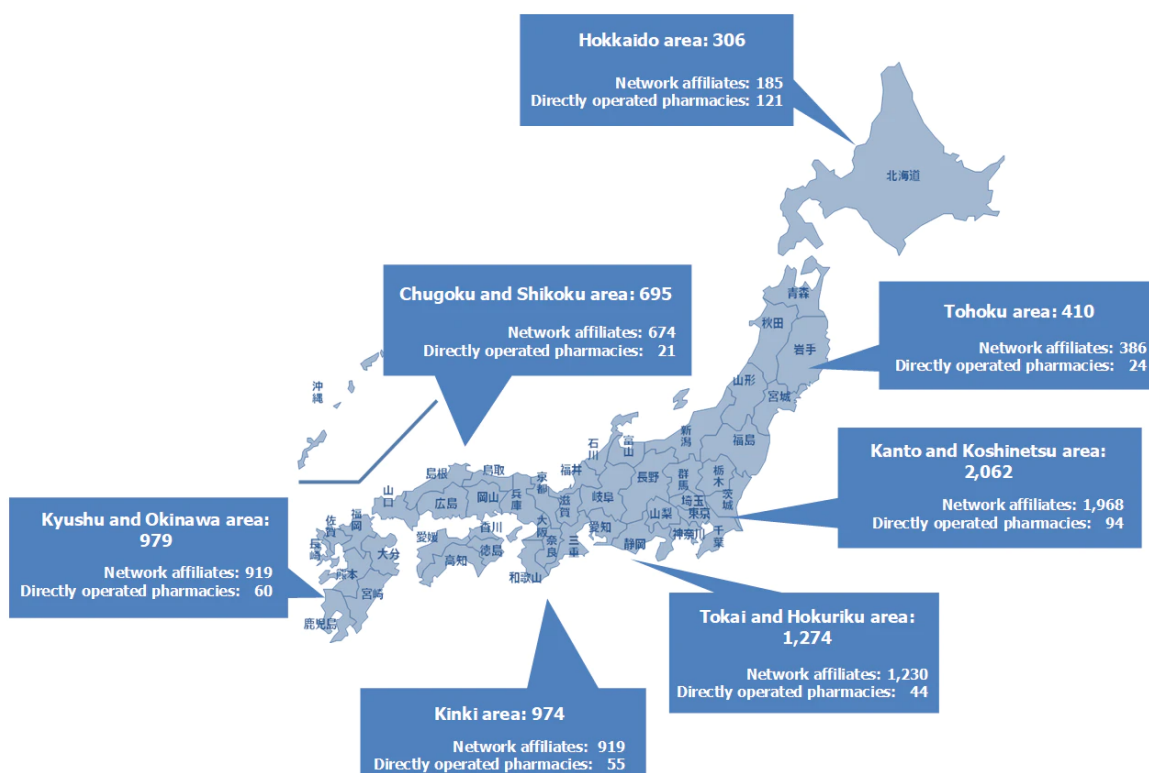
Quarterly trends in prescription volume and price per prescription (drug price + technical fees; Dispensing Pharmacy business; all stores)



Source: Shared Research based on company data

Note: NHI drug price and dispensing fee revisions were put into effect on April 1, 2014, April 1, 2016, and April 1, 2018.

Distribution of network members (as of September 30, 2021)



Source: Shared Research based on company data

Number of dispensing pharmacies by region

Area	Directly operated pharmacies	Affiliates	Total
Hokkaido	121	185	306
Tohoku	24	386	410
Kanto and Koshinetsu	94	1,968	2,062
Tokai and Hokuriku	44	1,230	1,274
Kinki	55	919	974
Chugoku and Shikoku	21	674	695
Kyushu and Okinawa	60	919	979
Total	419	6,281	6,700

Source: Shared Research based on company data (as of September 30, 2021)

1H FY03/22 earnings results (out November 5, 2021)

Overview

1H FY03/22 (April–September 2021) earnings results

- Sales: JPY52.2bn (+2.2% YoY)
- Operating profit: JPY1.9bn (+37.4% YoY)
- Recurring profit: JPY2.2bn (+60.0% YoY)
- Net income attributable to owners of the parent: JPY1.4bn (+147.6% YoY)

Company response and business conditions

The Pharmaceuticals Network business recorded a steady increase in new network members, and the Dispensing Pharmacy business saw some recovery in the number of prescriptions filled despite a drop in the average prescription price. The increase in Pharmaceuticals Network business network members contributed to profit growth. Net income attributable to owners of the parent increased 147.6% as a result of profit from the sale of investment securities and tax effect of the absorption-type merger with Home-Visit Nursing Care Station Himawari Co., Ltd.

Breakdown of 1H FY03/22 (April–September 2021) results by segment

Community Pharmacy Network

- Segment sales: JPY49.7bn (+2.3% YoY)
- Segment profit: JPY2.9bn (+21.8% YoY)
- This is a new segment that integrates the former Pharmaceuticals Network business, the Dispensing Pharmacy business, and the manufacture and market pharmaceuticals business (mainly Feldsenf Pharma) previously included in Other. A digital shift business that utilizes instant messaging app LINE was added to the segment from FY03/21.

Pharmaceuticals Network

The number of new network members continued to increase, driven by the need for improved operating stability for dispensing pharmacies amid harsh business conditions in the industry, including annual NHI drug price revisions starting in April 2021. As of end-September 2021, network members numbered 6,700 (+584 versus end-FY03/21), consisting of 419 directly operated pharmacies and 6,281 affiliates.

Dispensing Pharmacy

The number of prescriptions filled during the period recovered to some extent, despite a drop in the average prescription price. As of end-September 2021, the group had 419 dispensing pharmacies, one care plan center, and eight cosmetics/drug stores.

Manufacture and market pharmaceuticals

This business aims to provide a stable supply of good-quality, low-priced generic drugs. As of end-September 2021, the company was selling 39 different ingredients and 77 products.

Digital shift

Subsidiary PharmaShift Co., Ltd. was established on October 1, 2020, to create a “new pharmaceutical platform” for the digital age. In March 2021 the subsidiary launched the “Your Family Pharmacy” service utilizing its official LINE account. As of end-September 2021, the official LINE account had more than 170,000 friends (users), with 552 stores having introduced the service.

Leasing and Facility-related

- Segment sales: JPY1.5bn (+6.8% YoY)
- Segment profit: JPY32mn (+100.0% YoY)

Operating conditions of serviced elderly housing facilities

In 1H FY03/22, property leasing revenue was generally strong and orders for construction projects increased. However, the spread of COVID-19 limited sales activities for the company's serviced elderly housing facilities, leading to sluggish growth in occupancy. As of end-September 2021, the company reported stable occupancy rates at three of its five properties, while for the remaining two, at Wisteria Senri-Chuo it reported an occupancy rate of 78.1% (with 64 out of 82 units occupied), and at Wisteria Minami Ichijo it reported an occupancy rate of 70.7% (with 82 out of 116 units occupied).

Food Service

- Segment sales: JPY1.2bn (-6.6% YoY)
- Segment profit: JPY1mn (versus loss of JPY13mn in 1H FY03/21)

Segment turns profitable

Despite a drop in the number of meals supplied due to the pandemic, the segment turned profitable in 1H FY03/22 as a result of changes in suppliers.

Other (mostly home-visit nursing care)

- Segment sales: JPY152mn (+38.2% YoY)
- Segment loss: JPY12mn (versus loss of JPY13mn in 1H FY03/21)

Company forecast for FY03/22

Recent performance and FY03/22 company forecast

(JPYmn)	FY03/20			FY03/21			FY03/22		
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.
Sales	52,216	53,025	105,241	51,045	53,212	104,257	52,169	53,531	105,700
YoY	9.8%	4.6%	7.1%	-2.2%	0.4%	-0.9%	2.2%	0.6%	1.4%
Cost of sales	32,397	32,630	65,027	30,542	31,303	61,845	30,307		
Gross profit	19,819	20,395	40,214	20,502	21,910	42,412	21,861		
Gross profit margin	38.0%	38.5%	38.2%	40.2%	41.2%	40.7%	41.9%		
SG&A expenses	19,022	19,577	38,599	19,147	19,835	38,982	19,999		
SG&A ratio	36.4%	36.9%	36.7%	37.5%	37.3%	37.4%	38.3%		
Operating profit	796	819	1,615	1,355	2,074	3,429	1,862	1,638	3,500
YoY	67.2%	-14.0%	13.1%	70.2%	153.2%	112.3%	37.4%	-21.0%	2.1%
Operating profit margin	1.5%	1.5%	1.5%	2.7%	3.9%	3.3%	3.6%	3.1%	3.3%
Recurring profit	784	776	1,560	1,397	2,082	3,479	2,235	1,765	4,000
YoY	79.0%	-27.0%	3.9%	78.2%	168.3%	123.0%	60.0%	-15.2%	15.0%
Recurring profit margin	1.5%	1.5%	1.5%	2.7%	3.9%	3.3%	4.3%	3.3%	3.8%
Net income	218	-1,113	-895	578	1,620	2,198	1,431	369	1,800
YoY	83.2%	-	-	165.1%	-	-	147.6%	-77.2%	-18.1%
Net margin	0.4%	-2.1%	-0.9%	1.1%	3.0%	2.1%	2.7%	0.7%	1.7%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

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