

# H.U. GROUP / IR DAY 2022

## HS Segment

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December 9<sup>th</sup> , 2022

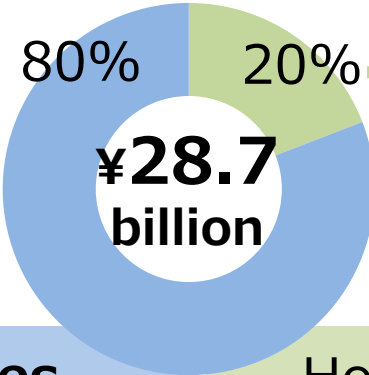
# **Sterilization and Related Services**

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**Present & CEO of Nihon Stery, Kazuya Sakai**

# Characteristics of the Sterilization and Related Services

HS segment net sales breakdown for FY2021



## Sterilization and Related Services

Share of large-sized hospitals in areas already in service **40%<sup>\*1</sup>**

Have staff on duty at all times in hospital to offer service

Expand the service to suit customers' needs by staying updated on information such as equipment replacement demands etc. in a timely manner

## Home-visit nursing, welfare equipment

Welfare equipment

→ Revenue is expected to increase for 14 consecutive years since 2009

Home-visit nursing

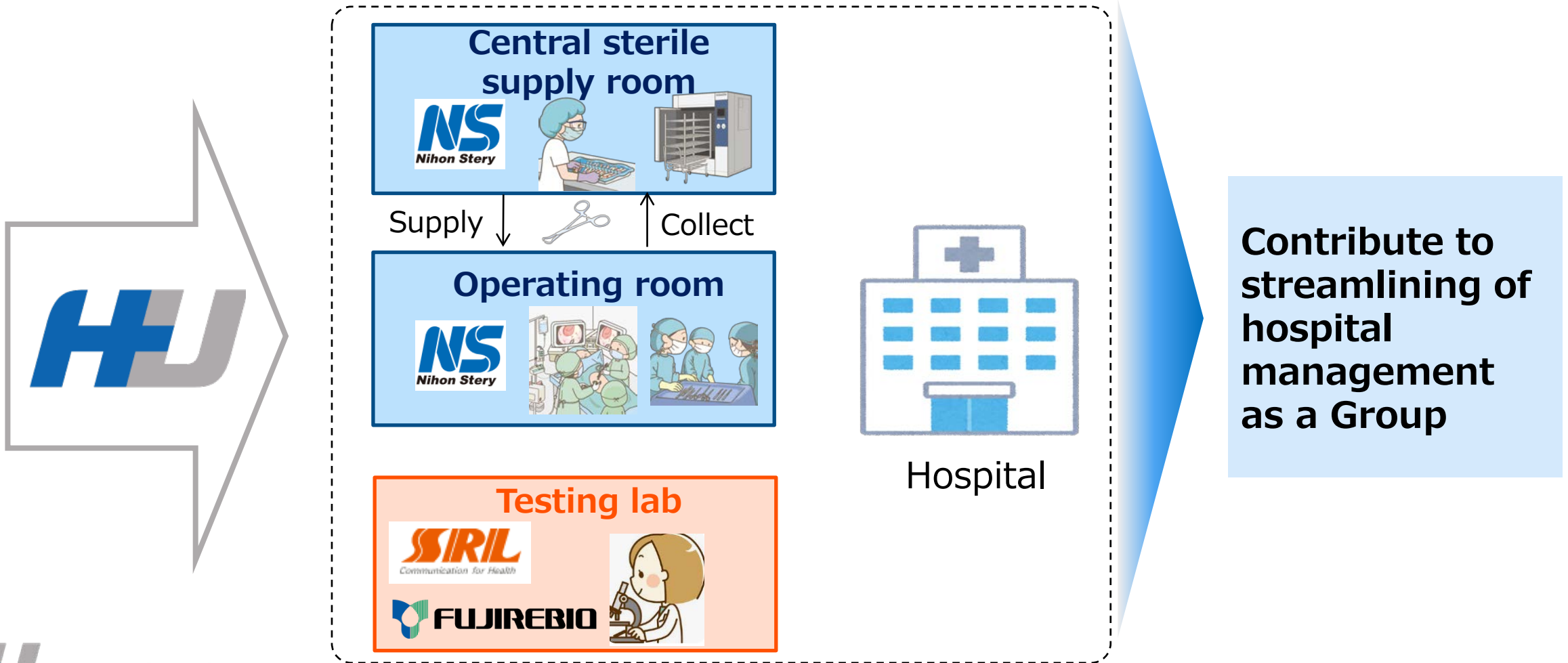
→ 15 offices <sup>\*1</sup> in service

Shift resource to profit-focused & higher value- added field  
Establishing profitable model of service & recuring

<sup>\*1</sup> Our share in hospitals with 500 or more beds located in any of the 27 prefectures with our footprint as of October 2022

# Positioning of Sterilization and Related Services in the Group

H.U. is a unique Group capable of providing value to three key functions: testing lab, central sterile supply room and operating room



## *Next value for Smiles*

Spreading smiles as we support healthcare  
with sterilization as our core activity

# Key Initiatives for Growth

## 1. In-hospital services

Areas yet to expand

- Expansion to Hokkaido and Tohoku area

Areas already in service

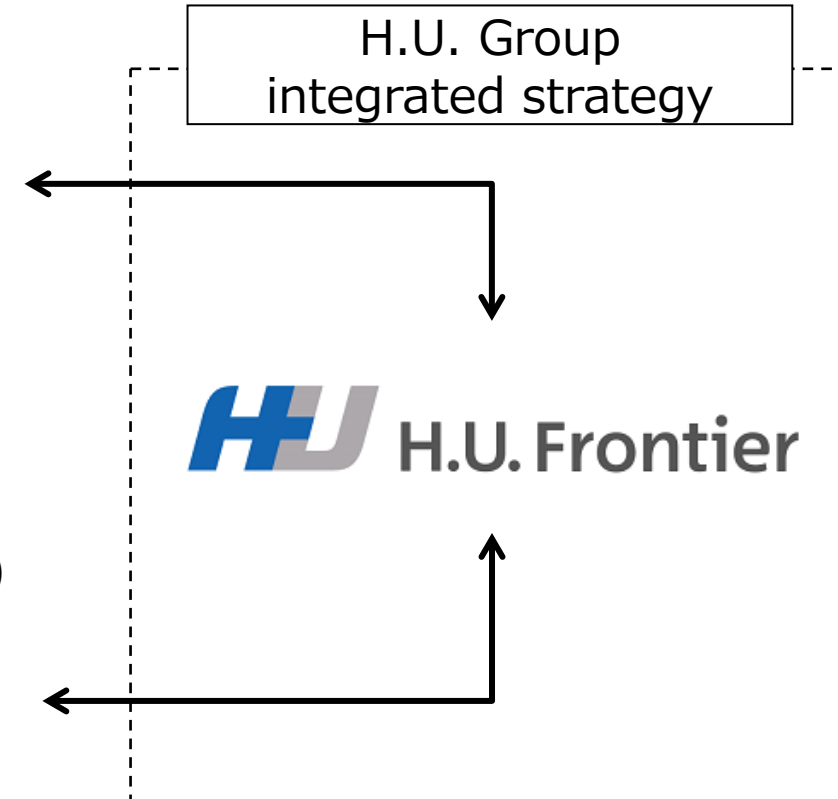
- New customers  
→ Target large-sized hospitals
- Existing customers  
→ Expand the scope of services

## 2. Outsourced sterilization services

- ✓ Suit the needs of small- and mid-sized hospitals  
(offer a set of service sterilization + product sales + SPS\*)

## 3. Development of new services

- ✓ Mainly expand into operating room-related services.



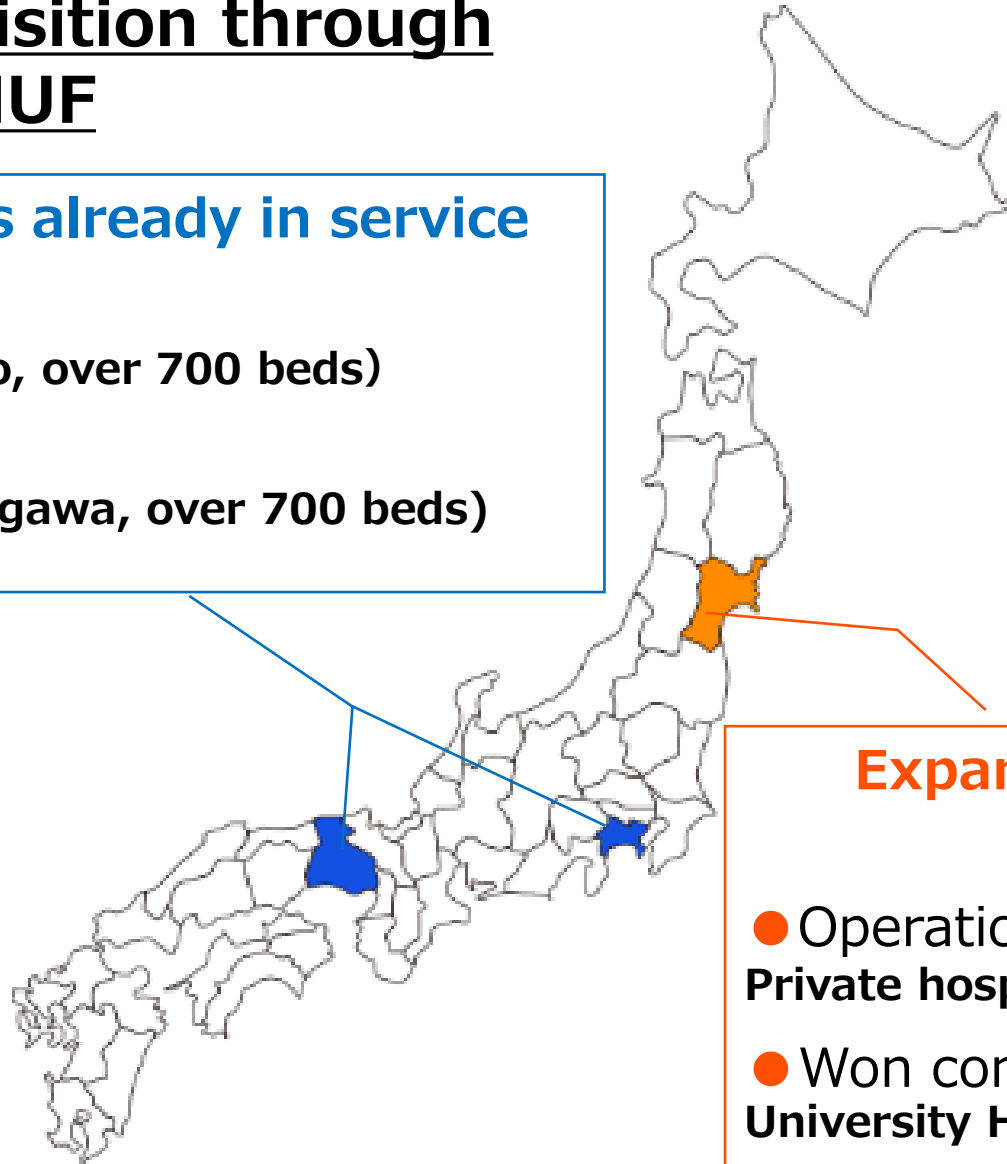
# Progress of Key Initiatives

## 1. In-hospital Services

### New customer acquisition through collaboration with HUF

#### Large contract in areas already in service

- Operation started  
General medical center (Hyogo, over 700 beds)
- Won contract  
General medical center (Kanagawa, over 700 beds)



#### Expansion to Hokkaido and Tohoku area

- Operation started  
Private hospital (Miyagi, over 300 beds)
- Won contract  
University Hospital (Miyagi, over 550 beds)

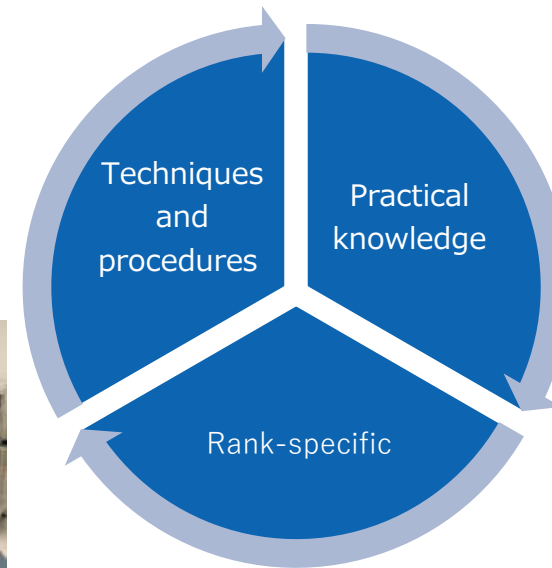


# Progress of Key Initiatives

## 1. In-hospital Services - Establishment of Training Center

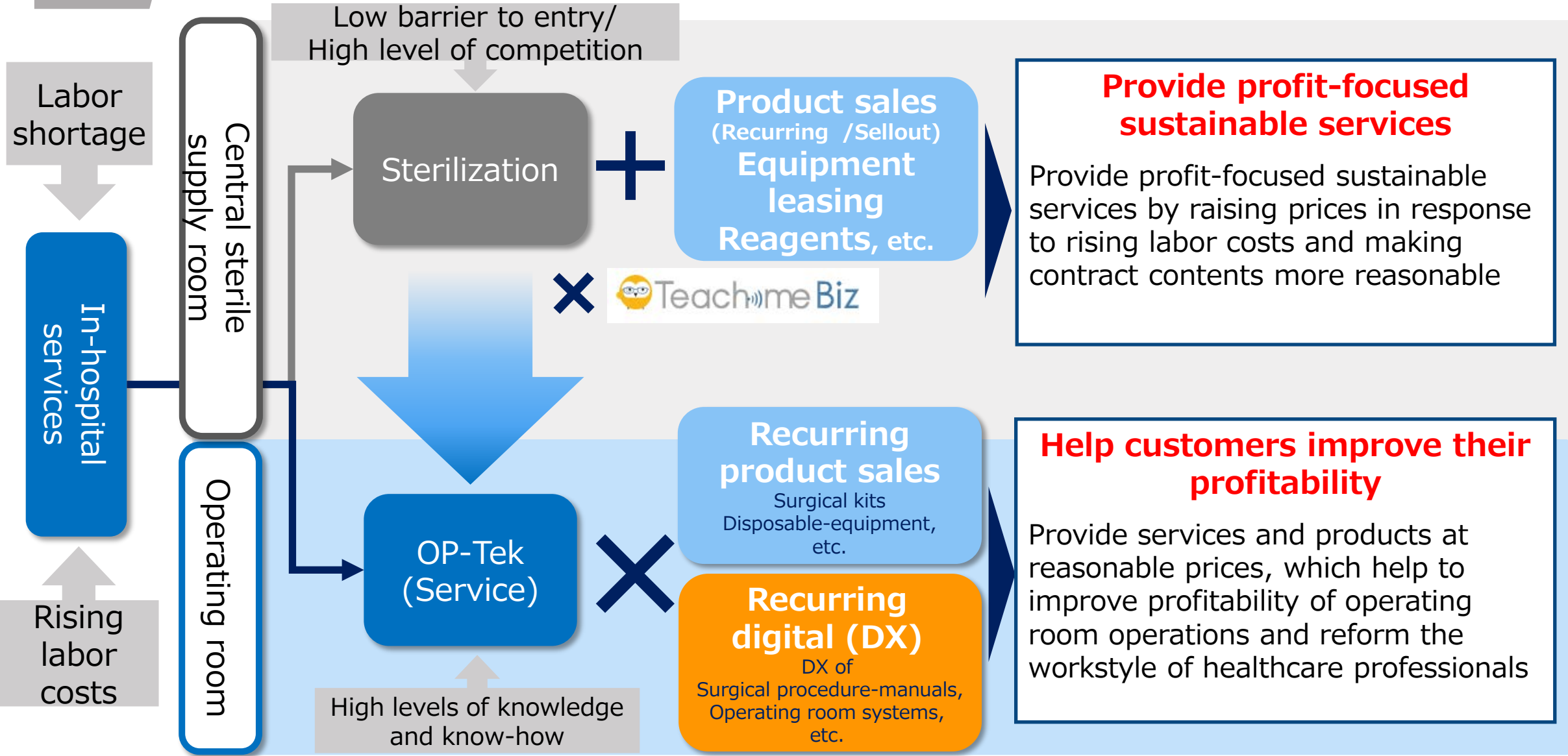
In May 2022, we established a training center which reproduces an operating room at a medical institution for the purpose of improving quality of services we provide

- ✓ Conducting induction training for new employees and skills development training for existing employees aiming to equip them with practical skills swiftly
- ✓ Also utilizing in promotional activities including graduate recruitment and business meetings





# In-hospital Services – Direction of Growth Strategy



# Progress of Key Initiatives

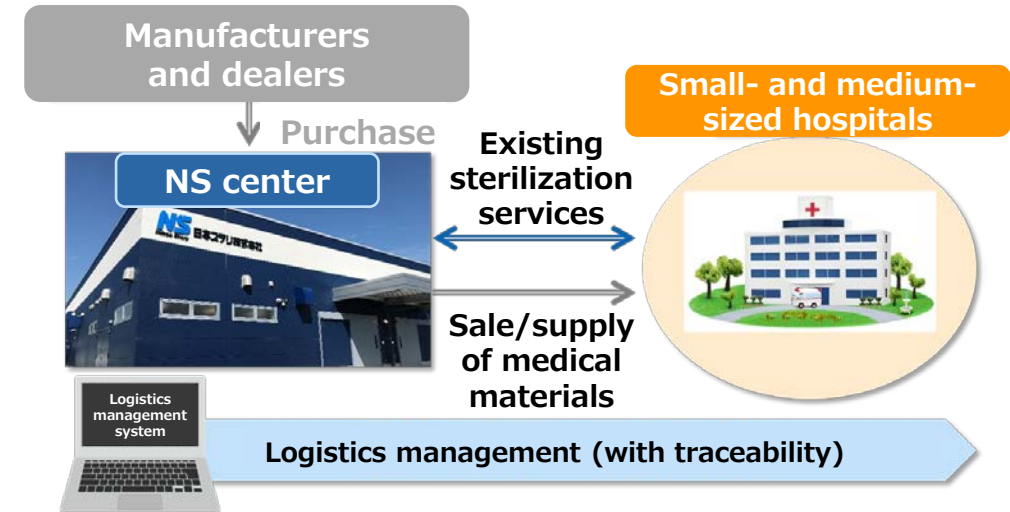
## 2. Outsourced Sterilization Services

### Fully launched out-of-hospital SPD service for small- and mid-sized hospitals

- ✓ Aiming to Conclude contracts with hospitals with around 200 beds
- ✓ Many contracts are under negotiation and customer demand is strong

### Increase revenue by enhancing cross-selling operations

Increase revenue per customer by proposing SPS (uniforms and cleanroom clothing), environmental measurements and product sales to existing customers who outsourcing sterilization to us



# Progress of Key Initiatives

## 3. New Business Development

### Signed partnership agreement with Studist Corporation (provider of electronic and video manuals)

→Aiming **to contribute to improving the operational efficiency of healthcare facilities**, in view of solving issues facing medical institutions, includes talent shortages and work style reform for healthcare professionals

✓ Utilization and commercialization of electronic/video manual

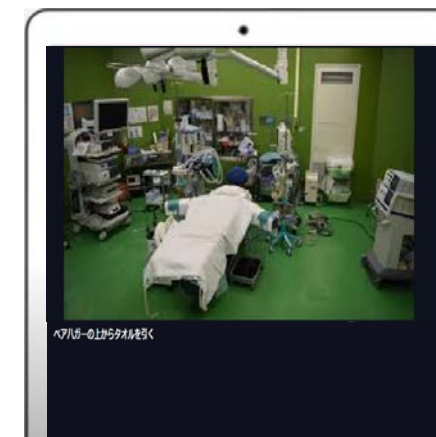
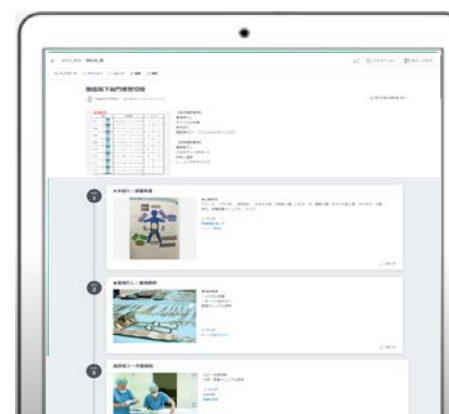
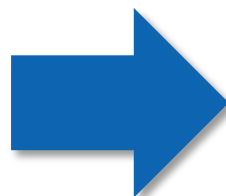
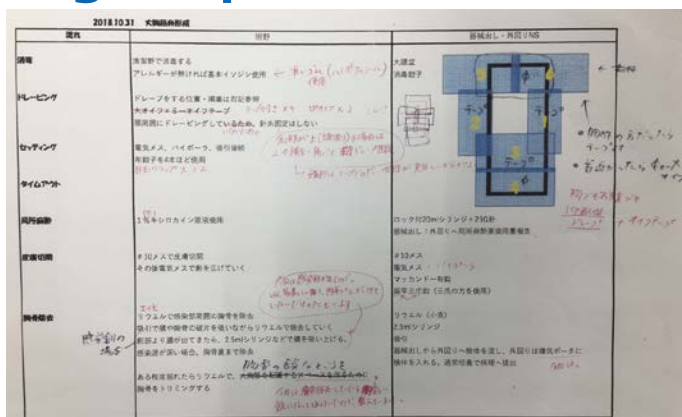


(1) **DX of in-house manuals (use for outsourced business)**

(visualization of in-house quality, efficiency improvement of new employee training)

(2) **Support for DX of medical institution operational manuals** (distributor sales)

(3) **DX of surgical procedure manuals**



Paper

Production of electronic materials and videos

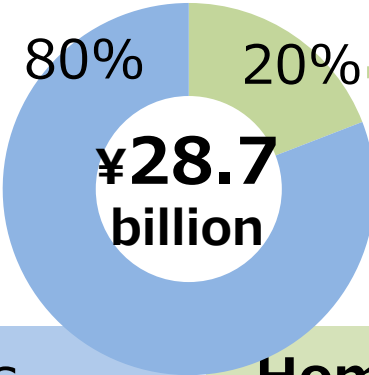
# Home-visit Nursing, Welfare Services

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**Present & CEO of Care'X, Hidetoshi Mitsui**

# Characteristics of the Sterilization and Related Services

HS segment net sales breakdown for FY2021



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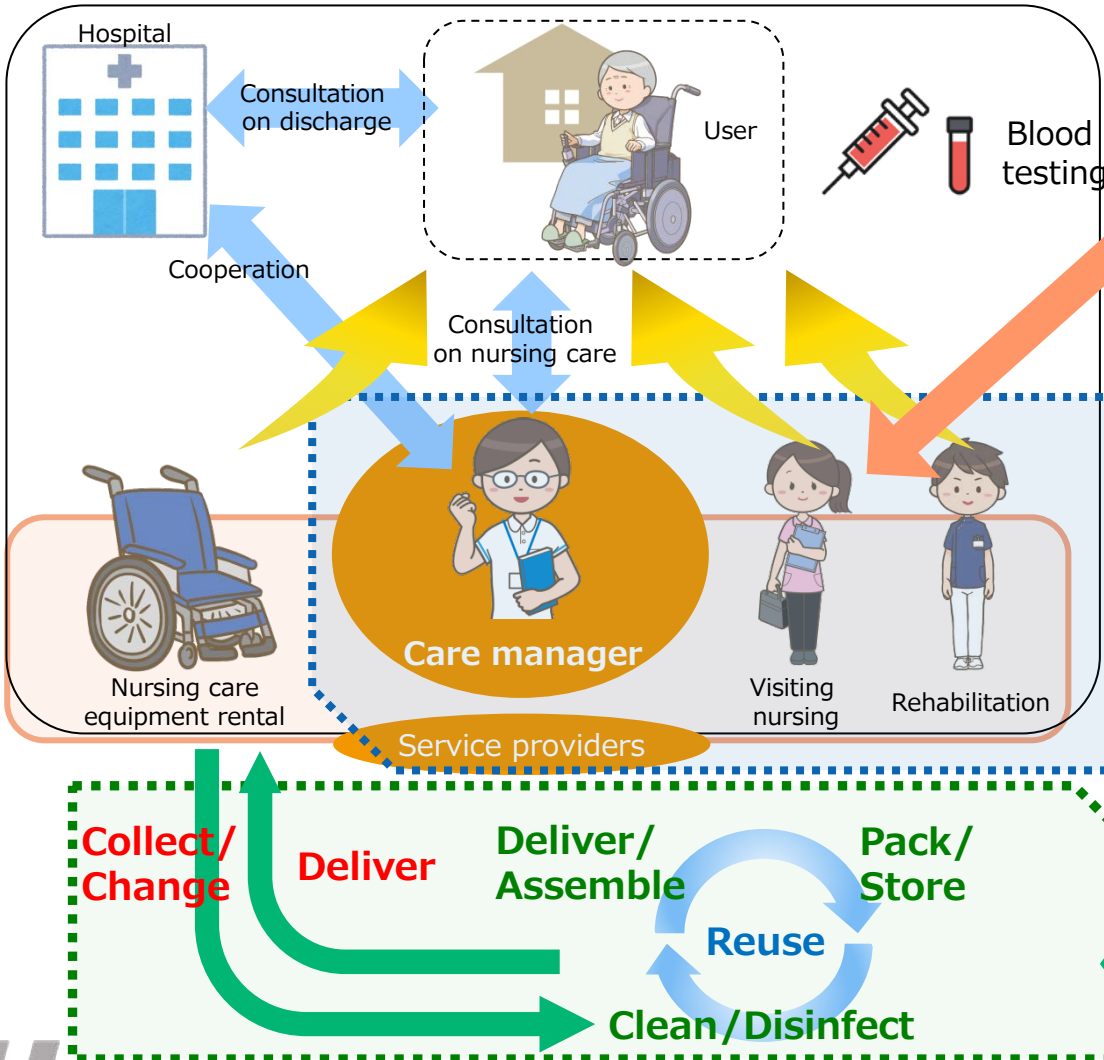
**Recurring & stable growth**

**Market share expansion in rapidly growing market**

# Characteristics of the Services (Positioning and relationship of Home-visit nursing, welfare in the Group)

Support users who receive home care services

Promote blood testing going forward



**SIRIL**  
Communication for Health

[Home-visit nursing service]  
12 sites in the Tokyo metropolitan  
area and 3 site in Kansai

Directly managed  
B to C

Recruit, retain and  
educate nurses,  
rehabilitation staffs  
and care managers

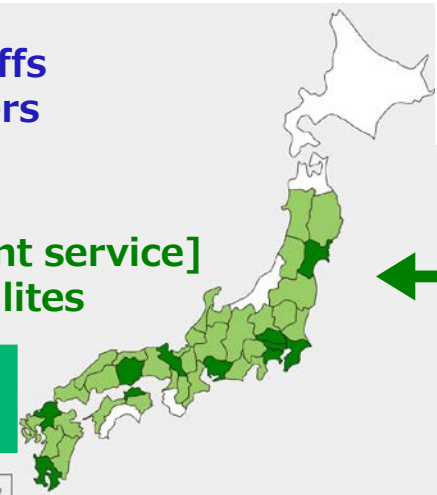


Manufacturer

Purchase and  
inspect nursing  
care equipment  
and manage parts

[Welfare equipment service]  
8 bases + 12 satellites

Welfare rental  
equipment wholesale  
B to B



## Purpose of Each Company

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Better life with CARE

Continuous commitment to high-quality services  
that help all people to live the life they choose



# Welfare Equipment

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# Progress of Key Initiatives

Tokyo branch (Akishima, Tokyo(\*)) with maintenance and warehouse functions started operation (\*)Reuse of Fujirebio facility

- ✓ Aiming to improve productivity through **automation and introduction of electronic and video manuals** 🤖 TeachmeBiz

## Status of automation implementation



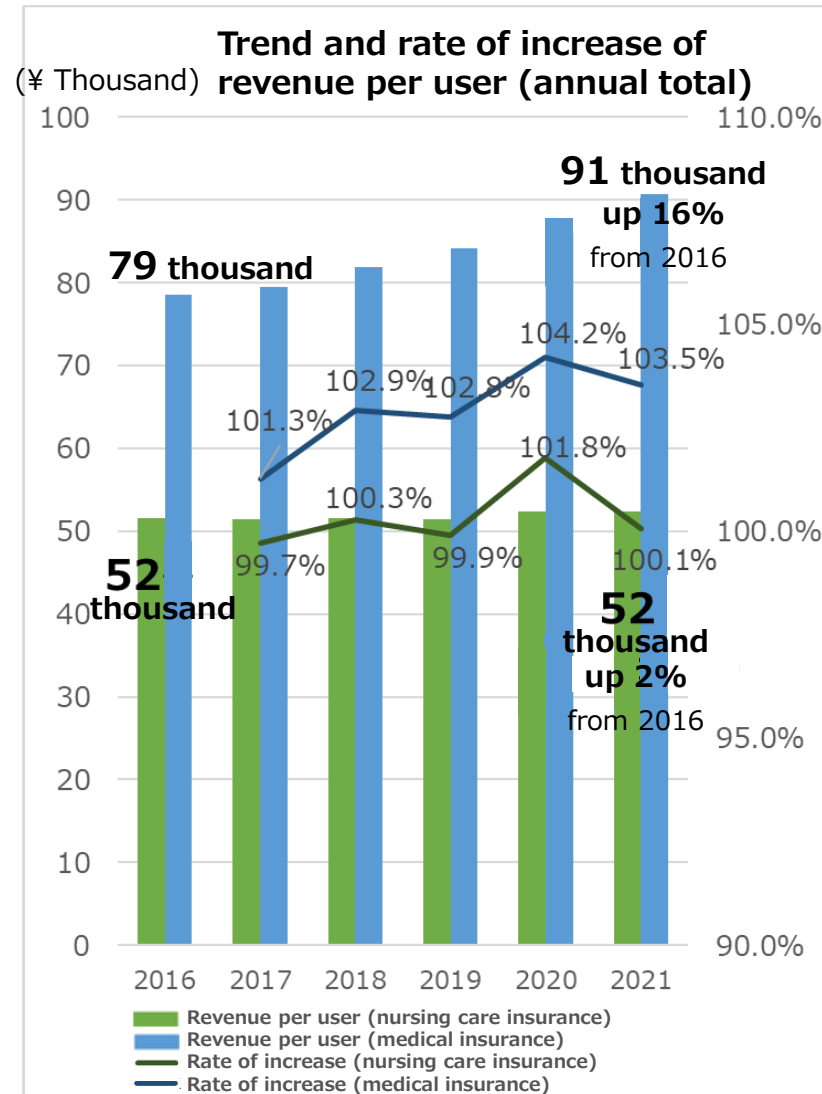
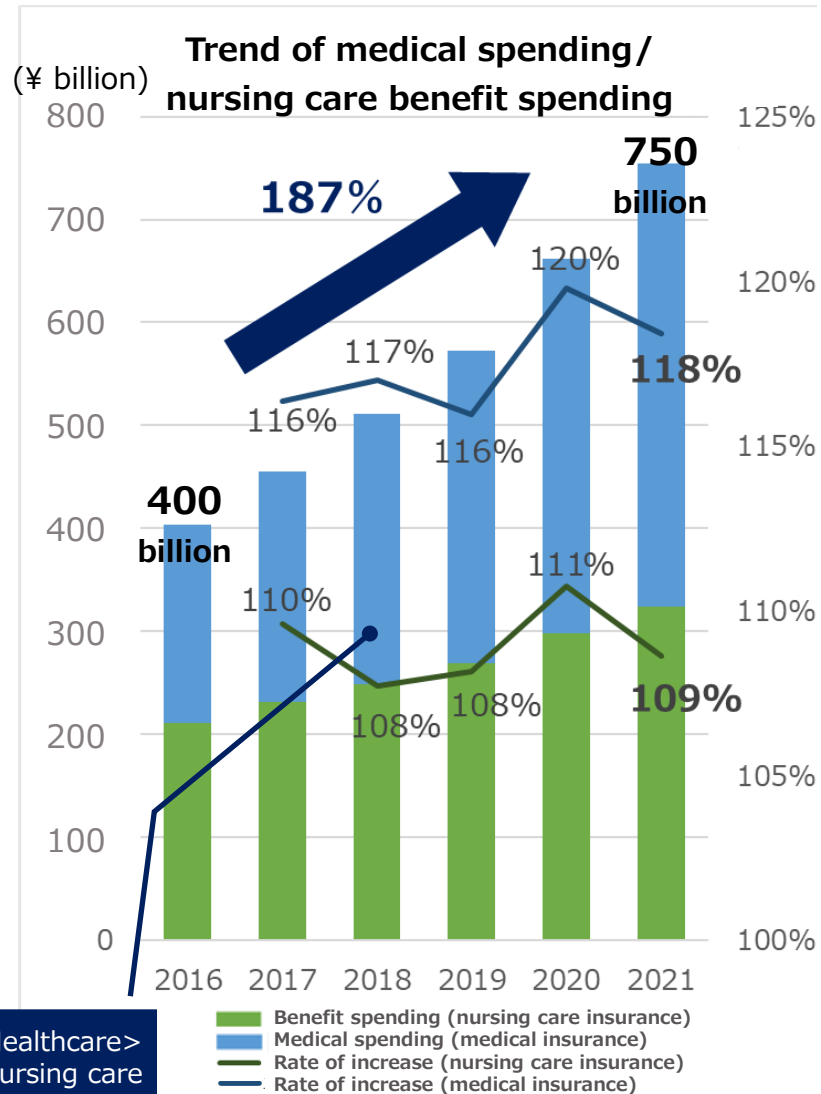
Sales are growing, but profit margins are deteriorating due to excess purchases caused by higher purchase prices and delays in re-commercialization

- ✓ Increase of price per user and improvement of productivity (elimination of slow-moving items) are matters of urgency

# Home-visit Nursing Services

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# Significant Growth of Home-visit Nursing Services Market



Medical insurance + Nursing care insurance

= **750.0 billion**

Market, which, last year, was projected to grow to 750 billion yen by 2025, is now predicted to **exceed 1 trillion yen** by 2025

Given that the **growth rate** and **revenue per user** in the **medical insurance market** are particularly high, it is important to increase the **medical insurance share** of total sales

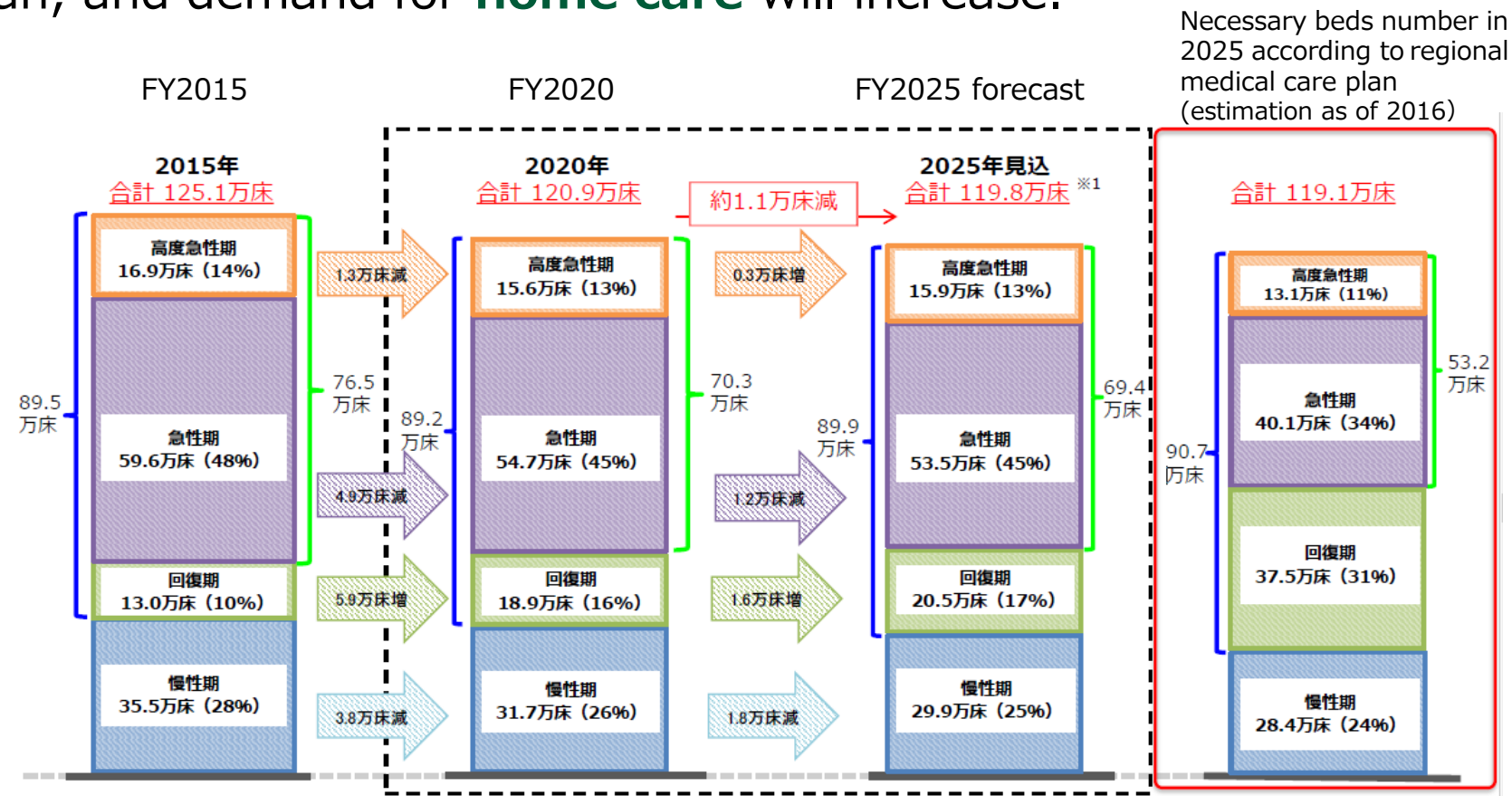
(Medical insurance share of Carex sales: Approx. 27%)

\* FY2021 medical expense⇒Actual expense for April-February plus estimate expense for March

# Background of Home-visit Nursing Market Growth

With the reorganization of medical institutions based on national government's regional medical care plan, and demand for **home care** will increase.

FY2020  
Report of hospital  
functions



Build the foundation for future growth in home testing demand by establishing a position in home care market





# Progress of Key Initiatives

## (Entry to Market for Self-pay Rehabilitation in Home Care Services)

### Opened first self-pay rehabilitation facility "Rehasis" (September, Edogawa-ku, Tokyo)



- ✓ Offering rehabilitation services according to the user's progress or rehabilitation program, using experienced therapists, robots and AI technology in a fully equipped environment (Situation imitating home environment, etc.)
- ✓ Plan to increase the number of facilities from next fiscal year based on know-how gained at first facility





## Possibility of turning profit at existing stations this fiscal year now in sight

- ✓ Accumulating know-how of profitable and stable operation
- ✓ Recent business performance for existing stations (excluding HQ expenses)
  - ◆ A Station (average for the most recent 3 months)  
Net sales: **14 million** yen/month  
Operating margin: **14.5%**
  - ◆ B Station (average for the most recent 3 months)  
Net sales: **5.3 million** yen/month  
Operating margin: **8.5%**



Aiming for gaining operating profit for Home Care Services segment  
(including HQ expenses)

# Home Care Service and Nursing Care Equipment Service –Direction of Growth Strategy



Welfare equipment service

Business covered by insurance system



Development of self-pay market



Home care service

Business covered by insurance system



Differentiation from other companies  
(Visting blood collection/testing services)



Significance of market entry for H.U. Group

Development of self-pay market



# Summary

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## ✓ **Sterilization and Related Services**

- Switching to profit-focused sustainable service, sterilization service will shift its resource to higher value-added operating room field
- Aiming for growth by establishing a recurring model outside of services

## ✓ **Welfare Equipment**

- Aiming for stable growth through recurring business model

## ✓ **Home-visit Nursing Services**

- Aim for growth by establishing a profitable model swiftly and expand its market share in a rapidly growing market
- Build the foundation for future growth in home testing demand by establishing a position in home care market