



# Company Brochure

Vol.2

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日生薬局  
ミアヘルサ薬局

ミアヘルサ ケア

ミアヘルサ保育園 ひびき

ミアヘルサ食品

# Overview



Merhälsa has three main lines of business, Medicine, Care, and Child Care, which it operates with 135 offices in the Tokyo metropolitan area. The Medicine business primarily runs dispensing pharmacies nearby major hospitals, the Child Care business mainly runs licensed nurseries, and the Care business provides all levels of care service from in-home to facility services.

Data as of October 1, 2021

<b>Name</b>	Miahelsa Holdings Corporation	<b>Capital</b>	¥300 million
<b>Head office</b>	3-19 Nakano-cho, Ichigaya, Shinjuku-ku, Tokyo, Japan	<b>Total issued shares</b>	2,240,000
<b>Representative</b>	Isamu Aoki President and Representative Director	<b>Fiscal year-end</b>	March 31
<b>Establishment</b>	October 1, 2021	<b>No. of employees (Miahelsa Corporation)</b>	Data as of October 1, 2021 1,657 (including part-time employees)

Data as of January 15, 2021

<b>Business division</b> <b>Service area</b>	<b>Medicine</b>	<b>Child Care</b>	<b>Care</b>	<b>Other (Food)</b>
Tokyo	36 pharmacies	24 nurseries	31 locations	3 stores
Tokyo vicinity	4 pharmacies	10 nurseries	29 locations	—
Total	40 pharmacies	34 nurseries	60 locations	3 stores

Not including head office or division headquarters

<b>Recent Sales Ratio</b>	Approx. 50%	Approx. 20-30%	Approx. 20%	Approx. 5%
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# History

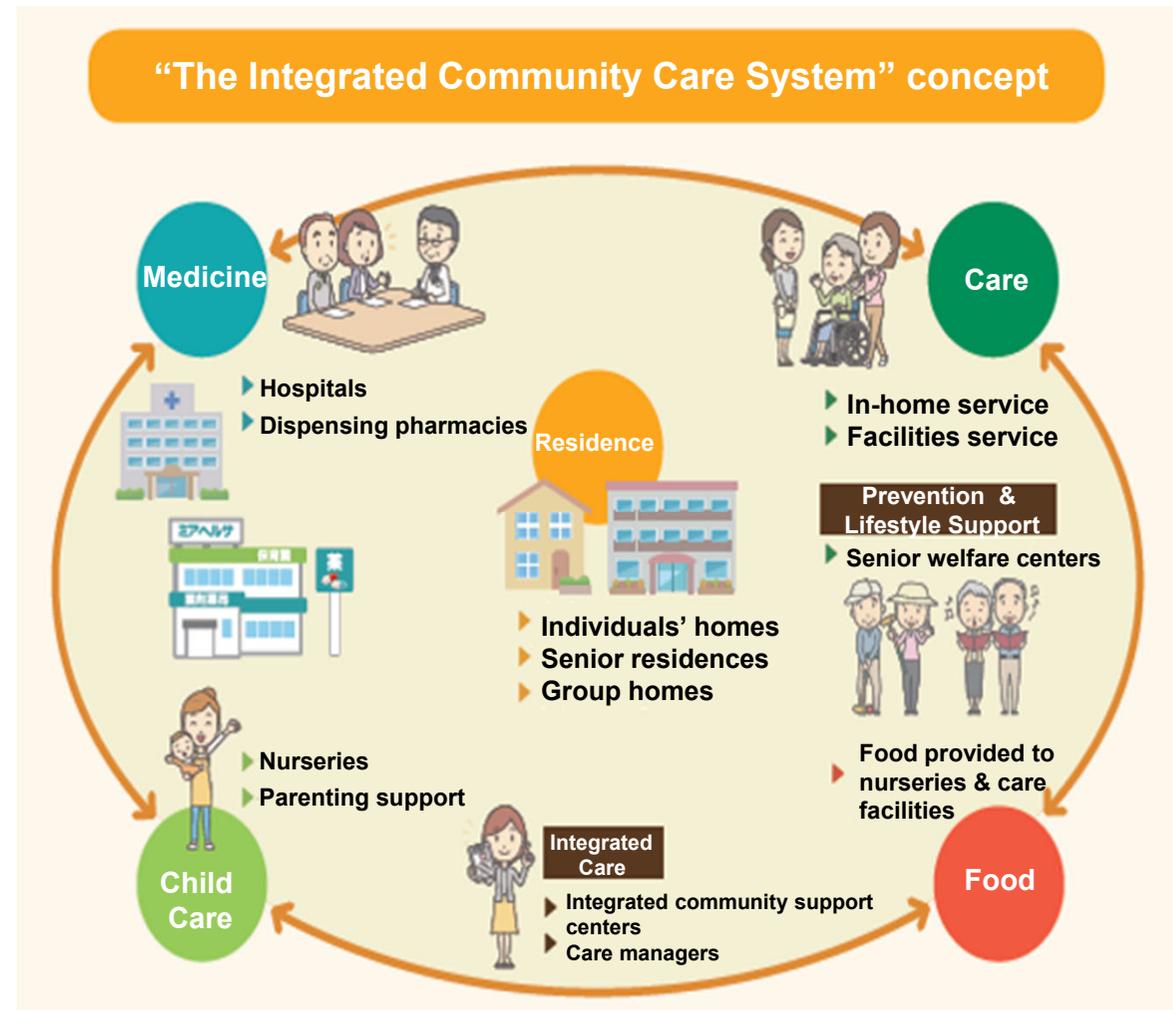
- We honor our founding spirit, “building happiness for people.”
- We run sustainable businesses by adapting to the change of time and the demanding needs of society.
- We are recognized for running the lines of businesses capable of achieving the Integrated Community Care System promoted by the government.

Sep. 1984	Established Japan Life Science Research Institute Co., Ltd. (currently Merhälsa). Launched Medicine division.
Aug. 1999	Launched Care division to solve the great challenges of Japan’s aging society.
Mar. 2011	Launched Food division with integration of a group company. (In 1966, we established the food wholesale company “Kyushoku Fukyu Kai Co., Ltd.” to provide children with nutritious meals.)
Apr. 2011	Launched Child Care division to take on the social issue of children on the waiting list for nursery schools, accelerated by women’s increased participation in the workforce.
Sep. 2011	Our integrated facility, which residences with health and welfare services for the elderly, and pharmacy operating in one complex, was selected as the model business of “Promotion Project of Residential Stability for Elderly Persons” selected by the Ministry of Land, Infrastructure, Transport and Tourism. The complex attracted numerous government associates and foreign officials, leading to their observation visits.
Apr. 2019	Company name changed from Japan Life Science Research Institute Co., Ltd. to Merhälsa Corporation, meaning “greater health” in Swedish.
Mar. 2020	Listed on Tokyo Stock Exchange JASDAQ market.
Jul. 2020	Acquired all shares of Tosho Shoji Co., Ltd., which operates licensed nurseries.

# Corporate Philosophy

Merhälsa's corporate philosophy is to "Meet the challenges posed by a declining birthrate and an aging society, and make the community cheerful and vibrant." For that reason, we differentiate ourselves by capturing the market opportunities resulting from a declining birthrate and an aging society, and by providing our expertise across our lines of business. We also aim to establish a framework for implementing "the Integrated Community Care System" endorsed by the government in the Tokyo area and support the affluent life of community.

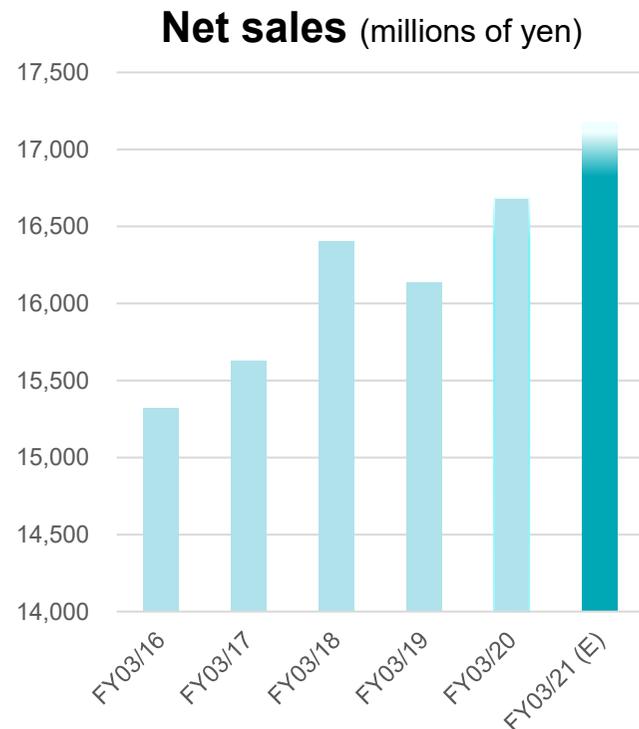
"The Integrated Community Care System" is a government policy, referring to the scheme for the communities to establish an environment capable of comprehensively providing medical, nursing care, childcare, and living support, and positioning the residence as the center of the community. This scheme is the current requirement for urban development, housing renovations, and other town planning projects, and our ability to accommodate such needs gives Merhälsa a major advantage.



# Business Performance

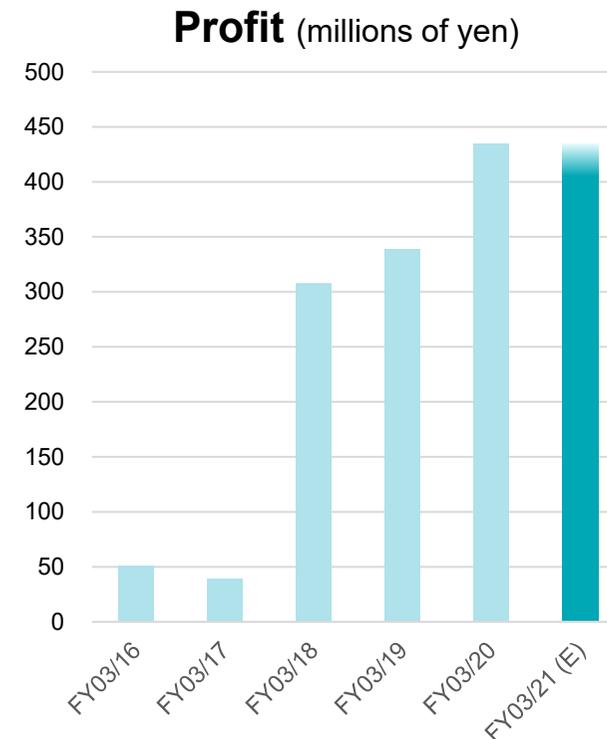
Earnings have continued to grow as our business divisions provided by mutual support against risks, amendment of acts, and in the emergencies such as COVID-19.

Net sales growth has been driven by elements such as launch of new lines of business and M&A.



Net sales temporarily was decreased in FY03/19 due to the decline of receiving prescriptions largely from the change of management at Toshiba Hospital, as well as the impact of NHI drug price revisions. We expect FY03/21 results to meet this figure on a consolidated basis.

We have achieved stable and solid growth in profit in recent years driven by rising nursery enrollment, growing occupancy rates, and cost optimization.

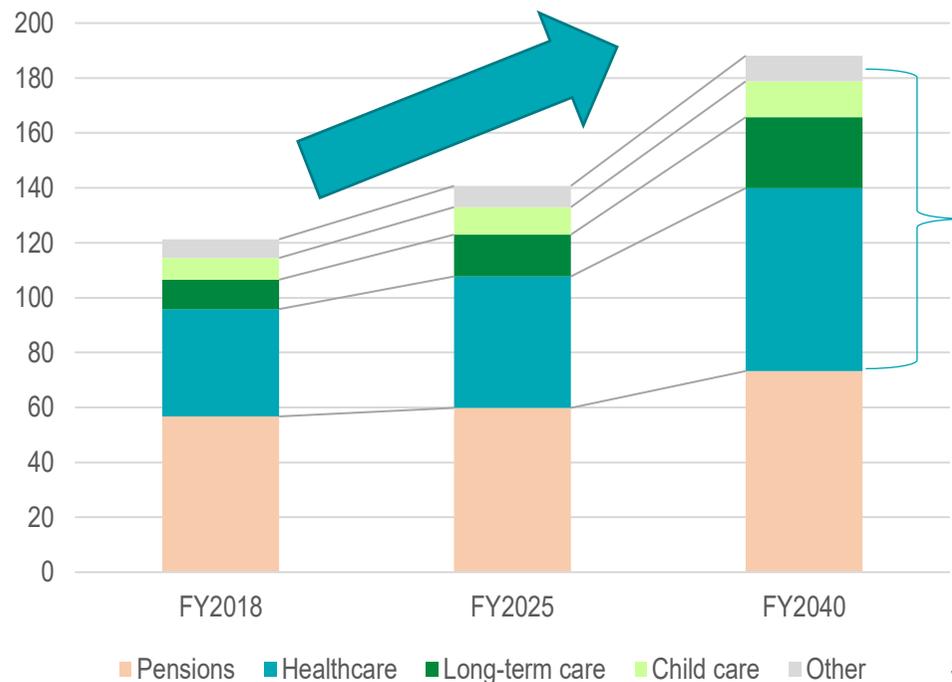


Low profits prior to FY FY03/17 were due to numerous investments in opening nurseries and serviced senior citizen residences.

Notes: We have not presented year-on-year comparison because we commenced consolidated accounting following our acquisition of Tosho Shoji Co., Ltd. as a subsidiary in July 2020. If the COVID-19 emergency is prolonged or grows more serious, it could cause earnings to underperform, and we will provide prompt notification should we need to revise our earnings forecast.

**Merhälsa runs business with strong societal needs pertaining to the public insurance system and social welfare, and we have growth potential due to increasing social security costs amid a falling birthrate and aging society.**

**Outlook for Social Security Benefits  
(trillions of yen)**



## Increasing Trend of Social Security Benefits

Social benefit costs are expected to increase from ¥121 trillion in FY2018 to ¥188 trillion in FY2040.

Social security benefit expenditures are mostly allocated to pensions, healthcare, long-term care, and child care. Merhälsa's lines of business correspond to over half of these allocations. We aim to grow by addressing the needs of society and capitalizing on these market opportunities and collaborating in our line of business.

Source: Ministry of Health, Labour and Welfare "2040 Outlook for Social Security Costs"

# Key Features: Medicine Business

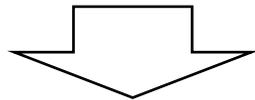
- Operation of dispensing pharmacies and home healthcare
- Locations near major Tokyo area hospitals



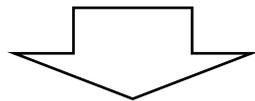
Aseptic room



Patients that require difficult treatment methods or decisions are congregating toward large-scale hospitals.



By collaborating with specialized agencies, we are able to handle advanced pharmacological management that normal pharmacies cannot.



Merhälsa pharmacy



## Advanced knowledge and experience

High-quality pharmacists who are familiar with advanced pharmacology.

## High prescription value

Thanks in part to premiums through government policy measures, our average prescription value is much higher than the industry average. \* Merhälsa prescriptions averaged ¥13,339 in FY2019, vs. the industrial average of ¥9,187 in FY2017.

## Steady volume of prescriptions

Tokyo area prescription volumes and earnings are holding steady (which is unusual during the COVID-19 emergency). We are also growing earnings through care facilities' in-home pharmacological management, and collaboration with the Child Care division when opening new pharmacies.

## Transfusion management-based home infusion therapy (HIT) business

We provide advanced transfusion management to support terminal care.

# Key Features: Child Care Business

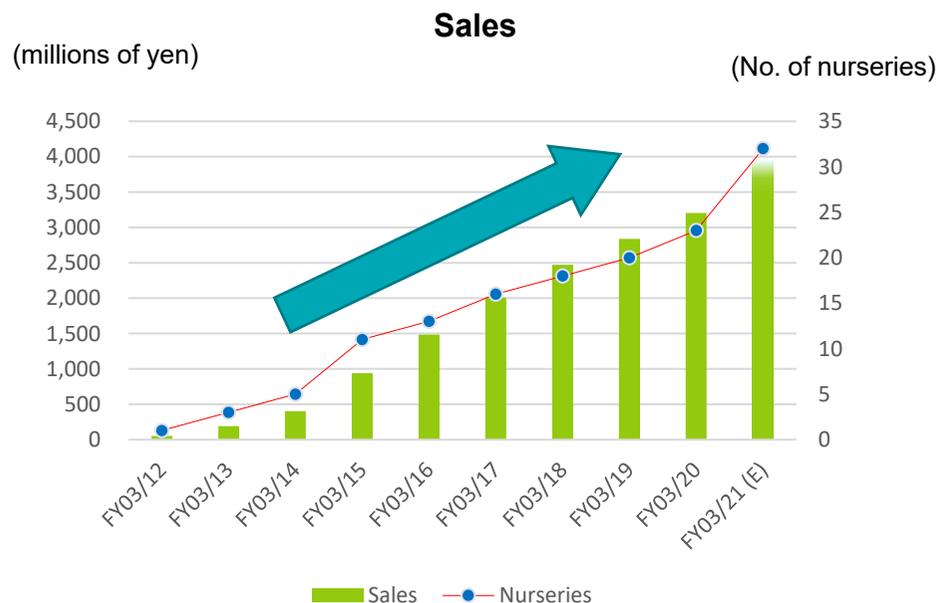
## Licensed Nurseries Operation

- High-quality meeting national and local government standards
- Efficient customer gathering (enrollees referred by local governments)
- Earnings growth on the back of the market demand
- Subsidies available for facilities (Subsidies for facilities opening in the next fiscal year are recorded as extraordinary income at the previous fiscal year-end)

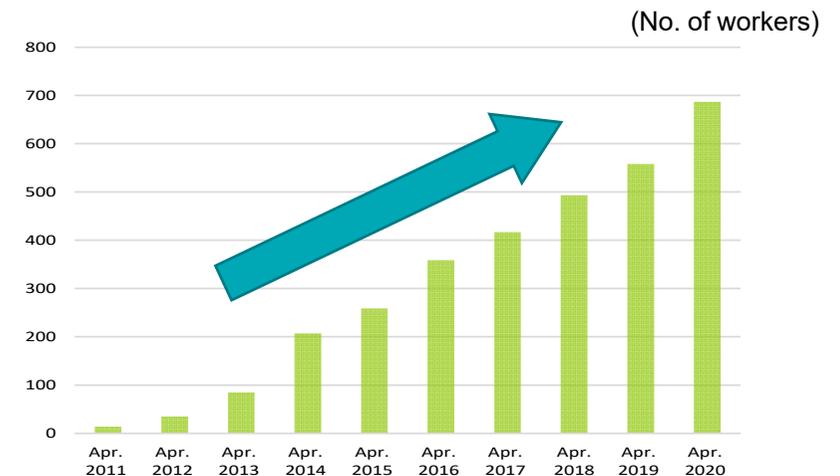


## Stable Hiring of Childcare Workers

Securing childcare workers is an absolute necessity, and we have achieved steady hiring and high retention rates.



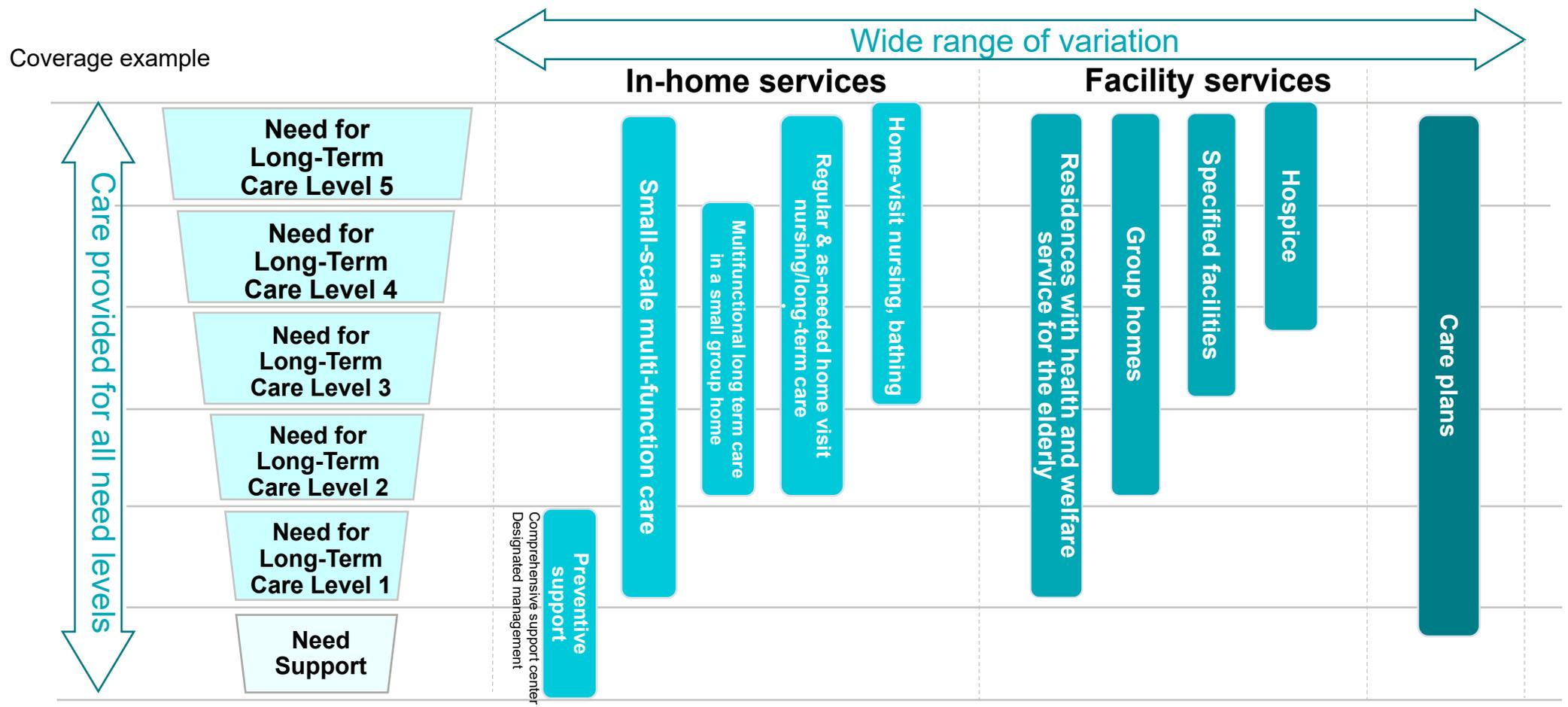
## Child Care Division Workforce



# Key Features: Care Business

## Framework capable of continual adaptation to changes in care levels with variation in service to suit all levels of care

One of the unique features of our Care division is the degree of efficiency we bring to the business. The key to this is our dominant operation of services covering patients with mild care needs to those with intensive care needs or cognitive impairment. We also undertake terminal care to provide patients with life span service.



**Medicine:** Based primarily on Japan's Health Insurance Act, we obtain revenue in the form of patient copayments as well as government compensation from the Social Insurance Medical Fee Payment Fund and the National Health Insurance Organization. The higher the volume of prescriptions, average prescription value, and premiums on prescription content, the more our sales grow. There is a tendency for revenue to increase from the 2<sup>nd</sup> half of the year due to prevalence of seasonal disease.

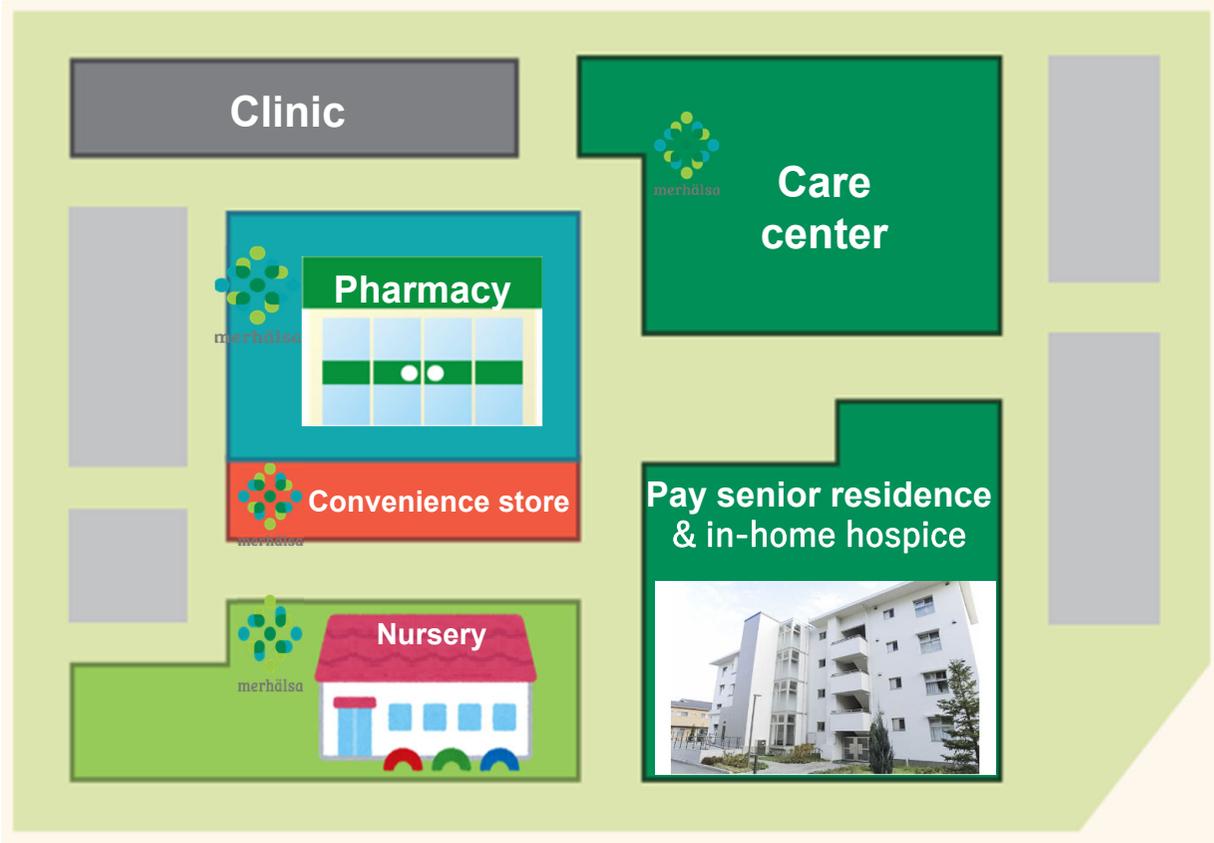
**Child Care:** Based primarily on the Child Welfare Act, we receive national and local government subsidies for running nurseries (we record facility subsidies as extraordinary income in March). For licensed nursery schools, there are also local subsidies for the portion of child care costs paid by parents, and we are able to book additional revenue by meeting demands of local government standards for care workers and facilities in addition to national standards. Local governments refer parents and children to nurseries, which enables us to operate more efficiently without spending funds on recruiting children. The number of children enrolled translates into profit.

**Care:** Based primarily on Japan's Long-Term Care Insurance Act and care plans drawn up by care managers, we obtain revenue in the form of copayments by care recipients plus compensation from the National Health Insurance Organization. Care recipients are billed directly for services not covered by long-term care insurance. Providing compensated care and raising occupancy rates of nursing homes translates into profit.

# Future Growth Strategy

## The Integrated Community Care Systems

## Collaboration with Major Property Developers



Our strategy for future growth starts with collaboration between our Medicine, Care, and Child Care business divisions, all of which serve crucial societal needs. We will leverage the resulting synergies from that collaboration to implement community-based integrated care systems, and thereby achieve earnings growth. We will also partner with major property developers and local governments. We already have collaborative projects underway with urban development firms, and we plan to provide on-premise dispensing pharmacy and other care services integrated into senior citizens residences with supportive services and other facilities. We also have an asset-light policy on investment, owning no land or buildings of our own, and when opening new facilities, we generally operate our business using leased property.

# Individual Segment Growth Strategies



## Medicine

**Expand Premium Eligibility**

**Online Medication Instruction**

In Medicine, we will promptly adapt to government policy and add more functions eligible for premiums. We will also upgrade our current online medication instructions.



## Child Care

**Steady Launch of New Nursery Schools**

**Commissioned Operation of Public Nursery schools**

In Child Care, we see Child Care as the main driver in the medium term. By steadily opening new nurseries, managing public nurseries on behalf of the government.



## Care

**Expand Terminal Care**

**Raise Occupancy Rates**

In Care, we will focus on expanding palliative care. In addition, by enhancing our sales and marketing efforts, we will boost occupancy at group homes for cognitive disorder care. Pain relief drugs used in hospice also contribute to Medicine sales.

## Proactive M&A and development

We will proactively engage in M&A and develop top-notch projects that contribute to sales and profit and minimize business risks, we will strive to increase the number of offices and expand business.

# Corporate Social Responsibility (CSR)

By implementing the Integrated Community Care System, our business itself contributes to local society, and further promotes CSR activities through various communities.

## Sports events



We sponsor T-ball games. T-ball can be enjoyed by all ages, from children to senior citizens. It is also included in school curricula.

## Festivals



At our care facilities, we work to promote interaction between residents and the local community by holding festivals and events. People attending these events also often end up becoming new employees or new clients.

## Precautions

The plans, business activities and other forward-looking statements concerning Merhålsa is based on information that was available when this presentation was made. There may be significant changes to these statements due to other risk factors and other uncertainties. These statements are not promises concerning future performance. Although the content related to the environment is created based on each data that seems to be reliable, please note that we cannot guarantee its accuracy and completeness. In addition, this material is for the purpose of providing information only to everyone, not for soliciting make an investment in Merhålsa. We ask that all individual investors make investment decisions at their own responsible.

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