

FY2015

(Fiscal Year Ending March 31, 2016)

Financial Results



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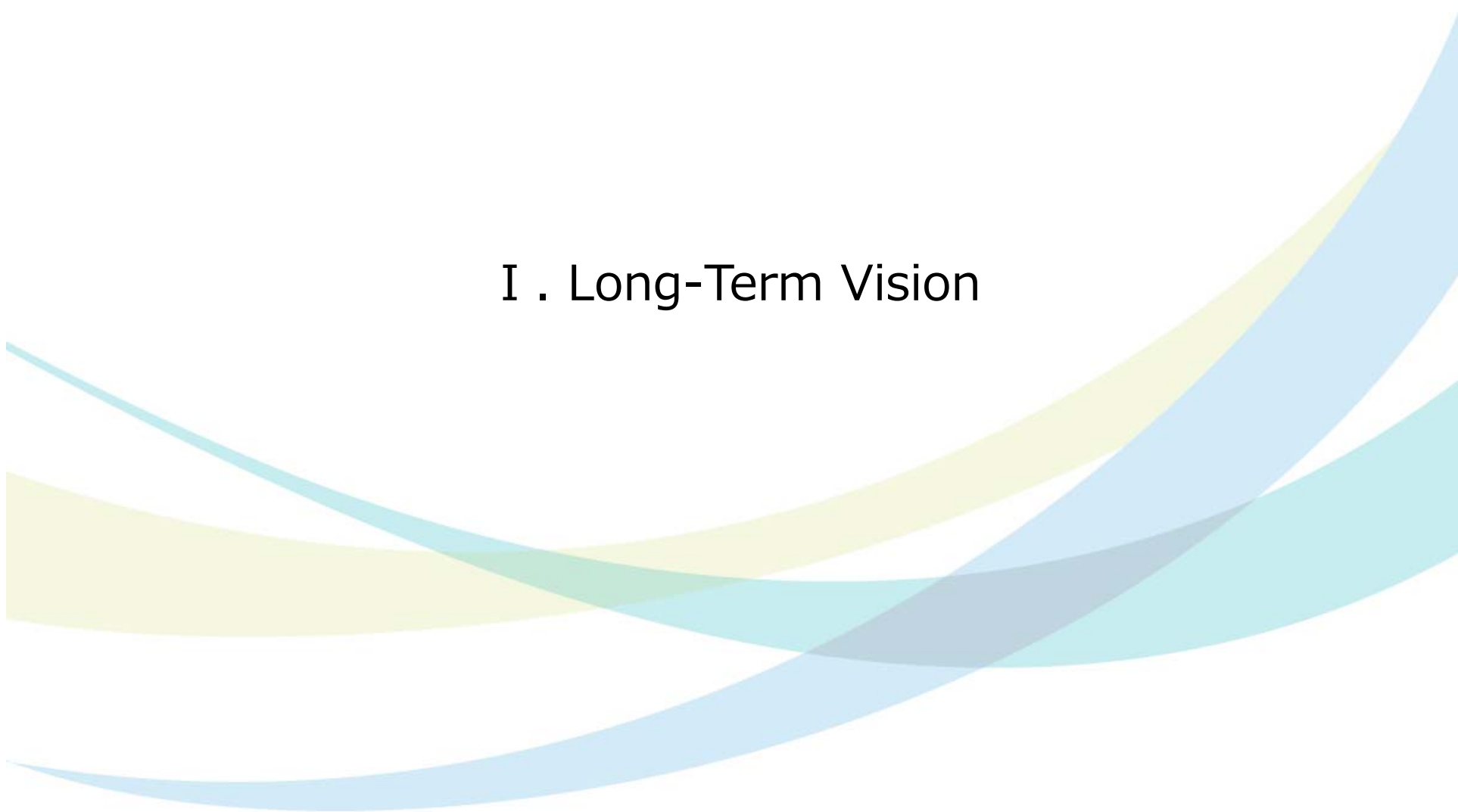
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Explanation of the appropriate use of financial result forecasts.

These financial result forecasts are based on currently available information.
Actual financial results could differ from these forecasts due to various factors.
(The amounts are rounded down.)

I . Long-Term Vision





Tackling the Challenges of Achieving a unique Japanese Healthcare Business Model

We aim to achieve a unique Japanese healthcare business model
that contributes to the development of a medical system
where people can efficiently receive high quality medical care.

Realization of a Japanese healthcare business model

Concept

Good Medical Practice through Good Management

Mission statement

We shall work to build a better society through good medical practice

Realization of a Japanese healthcare business model

Creating solutions with our DtoD system and high-value pharmacies to deal with social issues in the medical and healthcare field

1. Development and expansion of healthcare malls

(1) Evolutionary healthcare malls

“Community healthcare stations” that play a central role in community development and the integrated community care system

⇒ Create 100 malls by the end of FY2017 and 300 by the end of FY2020

(2) New-model healthcare malls (rebuilding the healthcare delivery system)

Healthcare malls that promote the specialization and coordination of healthcare functions to eliminate inefficiencies in the current medical system—concentration of patients with minor illnesses receiving care at sophisticated acute care hospitals

(3) Promote support of medical practices carried on by successors

(sustain and revitalize local healthcare)

Of the 600 clinics that are having difficulty finding a successor, Sogo Medical aims for a 30% in FY2018 and 90 practices in FY2016

2. Hospital management support

(assist in the building of the integrated community care system)

(1) Consulting services for the reorganization of hospital beds (consulting for the specialization and integration of hospital beds to conform to the medical situation)

⇒ Targeting 2,000 hospitals, each with 200 or fewer beds, that are having difficulty finding a successor

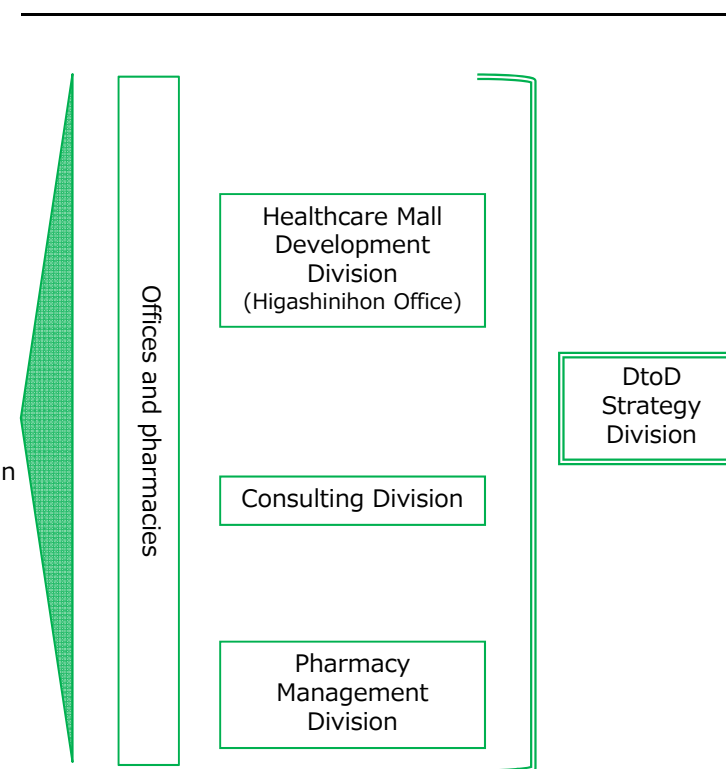
(2) Support of establishing a corporate to promote coordination of local healthcare

3. Create high-value pharmacies

Fully leverage functions and capabilities as a primary care pharmacist

⇒ Become a primary care pharmacy that is chosen by local community members

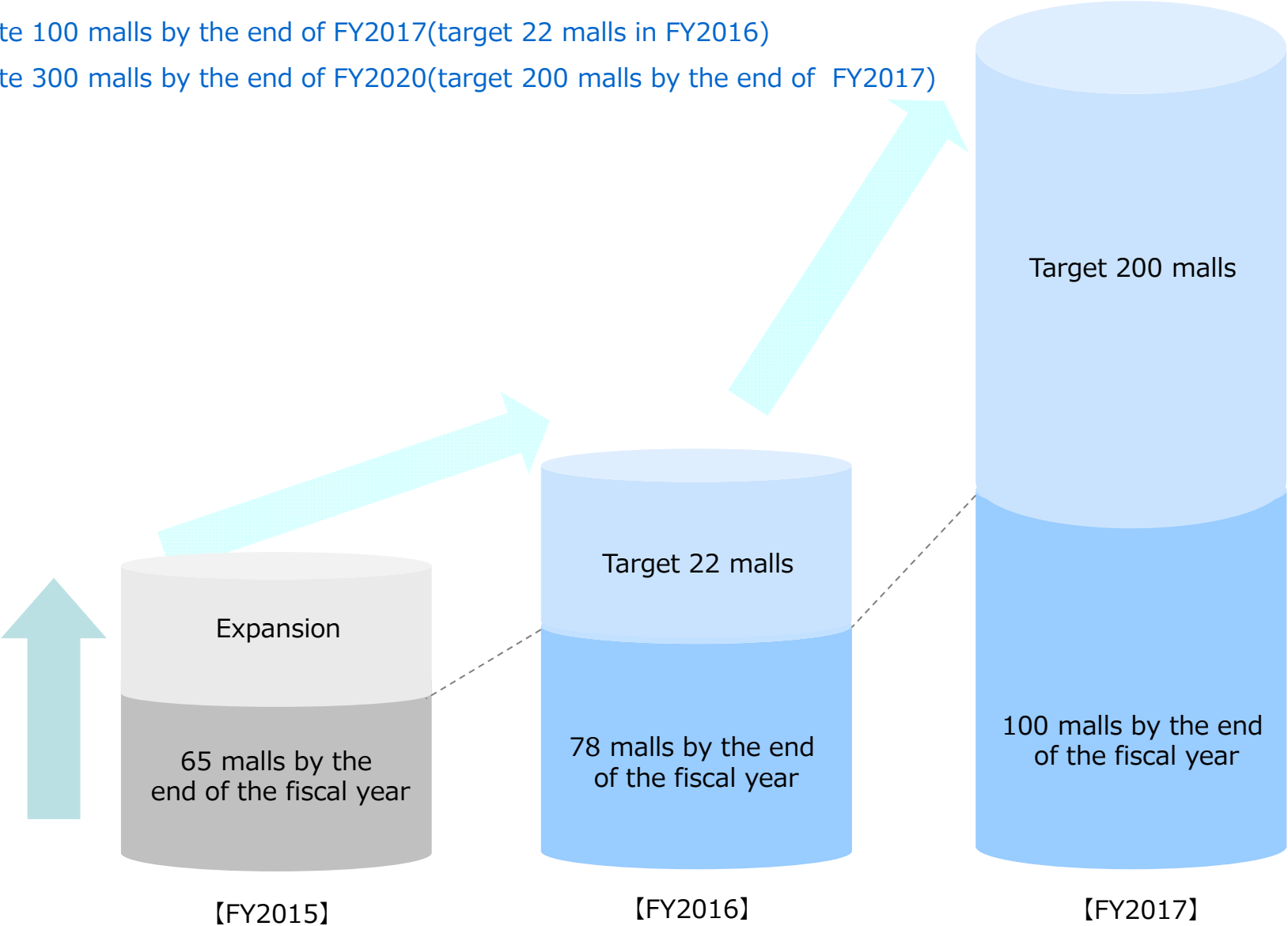
【System】



Healthcare mall goals

Create 100 malls by the end of FY2017(target 22 malls in FY2016)

Create 300 malls by the end of FY2020(target 200 malls by the end of FY2017)



Create high-value pharmacies

Improve added-value as the “healthcare station for all”
by fully leveraging our functions and capabilities as a primary care pharmacist

Leveraging the functions and capabilities of primary care pharmacists

① Strengthen support of in-home care

- Implement at all pharmacies in FY2016 (currently implemented at 67% of all pharmacies)

- Coordination between the Japan Pharmaceutical Association (JPA), local healthcare liaison office, care managers, visiting nurse stations, and others
- Urge participation by healthcare facilities

② Improve specialization (expertise)

- Train pharmacists to deal with cancer and diabetes
- Increase in the number of sport pharmacists
- Provide support to prevent illnesses from becoming serious
- Increase the number of dementia patient supporters

- Train personnel by implementing various types of training, including OJT and GOES

③ Improve patient services

- Healthcare consultation initiatives
- Secure fees for supporting out-patient pharmaceutical services
- Secure premium for preventing the duplication of doses and drug interactions
- Promote the use of generics (implement at more than 80% of pharmacies by FY2016)
- Acquire wide-area prescriptions

- Implement training on handling patients
- Promote brown-bag movement and trace reports
- Urge participation by local community



II . FY2015 Financial Results & Financial Result Forecasts

Consolidated financial results

Net sales ¥ 120,776 million (up 11.9% Y/Y) , Ordinary income ¥ 6,196 million (up 18.5% Y/Y)

- ✓ Achieved 15th consecutive fiscal year of sales growth since listing
- ✓ All-time high operating and ordinary income
- ✓ Net income fell 16.5% YoY due to the posting of extraordinary losses
- ✓ Extraordinary losses included ¥1,014 million in impairment losses related to goodwill and other factors

(¥millions)

	FY2011	FY2012	FY2013	FY2014	FY2015 plan	FY2015	Year-on-year		Over plan	
							Change	Change (%)	Change	Change (%)
							Net Sales	80,222	86,658	103,318
Operating income	4,848	4,324	5,014	5,017	5,556	6,087	1,069	21.3%	531	9.6%
Ordinary income	4,881	4,343	5,068	5,227	5,500	6,196	969	18.5%	696	12.7%
Extraordinary loss	118	85	70	51	-	1,371	1,319	-	1,371	-
Profit attributable to owners of parent	2,504	2,532	2,856	2,774	3,252	2,318	-456	-16.5%	-934	-28.7%
Net income per share (¥)	173.5	175.4	197.8	192.2	216.6	154.6	-37.6	-	-62.0	-

* Dated April 1, 2015, Sogo Medical has instituted a 2-for-1 common stock split. Quarterly net income per share and Net income per share for fiscal years ended March 31, 2015, and before have been calculated adjusted for the stock split.

【Factors behind posting of goodwill impairment loss】

- Business plans were revised as earnings performance at three consolidated subsidiaries, in which we recently acquired equity, underperformed initial plans (made at the time of acquisition).
- We calculated the recoverable amount based on future cash flows in the revised business plan. The unamortized goodwill that exceeded the recoverable amount was ¥868 million. This was posted as an impairment loss.

FY2015 Net sales / operating income (by business)

- ✓ Sales declined in the medical practice support business but sales increased at existing pharmacies and we garnered benefits from sales growth owing to the opening of new pharmacies. Reflecting this, net sales rose 11.9% YoY and operating income grew 21.3%.

(¥millions)

	FY2013	FY2014	FY2015	Change		Main factors
				Change	Change (%)	
Net sales	103,318	107,945	120,776	12,831	11.9	
Medical practice support	29,779	25,811	23,302	-2,509	-9.7	
Consulting	1,672	1,693	1,894	200	11.9	Consulting fees +170, Start-up supporting fees +38
Rental	5,914	5,922	5,465	-456	-7.7	Sales of rental contracts* -927, Rental sales +471
Leasing/Installment	19,113	15,243	11,035	-4,207	-27.6	Sales of medical equipment -4,236
Others	3,079	2,952	4,905	1,953	66.2	Healthcare information service +1,894
Pharmacies	72,171	80,660	96,405	15,745	19.5	Existing pharmacies +7,478, Pharmacies open in FY2014 +2,974, Pharmacies open in FY2015 +6,009
Others	1,366	1,473	1,068	-405	-27.5	Sogo Medical Supply was sold in August
Operating income	5,014	5,017	6,087	1,069	21.3	
Medical practice support	959	1,005	137	-868	-86.3	Gross profit on sales of rental contracts -261, gross profit on sales of medical equipment -29, Healthcare information service operating income +25, SG & A +324
Pharmacies	4,752	4,805	6,655	1,849	38.5	Profit expansion underpinned by sales growth
Others	-115	-123	-114	9	-	
Reconciliation	(582)	(670)	(591)	78	-	

* Sales are recognized when the company sells leasing contracts and rental contracts to other leasing companies. The company receives lease payments from the original lessee on behalf of the leasing companies, and pays the lease payments to the leasing companies. The company's income from sales is the difference between the sales price to the leasing companies and the purchase price from suppliers of underlying assets.

FY2015 Net sales / operating income (by region)

✓ Each region posted an increase in operating income owing to sales growth in the pharmacy business

(¥millions)

	FY2013	FY2014	FY2015			Main factors
				Change	Change (%)	
Net sales	103,318	107,945	120,776	12,831	11.9	
Higashinohon	36,700	39,614	43,838	4,224	10.7	
Medical practice support	10,177	8,617	7,750	-867	-10.1	Sales of medical equipment -708、Rental +396、 Consulting fees +114
Pharmacies	26,522	30,997	36,088	5,091	16.4	Contribution in part from performance at existing pharmacies and benefit from the 22 pharmacies opened in the previous fiscal year
Nishinohon	27,390	28,205	33,176	4,970	17.6	
Medical practice support	9,863	8,420	6,765	-1,655	-19.7	Sales of medical equipment -2,147、 Sales of leasing contracts +904、 Consulting fees +54
Pharmacies	17,526	19,784	26,410	6,626	33.5	In addition to M&A benefits, contribution from performance at existing pharmacies and benefit from the 16 pharmacies opened in the previous fiscal year
Kyushu	37,238	37,793	39,905	2,111	5.6	
Medical practice support	9,150	8,040	6,077	-1,963	-24.4	Sales of medical equipment -1,430、 Sales of rental contracts -380、 Consulting fees +54
Pharmacies	28,087	29,752	33,828	4,075	13.7	Substantial contribution from performance at existing pharmacies
Others	1,989	2,331	3,855	1,524	65.4	Healthcare information service +1,894
Operating income	5,014	5,017	6,087	1,069	21.3	
Higashinohon	1,289	842	1,228	386	45.9	Pharmacy sales increased
Nishinohon	1,324	1,510	2,082	571	37.8	Pharmacy sales increased
Kyushu	2,611	2,643	2,854	210	8.0	Pharmacy sales increased
Others	346	620	490	-129	-20.9	
Reconciliation	(558)	(599)	(568)	31	-	

Medical practice support (Consulting)

Points

- ✓ Sales of general consulting services increased 16.1% compared with the year-earlier period to ¥1,232 million due to higher income from facility leases such as healthcare malls.
- ✓ Fees from practice transfer/start-up support increased by ¥30 million compared with the year-earlier period to ¥662 million.
- ✓ The number of doctors wishing to transfer/start-up practice using the DtoD System has increased by 5,924 persons compared with the end of the previous fiscal year to 62,429 persons.

Consulting sales (¥millions)

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Total	1,289	1,334	1,672	1,693	1,894	200	11.9%
Consulting	733	806	1,044	1,061	1,232	170	16.1%
Transfer/start-up support	556	528	628	632	662	30	4.8%
Transfer support	401	348	425	440	435	-5	-1.3%
Start-up support	78	110	134	131	170	38	29.3%
DtoD concierge advertising	76	70	67	59	57	-2	-4.4%

Practice transfer/start-up support (instances)

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Transfer support	3,001	4,279	5,066	5,535	5,863	328	5.9%
Full time	98	74	95	86	90	4	4.7%
Part time	2,903	4,205	4,971	5,449	5,773	324	5.9%
Start-up support	160	215	314	308	304	-4	-1.3%
Consulting	36	52	79	78	68	-10	-12.8%
Non-consulting	124	163	235	230	236	6	2.6%

Succeed Members

"Succeed Members" is a membership system through which we provide business information related to private practice.

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Total	1,376	1,434	1,492	1,567	1,639	72	4.6%
Hospital	576	591	607	651	679	28	4.3%
Clinic	695	726	767	796	832	36	4.5%
Employed physicians, others	105	117	118	120	128	8	6.7%

Lease contracts through practice start-up support

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Lease contracts through start-up support (¥millions)	1,486	1,910	1,864	1,580	1,622	42	2.7%
Lease contracts through practice start-up support to total lease contracts	15.9%	17.6%	15.9%	15.9%	16.3%	0.4%	2.5%

Number of doctors wishing to transfer/start-up a practice using the DtoD System (instances)

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Doctors registered	32,054	40,778	48,430	56,505	62,429	5,924	10.5%

Medical practice support (Rental, Leasing/Installment)

Points

- ✓ Rental sales decreased 7.7% compared with the year-earlier period to ¥5,465 million.
- ✓ Leasing/installment sales totaled ¥11,035 million, a decline of 27.6% YoY, owing to a decline in sale of medical equipment.

Rental

Rental sales (¥millions)

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Total	7,333	5,795	5,914	5,922	5,465	-456	-7.7%
Sales of rental contracts*	2,864	1,373	1,650	1,728	800	-927	-53.7%
Rental	4,468	4,422	4,263	4,193	4,665	471	11.2%

Rental assets

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Rental assets (¥millions)	8,723	7,985	6,871	5,929	5,177	-752	-12.7%
Number of rental TVs (in thousands)	137	134	133	132	148	16	12.4%

- **Rental**
Rental of television sets to inpatients
- **Leasing/Installment**
Lease and installment sales of medical equipment

Leasing/Installment

Leasing sales (¥millions)

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Total	9,104	12,979	19,113	15,243	11,035	-4,207	-27.6%
Sales of leasing contracts*	7,414	9,458	9,824	8,622	8,690	68	0.8%
Leasing	847	907	954	945	867	-78	-8.3%
Installment	383	445	568	514	554	39	7.7%
Sales of medical equipment	458	2,168	7,767	5,159	923	-4,236	-82.1%

Lease assets (¥millions)

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Total	3,580	3,498	3,702	3,508	3,277	-230	-6.6%
Lease receivables and investment assets	2,175	2,120	2,014	1,701	1,403	-298	-17.5%
Accounts receivable installment sales	1,404	1,377	1,687	1,806	1,874	67	3.7%

Lease contracts

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
The company's lease contracts (¥millions)	9,347	10,871	11,670	9,928	9,937	9	0.1%
Medical equipment lease contracts in Japan (¥100millions) **	2,604	2,728	3,022	2,259	2,504	244	10.8%

* Sales are recognized when the company sells leasing contracts and rental contracts to other leasing companies. The company receives lease payments from the original lessee on behalf of the leasing companies, and pays the lease payments to the leasing companies. The company's income from sales is the difference between the sales price to the leasing companies and the purchase price from suppliers of underlying assets.

** Source: Lease Statistics (Japan Leasing Association) We estimated leasing sales for December 2015.

Pharmacies (Sales/Number of pharmacies)

Points

- ✓ 47 new pharmacy openings lifted the total to 576.
- ✓ 12 pharmacies were opened by doctors to whom we provided practice start-up support and 25 pharmacies were opened through merger and acquisition.
- ✓ Sales increased 20.0% from the year-earlier period to ¥95,119 million on contributions from the existing pharmacies, and new openings from the previous and current fiscal years.

Pharmacy sales (¥millions)

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Total	59,062	63,420	72,171	80,660	96,405	15,745	19.5%
Dispensing	58,198	62,337	71,008	79,271	95,119	15,848	20.0%
Prescription drugs	43,688	46,212	53,063	59,346	72,609	13,262	22.3%
Dispensing technical fees	14,509	16,125	17,945	19,925	22,510	2,585	13.0%
Non-prescription drugs	864	1,082	1,162	1,388	1,285	-102	-7.4%

Dispensing sales (¥millions)

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Total	58,198	62,337	71,008	79,271	95,119	15,848	20.0%
Existing pharmacies	56,915	61,163	69,987	75,605	83,083	7,478	9.9%
Open in FY2014	-	-	-	2,871	5,845	2,974	103.6%
Open in FY2015	-	-	-	-	6,009	6,009	-
Closed pharmacies	1,282	1,174	1,021	795	181	-613	-77.1%

Dispensing pharmacies

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
Pharmacies	366	417	493	538	576	38	7.1%

Newly open pharmacies

	FY2011	FY2012	FY2013	FY2014	FY2015	Change	Change (%)
New pharmacies	40	53	78	48	47	-1	-2.1%
including new client	13	21	28	20	12	-8	-40.0%
including existing client	17	16	17	19	10	-9	-47.4%
including M&A	10	16	33	9	25	16	177.8%

FY2015 financial positions

(¥millions)

	FY2013	FY2014	FY2015	Change	Main factors
Total assets	66,982	69,811	74,621	4,810	
Current assets	37,047	36,584	39,189	2,605	
(Cash and deposits)	5,873	4,988	6,376	1,387	
(Notes and accounts receivable-trade)	18,326	17,485	19,617	2,131	Increase in dispensing remuneration claims in the pharmacy business
(Inventories)	6,475	7,543	6,583	-960	Reduction in pharmaceutical inventory at the end of the fiscal year
Noncurrent assets	29,934	33,226	35,431	2,205	
(Property, plant and equipment)	19,433	21,801	23,542	1,741	Buildings and structures +2,953. Rental assets -756
(Intangible assets)	6,248	6,283	7,034	751	Goodwill +581
Total liabilities	43,048	43,290	44,975	1,685	
Current liabilities	30,358	30,109	31,237	1,128	
(Current portion of long-term loans payable)	2,155	2,903	4,046	1,143	Newly long-term loans payable increased
Noncurrent liabilities	12,689	13,180	13,737	557	
(Long-term loans payable)	5,191	6,835	9,204	2,368	Newly long-term loans payable increased
(Long-term accounts payable-installment purchase)	4,450	3,055	1,938	-1,117	Reflects repayment of installment obligations
(Interest-bearing debts)	15,552	16,572	18,447	1,874	
Total net assets	23,934	26,521	29,646	3,124	Net income +2,318, Disposition of treasury stock +2,262, Purchase of treasury stock -708, Dividend payment -629
Total liabilities and net assets	66,982	69,811	74,621	4,810	
Net assets per share (¥)	1,655.7	1,824.1	1,967.1	143.0	

*Dated April 1, 2015, Sogo Medical has instituted a 2-for-1 common stock split. Net assets per share for fiscal years ended March 31, 2015, and before has been calculated adjusted for the stock split.

FY2015 cash flows

(¥millions)

	FY2013	FY2014	FY2015	Change	Main factors
Net cash provided by operating activities	7,461	6,051	7,004	953	
(Income before income taxes and minority interests)	5,046	5,175	4,824	-350	
(Depreciation)	3,522	3,746	3,836	90	
(Impairment loss)	34	51	1,014	962	Reflects posting of impairment losses, including goodwill impairment loss
(Decrease (increase) in notes and accounts receivable-trade)	-3,468	1,050	-993	-2,044	Reflect increase in dispensing remuneration claims in the pharmacy business
(Income taxes paid)	-1,842	-2,108	-2,559	-451	
Net cash used in investing activities	-5,335	-5,296	-4,981	314	
(Purchase of own-used assets)	-3,308	-3,767	-4,233	-465	
(Purchase of property for lease)	-69	-359	-876	-517	Rental assets increased
Net cash used in financing activities	-1,370	-1,637	-635	1,002	
(Proceeds from long-term loans payable)	3,650	4,749	6,485	1,735	Newly loans payable increased
(Repayment of long-term loans payable)	-1,910	-3,211	-3,001	209	
(Repayments of lease obligations)	-573	-512	-751	-239	
(Repayments of installment payables)	-1,963	-2,094	-2,092	2	
(Purchase of treasury stock)	-0	-1	-708	-707	Reflects repurchase of 190,000 shares
(Cash dividends paid)	-577	-577	-629	-52	
Net increase in cash and cash equivalents	755	-882	1,387	2,270	
Cash and cash equivalents at end of period	5,851	4,968	6,356	1,387	
Investment in plant and equipment	-3,378	-4,127	-5,110	-983	

Financial indicators

✓ We posted EBITDA of ¥10,107 million, a growth of 11.7% YoY.

		FY2011	FY2012	FY2013	FY2014	FY2015
Profitability	Net income per share	¥173.46	¥175.41	¥197.82	¥192.20	¥154.65
	ROA	10.1%	7.9%	8.2%	7.6%	8.6%
	ROE	13.6%	12.3%	12.6%	11.0%	8.3%
	EBITDA margin	9.8%	9.0%	8.4%	8.4%	8.4%
	ROI	14.5%	12.3%	13.0%	12.4%	14.6%
Investment	PBR	1.1	1.1	1.2	1.8	1.9
	PER	8.6	9.5	10.5	17.6	24.7
Safety	Capital adequacy ratio	36.7%	37.8%	35.7%	37.7%	39.5%
	Net D/E	0.54	0.43	0.40	0.44	0.41
Dividend	Dividend per share	¥35	¥40	¥40	¥40	¥45
	Dividend payout ratio	20.2%	22.8%	20.2%	20.8%	29.1%

* ROA=Ordinary income / Average of total assets Average of total assets=(Total assets at the beginning of FY + Total assets at the end of FY) /2

* EBITDA Margin=EBITDA / Sales EBITDA=Ordinary income+Interest expense+Discount expense +Depreciation Expense

* ROI=(Ordinary income+Interest expense+Discount expense) / (Interest-bearing debts+Shareholders' equity)

* PBR=The market capitalization / Net assets at the end of FY

The market capitalization=(Number of shares issued at the end of FY—Number of treasury stocks at the end of FY) × Stock price at the end of FY

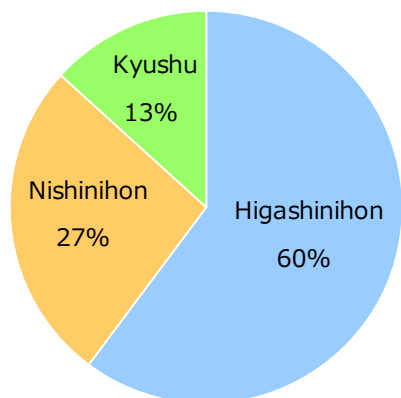
* PER= The market capitalization / Net income

* Net D/E= Net interest-bearing debts (Interest-bearing debts—Cash and deposits —negotiable deposits) / Shareholders' equity Interest-bearing debts include lease obligations and accounts payable-installment purchase.

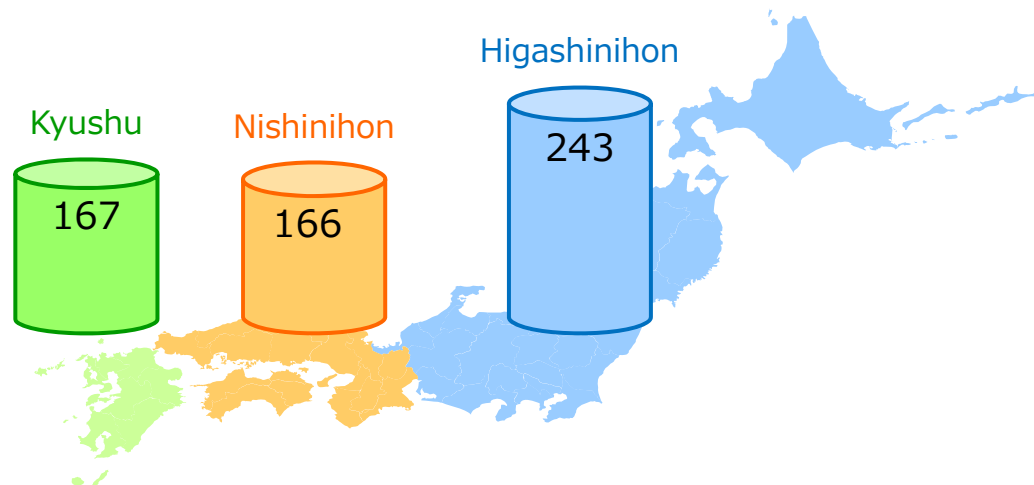
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FY2015 operating results by region

● Number of doctors wishing to transfer/start-up a practice using the DtoD System by region



● Pharmacies



	Number of doctors wishing to transfer/start-up a practice using the DtoD System (instances) *1	Transfer support (instances) *2	Start-up support (instances)	Lease contracts through start-up support (¥millions)	Lease contracts through start-up support to total lease contracts	Succeed Members	Pharmacies	
								Open in FY2015 (M&A)
Total	61,065	5,863	304	1,622	16.3%	1,639	576	47 (25)
Higashinihon	36,763	2,507	169	607	19.9%	380	243	17 (5)
Nishinihon	16,211	2,665	98	566	15.9%	459	166	24 (20)
Kyushu	8,091	690	37	448	13.5%	800	167	6 (0)

*1: In total 62,429 doctors were registered, including 1,364 doctors not registered in a specific region.

*2: Projects in more than one region are rounded down.

Quarterly financial results (by business)

✓ In 4Q FY2015, net income totaled ¥200 million. This was due to impairment losses posted in 4Q.

(¥millions)

	FY2013				FY2014				FY2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	23,063	26,047	25,373	28,833	24,896	26,845	27,268	28,933	27,506	29,511	31,453	32,304
Medical practice support	5,716	8,360	6,194	9,508	5,474	7,150	5,857	7,328	5,387	5,926	5,606	6,382
Consulting	335	406	324	606	334	419	370	569	377	513	415	588
Rental	1,436	1,291	1,341	1,844	1,085	1,499	1,265	2,071	1,345	1,643	1,162	1,314
Leasing/Installment	3,524	5,628	3,877	6,083	3,275	4,491	3,604	3,871	2,567	2,673	2,690	3,104
Others	419	1,033	651	973	778	739	617	816	1,097	1,095	1,337	1,375
Pharmacies	17,031	17,339	18,830	18,970	19,070	19,319	21,032	21,238	21,753	23,326	25,620	25,705
Others	315	347	348	354	351	376	379	366	366	258	226	216
Cost of sales	19,873	22,809	21,773	24,432	21,618	23,614	23,573	24,333	23,653	25,365	26,843	27,314
Gross profit	3,189	3,238	3,599	4,400	3,278	3,230	3,695	4,600	3,853	4,146	4,609	4,989
SG & A	2,352	2,317	2,293	2,450	2,507	2,455	2,413	2,411	2,891	2,891	2,794	2,933
Operating income	836	920	1,306	1,950	770	775	1,282	2,189	961	1,255	1,814	2,055
Medical practice support	-21	322	5	653	-98	284	81	737	-98	111	-334	459
Pharmacies	1,010	766	1,497	1,476	1,073	688	1,375	1,668	1,244	1,328	2,252	1,829
Others	-21	-42	-31	-20	-36	-27	-19	-39	-35	-21	-14	-42
Reconciliation	(130)	(126)	(164)	(160)	(168)	(169)	(155)	(177)	(149)	(163)	(88)	(189)
Ordinary income	841	919	1,355	1,952	848	808	1,345	2,225	1,000	1,280	1,848	2,066
Profit attributable to owners of parent	478	471	800	1,105	471	390	796	1,116	544	509	1,063	200
Quarterly net income per share (¥)	33.1	32.7	55.4	76.7	32.6	27.1	55.1	77.4	37.4	33.6	70.6	13.0

* Dated April 1, 2015, Sogo Medical has instituted a 2-for-1 common stock split. Quarterly net income per share for fiscal years ended March 31, 2015, and before has been calculated adjusted for the stock split.

Quarterly data summary

(¥millions)

	FY2013				FY2014				FY2015			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Consulting sales	335	406	324	606	334	419	370	569	377	513	415	588
Consulting	229	278	214	321	220	267	265	307	255	349	295	332
Practice transfer/start-up support	106	127	109	284	114	152	104	261	122	164	120	256
Practice transfer support	78	74	73	199	83	103	61	193	84	97	75	178
Practice start-up support	10	36	20	67	15	34	28	52	22	53	27	66
DtoD-concierge advertising	17	16	16	17	15	14	14	15	14	13	16	11
Number of doctors wishing to transfer/start-up a practice using the DtoD System (instances)	2,419	1,766	1,611	1,856	2,820	1,718	1,977	1,560	840	1,887	1,621	1,576
Practice transfer support (instances)	1,212	1,271	1,445	1,138	1,247	1,396	1,562	1,330	1,434	1,475	1,652	1,302
Full time	19	12	12	52	14	18	7	47	14	20	11	45
Part time	1,193	1,259	1,433	1,086	1,233	1,378	1,555	1,283	1,420	1,455	1,641	1,257
Practice start-up support (instances)	74	45	70	125	95	82	68	63	93	66	67	78
Rental sales	1,436	1,291	1,341	1,844	1,085	1,499	1,265	2,071	1,345	1,643	1,162	1,314
Sales of rental contracts*	397	196	294	762	67	406	229	1,024	279	433	86	0
Rental	1,039	1,095	1,046	1,082	1,017	1,093	1,036	1,046	1,065	1,209	1,075	1,314
Lease contracts	2,484	3,001	2,107	4,077	1,389	2,703	2,339	3,495	2,295	2,407	2,397	2,837
Leasing sales	3,524	5,628	3,877	6,083	3,275	4,491	3,604	3,871	2,567	2,673	2,690	3,104
Sales of leasing contracts*	2,030	2,563	1,731	3,499	1,245	2,275	1,961	3,139	1,946	2,160	2,213	2,369
Leasing	229	262	208	253	236	239	230	238	222	220	203	220
Installment	121	135	119	192	121	125	132	134	136	139	137	140
Sales of medical equipment	1,143	2,667	1,817	2,138	1,672	1,849	1,280	357	261	152	135	373
Dispensing pharmacies (Pharmacies)	436	458	472	493	508	525	530	538	567	574	575	576
New open	19	23	14	22	15	17	7	9	35	7	1	4
Number of prescriptions (in thousands)	1,953	1,928	2,097	2,115	2,201	2,166	2,361	2,368	2,388	2,412	2,594	2,644

* Sales are recognized when the company sells leasing contracts and rental contracts to other leasing companies. The company receives lease payments from the original lessee on behalf of the leasing companies, and pays the lease payments to the leasing companies. The company's income from sales is the difference between the sales price to the leasing companies and the purchase price from suppliers of underlying assets.

FY2016 segment targets

- ✓ Aim to open 13 healthcare malls, provide support for 90 medical practices carried on by successors, and open 30 pharmacies.

(instances)

	FY2011 Results	FY2012 Results	FY2013 Results	FY2014 Results	FY2015 Results	FY2016 Targets
Healthcare mall (Number at the end of the fiscal year)	32	36	41	53	65	78
Result for each fiscal year	4	4	5	12	12	13
Support of medical practices carried on by successors	37	47	80	50	74	90
Pharmacies (Number at the end of the fiscal year)	366	417	493	538	576	606
New pharmacies	40	53	78	48	47	30
M&A	10	16	33	9	25	—

FY2016 Financial result forecasts

- ✓ Sales rose 4.7% YoY. The increase in the medical practice support business offset the negative impact of dispensing remuneration revisions in the pharmacy business.
- ✓ Operating income declined by 1.3% YoY as sales did not absorb the increase in SG&A costs.
- ✓ We estimate an increase in net income of 60.9% YoY owing to the disappearance of special losses.

(¥millions)

	FY2015		FY2016 Forecast		Change			
	Interm	Full Year	Interm	Full Year	Interm	Interm (%)	Full Year	Full Year (%)
Net sales	57,018	120,776	59,121	126,507	2,102	3.7%	5,730	4.7%
Medical practice support	11,314	23,302	12,333	28,162	1,019	9.0%	4,859	20.9%
Consulting	891	1,894	966	2,177	75	8.4%	282	14.9%
Rental	2,989	5,465	3,122	7,320	133	4.4%	1,854	33.9%
Leasing/Installment	5,240	11,035	5,330	11,851	89	1.7%	815	7.4%
Others	2,192	4,905	2,915	6,814	723	32.9%	1,908	38.9%
Pharmacies	45,079	96,405	46,313	97,358	1,234	2.7%	953	1.0%
Others	624	1,068	476	987	-149	-23.9%	-81	-7.6%
Gross profit	7,999	17,598	8,324	18,222	324	4.1%	623	3.5%
SG & A	5,782	11,511	6,063	12,216	280	4.8%	705	6.1%
Operating income	2,216	6,087	2,261	6,005	44	2.0%	-81	-1.3%
Ordinary income	2,280	6,196	2,254	6,020	-27	-1.2%	-175	-2.8%
Profit attributable to owners of parent	1,054	2,318	1,327	3,730	273	25.9%	1,412	60.9%
Net income per share (¥)	71.0	154.6	88.5	248.8	17.5	-	94.2	-

Ⅲ. FY2015 Medium-Term Management Plans



Tackling the Challenges of Achieving a unique Japanese Healthcare Business Model

We aim to achieve a unique Japanese healthcare business model
that contributes to the development of a medical system
where people can efficiently receive high quality medical care.

Medium-term management plan (April, 2014 –March, 2017)

“Further Challenge” –Toward a better society in which people can live with a sense of security–

We are striving to build a platform for regional healthcare networks by leading the industry with our DtoD (Doctor to Doctor) system and high-value pharmacies.

Main priority initiatives

- 1 Undertaking New Businesses** We will provide support for managing and coordinating medical services ranging from acute medical care to in-home care to help build a platform for regional healthcare networks.
 - We offer medical management support to major regional medical institutions.
 - We provide support for coordinating medical services between major medical institutions and smaller medical institutions and institutions that provide in-home care for elderly people.
- 2 Improving Existing Businesses**
 - **Medical practice support** We will provide medical support based around DtoD systems by constructing ideal healthcare malls, enhancing support for starting up practices, improving user services, and expanding stock-style businesses. **P.24**
 - **Pharmacies** We will create high-value pharmacies by helping pharmacists’ fully utilize their skills to enhance coordination between pharmacies and medical institutions, make medical costs more reasonable, improve in-home medical care services and self-health-care support. **P.26**
- 3 Expanding to Corporate Value** Acting in accordance with our management principle, we strive to always be an organization that grows with its employees and at which employees can take pride in their work and feel a sense of purpose.
 - **Improve value of human resources** We will strength comprehensive abilities to invigorate employees and help them develop their skills. **P.29**
 - **Strengthen consolidated governance system** We will make decisions quickly and promote compliance management by revising and strengthening our management system.
 - **Improve business efficiency** We will improve business efficiency by reforming companywide operations, reorganizing, and using ICT.

Topics 1

Medium-term management plan ②Improving Existing Businesses Medical practice support

Alliance with GM Co., Ltd.

- On February 10, 2016, acquired 75% of outstanding shares in GM Co., Ltd., a company which handles the construction of medical facilities, and installs and provides maintenance for medical machinery, devices, and instruments.
- Anticipating synergistic benefits with SOMTECH (planning, design, and construction of healthcare and nursing facilities), an existing group company in the area of maintenance for private practitioners that are newly opening their practice and after they open their practice.



Healthcare Management seminar (Osaka/Fukuoka: February; Tokyo: March)

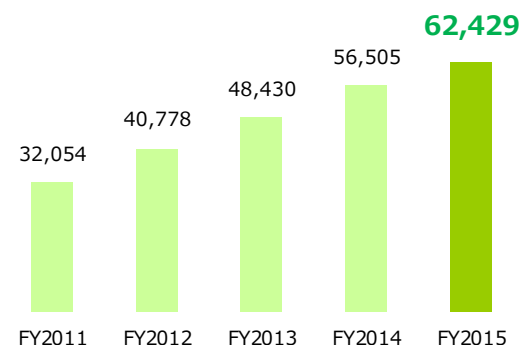
Seminar open to owners and top executives of medical institutions



- Hold lectures on issues such as dealing with the reorganization of local healthcare sectors and revision of reimbursement of medical fees.
- Held in Osaka and Fukuoka in February and in Tokyo in March. More than 100 people attended each seminar.

Number of doctors wishing to transfer /start-up a practice using the DtoD System

Exceeded **60,000** people in total.
28% of the approximately 210,000 (※) doctors employed in public practice.



*Source: Overview of Doctors/Dentists/Pharmacists in 2014 (Ministry of Health, Labour and Welfare)

Clinic-opening seminar

22 seminars were held nationwide from April 2015 to March 2016, with participation by 367 doctors in total.



Topics 2

Medium-term management plan ②Improving Existing Businesses Medical practice support

Creating the ideal healthcare mall

Medical Mall FUJIMI

Opened April 2015 (Saitama)



Practice support

Start-up consulting, Leasing, Design, Pharmacy Opening, Facility Leasing, Introduction of doctors, Operation management

Key points

- The medical mall is located in a large shopping center, Mitsui Shopping Park LaLaport Fujimi.
- The medical mall consists of a clinic for several different specialties (including internal medicine, pediatrics, dermatology, gastroenterology, and rheumatics), an ophthalmic clinic, and a dispensing pharmacy.
- The clinic covering several different specialties can efficiently offer high-quality medical treatment by unifying patients' data.
- The medical mall is open weekdays and also on Saturdays, Sundays, and national holidays.
This is expected to help gather new patients from wide areas, contributing to the attraction of customers to LaLaport Fujimi.

MEDICAL Hills KORIGAOKA

Opened September 2014 (Osaka)



Practice support

Start-up consulting, Leasing, Design, Facility Leasing, , Pharmacy Opening

Key points

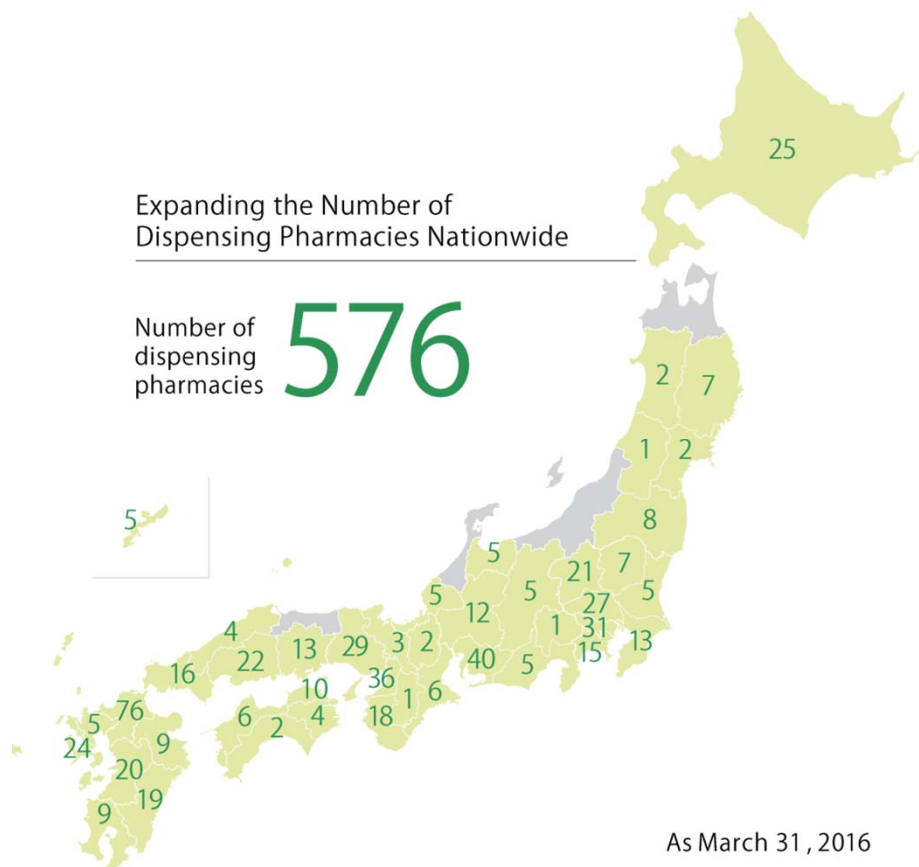
- Internal medicine, ophthalmology, and serviced housing for the elderly.
An orthopedics department was added and initiated in April 2015.
- Cooperative interaction is growing, such as mutual introductions of patients of the internal medicine and ophthalmology departments.

Topics 3

Medium-term management plan ②Improving Existing Businesses Pharmacies

47 dispensing pharmacies were opened in the current fiscal year.

The number of dispensing pharmacies stood at 576, as of the end of March 2016.



Playing a role in eliminating leftover meds! Full-fledged promotion of the medicine calendar

- From February 2016, began offering support for drug administration and sales with the medicine calendar. **Aim to achieve proper drug therapies and eliminate leftover drugs by actively supporting drug administration.**
- Initially distribute one medicine calendar for free to those patients that the pharmacists believes could use the calendar. (Second calendar will be sold for 100 yen each.)
- This is being implemented at all Sogo Pharmacies. It is scheduled to be implemented at group pharmacies.
- The results of the medicine calendar trial (September-October 2015; 92 pharmacies)
 - (1) Improvement as it helped patients to remember to take their medicine and prevented them from taking the wrong medicine
A survey of 453 patients was implemented. Of this, more than 50%, or 242 patients, said they saw an improvement in how they took their medications.
 - (2) Elimination of leftover drugs: Improvement in 85 cases, which is equivalent to ¥176,000.
 - (3) Improvement in polypharmacy (taking of multiple drugs), etc.



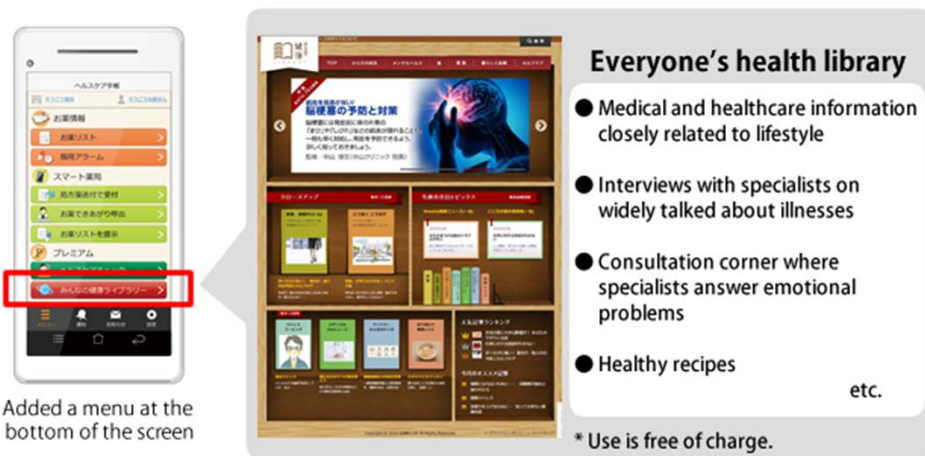
- Patients as well as family members and caretakers can check at a glance to see what drugs the patient is taking and when they need to be taken.
- Clear pockets let the user partition off the days and doses for each drug.
- The calendar can be hung on the wall (size: 52 cm · 37 cm)

Topics 4

Medium-term management plan ②Improving Existing Businesses Pharmacies

A new function was added to the electronic medication notebook (medical and healthcare information browser service).

- In March 2016, the electronic medication notebook (Healthcare Notebook®) our group is installing can now be used to browse medical and healthcare information provided by HOKENDOHJINSHA Inc. free of charge
- Provides up-to-date health information, including well-talked about illnesses and lifestyle diseases, mental health, healthy recipes, and health insurance.
- Currently, the Healthcare Notebook® has more than 28,000 users. It can be used at group pharmacies, including Sogo Pharmacies, nationwide.



Added a menu at the bottom of the screen

※Healthcare Note® is a trademark of Panasonic Healthcare Holdings Co., Ltd.

Opened the Sogo Pharmacy e-shop on Amazon

- In January 2015, opened up Sogo Pharmacy e-shop on Amazon
- Also opened up shops on Rakuten Ichiba and Yahoo Shopping. There are now a total of three online shops.



Sogo Pharmacy e-shop Amazon store

Adding private-brand products

- Products are jointly developed by senior nutritionists and pharmacists.
- Glucosamine
 - 1,000 mg of N-acetylglucosamine, a cartilage substance, was combined to surpass previously available glucosamine products
 - A new type of chewable glucosamine that is easy to take daily
- Vitamin C + Vitamin P
 - Pureway C 500 mg, a fat soluble vitamin C was combined with 50 mg of vitamin P, which is derived from oranges.
 - Daily energy support with a select, sustainable vitamin C tablet

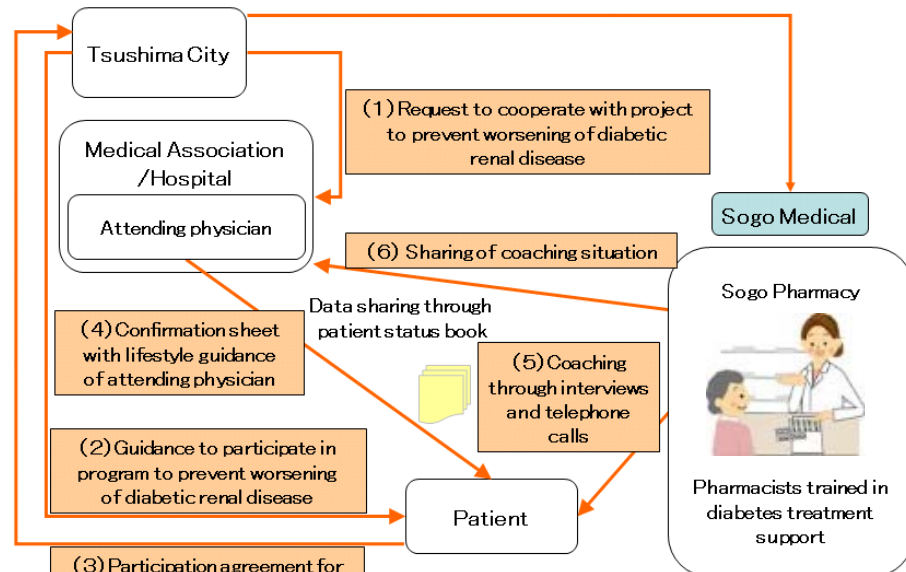


Topics 5

Medium-term management plan ②Improving Existing Businesses Pharmacies

Establishment of advisory for diabetes patients

- Since October 2014, pharmacists at Sogo Pharmacies in Tsushima City, Nagasaki Prefecture, are providing diabetes patients with advice on drug administration, diet, exercise, and other lifestyle adjustments to help patients prevent their condition from deteriorating.
- This is the first such program to support diabetes patients in managing their condition commissioned by local government.



- Contributing to regional communities as general health stations.
- Creating new fields of activity for pharmacists.

“Cancer conversation café”

- These meetings provide cancer patients and their family members with a place for frankly expressing their various thoughts and worries while having tea.
- Specialist pharmacists (pharmacists in charge of particular diseases) participate in the meetings.
- A monthly meeting has been held at the Sogo Pharmacy Tenjin Chuo shop, since 2013.
- TV coverage of the meetings in September generated many responses.



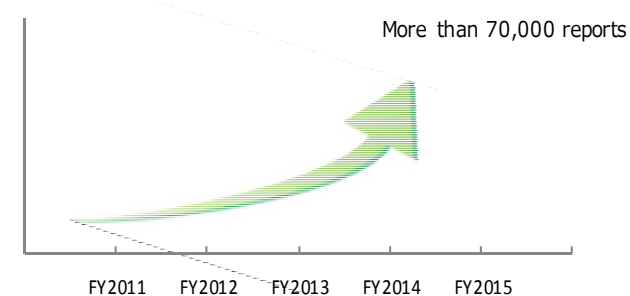
Supply trace reports

- For information such as the voice of patients, including information on drug administration and doses, create trace reports to provide feedback to doctors.
- We plan to improve the quality of patient care by cooperating with medical institutions.

【Trace report】



【Number of trace reports】



Topics 6

Medium-term management plan ③Expanding to corporate value Improve value of human resources

Increasing the number of female employees in leadership positions

Starting training for future female managers –in August 2015

- The goals of this training are for female employees to learn mental preparation and the skills required of managerial staff, and to consider a clear life and career plan.
- This training develops human resources who are expected to exercise real leadership as managerial staff members and candidates for those posts in the future.



“Promotion of Career Progression of Women Employees” Received the Excellence Award from the Director of the Fukuoka Labour Bureau –in September 2015

- Awarded the Ministry of Health, Labour and Welfare's Equal Opportunity and Work-Life Balance Promotion Awards in the section of Equal Opportunity Promotion in 2015.
- Awarded for the following recognized efforts: Development of a diversity promotion project, promotion of career progression of women employees into managerial positions, announcement of the numerical target (increase in the ratio of women in managerial positions to 30% by March 2017), and creation of positions with no relocation required (possible promotion to managerial positions of women who are rearing their child/children).



Promoting the hiring of employees with disabilities

- Establishing a section devoted to the employment of challenged people, and concentrating on this section various kinds of work supporting other sections around the company, including the preparation of business cards, seals, and other office equipment.
- Aiming to raise our company to an organization that enables challenged employees to be independent, feel more confident and proud of themselves, and work as valuable assets to the company.



Preparing business cards



Enclosing and wrapping PB product samples

In March 2016, selected by Fukuoka Prefecture as a company devoted to helping the disabled

- Fukuoka Prefecture certifies companies that actively purchase products and services from facilities in Fukuoka Prefecture that hire disabled employees, and which achieve the legally mandated employment rate in accordance with the Act on Employment Promotion etc. of Persons with Disabilities.
- Also became certified in FY2016 .



IV. Management Principles & Business Model



Good Medical Practice through Good Management

Our business concept is to support good medical practice by resolving the management issues faced by medical institutions and helping them realize sound medical business management by responding to their various needs. We also seek to practice good management ourselves so we can continue to provide better services to our customers.

Our Pledge

We shall, in our own lives, highly value the irreplaceable lives of others.

We shall strive always to be right-thinking, grateful, diligent, modest, honest, refined, straight and fair independent people.

We believe that our work contributes to the advancement of society and benefits many people, and shall therefore conduct our work responsibly and efficiently.

We shall not hesitate to do good nor prevent harm.

Mission Statement

We shall work to build a better society through good medical practice.

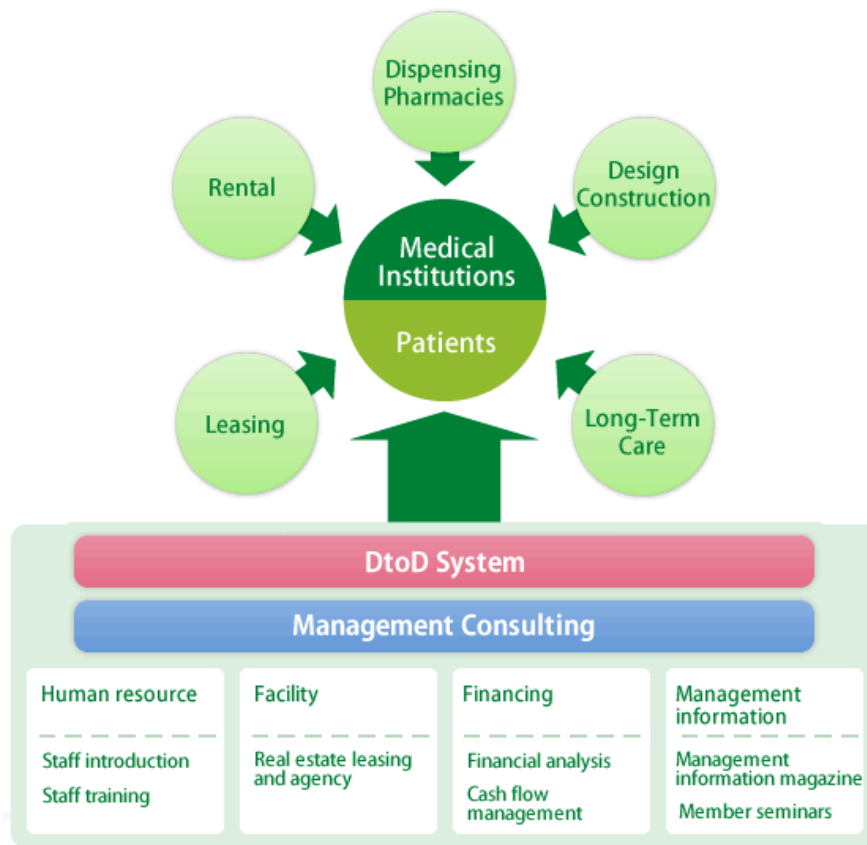
Corporate Credo

1. We shall be a company that values each life as irreplaceable.
2. We shall be a good partner to our suppliers and earn their trust.
3. We shall encourage our employees to live full lives, and grow together with them as a company.
4. We shall seek to cultivate the character, skills, and insight of each employee, to meet our responsibilities both as a company as a whole and as individual citizens.

Business model

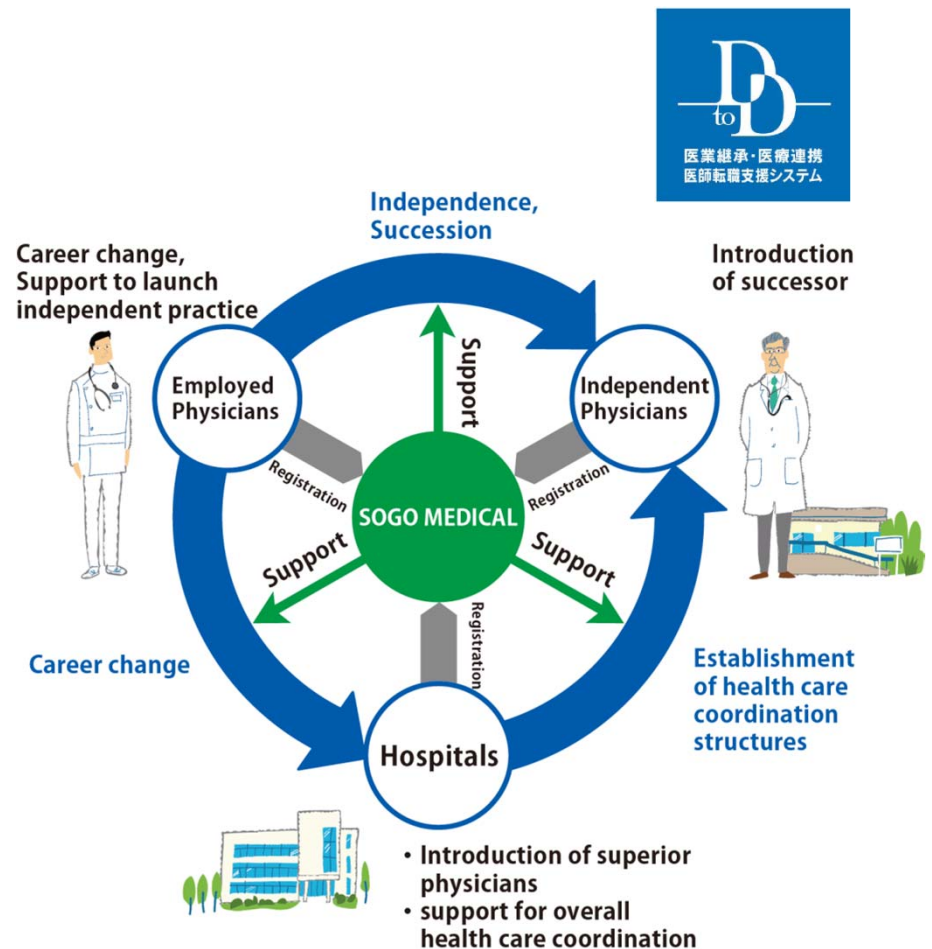
Business model

The company will provide comprehensive medical management support based on consulting services.



DtoD

The company will continuously support regional healthcare services both actively and efficiently through establishing healthcare networks.



Reference materials

(Revision of Reimbursement of Medical Fees in 2016)

Revision of Reimbursement of Medical Fees in 2016

Revision of Reimbursement of Medical Fees in 2016

1. Medical fees (core) +0.49%	Revision rates	Medical services	+0.56%
		Dental services	+0.61%
		Dispensations	+0.17%

2. Drug price, etc.

① Drug price: -1.22%

In addition, based on the Repricing for Market Expansion Rule: -0.19%

based on special repricing for market expansion for drugs with high-volume annual sales: -0.28%

② Material price: -0.11%

In addition to the revisions above, the following measures will be implemented: reduction in the prices of generic drugs newly listed on the NHI drug price list; review of the replacement rates of long-listed products with generic products to which the special price reduction rule applies; adjustment of evaluation criteria of large-scale dispensing pharmacies near hospitals (so-called monzen yakkyoku) and other pharmacies; adjustment of costs of enteral nutrition products provided as meals during hospitalization; restriction on the number of anti-inflammatory analgesic plasters per prescription in terms of the proper use of drugs and from other perspectives; and adjustment of the use of dental materials with lowered cost-effectiveness.

*Source: Excerpts from Ministry of Health, Labour and Welfare material

Revision of Reimbursement of Medical Fees in 2016

Basic view on FY2016 medical fee revisions

- The medical fee revisions in FY2014 led to progress in the coordination and differentiation in use (functions) of hospital beds. Going forward, further steps need to be taken.
We believe there is a need to further strengthen primary care functions for outpatient and home healthcare.
- We also believe the use of generics should be promoted further and steps should be taken to set reasonable prices.
- Taking into account the verification of impact from the FY2014 medical fee revisions, we plan to take the following outlook for the FY2016 medical fee revisions.

Basic outlook on revisions	Aim to expand the coordination and differentiation in use (functions) of hospital beds, and primary care functions, while focusing on innovation and outcome. ⇒ Achieve high-quality, effective healthcare mainly for citizens in the local community
Outlook 1	<p>Promote a local comprehensive care system and make further advances in the differentiation, fortification, and coordination of medical functions, including the coordination and differentiation in use (functions) of hospital beds</p> <ul style="list-style-type: none"> ○Promote the coordination and differentiation in use (functions) of hospital beds ○Evaluation of team medicine and improvement of work environment through the use of multiple professions ○Secure high-quality home medical and nursing care, etc.
Outlook 2	<p>Realize safe and secure healthcare for patients through the further promotion of primary care medicine, etc.</p> <ul style="list-style-type: none"> ○Primary care doctors, primary care dentists, primary care pharmacists, pharmacy evaluations, etc.
Outlook 3	<p>Enhance medical fields that require attention</p> <ul style="list-style-type: none"> ○Evaluation of high quality cancer treatments, including palliative care ○Evaluation of proper healthcare for patients with dementia ○Evaluation of innovations and medical technologies, etc.
Outlook 4	<p>Boost the sustainability of the system by increasing efficiency and optimization</p> <ul style="list-style-type: none"> ○Review rules for pricing schemes for generics ○Implement proper evaluations for pharmacies located in front of large hospitals ○Trial introduction of cost benefit analysis (outcome evaluation), etc.

*Source: Excerpts from Ministry of Health, Labour and Welfare material

Revision of Reimbursement of Medical Fees in 2016

Summary of FY2016 Medical Fee Revisions

I Outlook on promotion of the integrated community care system and the differentiation, fortification, and coordination of healthcare functions

- Evaluation of in-patient healthcare depending on healthcare functions
- Alleviate burden on medical practitioners and secure manpower by promoting team healthcare, improving the work environment, and improving operational efficiency, etc.
- Strengthen initiatives for promoting the integrated community care system
- Secure high quality home healthcare and visiting nursing care
- Differentiation of outpatient healthcare functions, which also takes into account healthcare insurance reform laws

II Outlook on the achievement of healthcare for patients that is safe, secure, convincing, effective, efficient, and high quality

- Evaluation of primary care doctors, primary care dentists, and primary care pharmacists and pharmacies
- Promote the gathering and use of information related to healthcare and medicine by using ICT
- Promote quick patient recovery of functions, such as through the evaluation of high quality rehabilitation, etc.
- Promote free print out of detailed billing statements

III Outlook on enhancement of medical fields that require attention

- Evaluation of high quality cancer treatments, including palliative care
- Evaluation of proper healthcare for patients with dementia, taking into account the Comprehensive Strategy for the Promotion of Dementia Measures
- Evaluation of high-quality mental healthcare, including extensive support for transitioning and living in local communities
- Evaluation of proper healthcare for patients with intractable diseases, in light of the enactment of the Intractable Disease Law
- Extensive pediatric and perinatal care, and emergency medicine, given the increase in senior citizens
- Measures to prevent oral diseases from getting severely worse and to deal with a decline in oral functions, promote healthcare that takes quality of life into account
- Evaluation and reasonable costs by having primary care pharmacists and pharmacies contribute to the management of pharmaceuticals and to home healthcare, etc.
- Proper evaluation of innovations and medical technologies, including pharmaceuticals, medical devices, and testing
- Proper evaluation of acute care that uses the DPC approach

IV Outlook on enhancing the sustainability of precision through an improvement in efficiency and optimization

- Promote use of and optimize prices for generics, and examine scheme for evaluating long-listed drugs
- Promote at-home rehabilitation through initiatives, such as hospital discharge support
- Promote the proper use of pharmaceuticals, including measures to reduce the amount of drugs leftover (went untaken), overlapping doses, improper administration of multiple drugs, and dosage over a long period of time
- Review dispensing remuneration to achieve the separation of medical and dispensary (pharmacy) practices that will be beneficial to the patient
- Promote measure to prevent diseases from becoming serious
- Proper evaluation including pharmaceuticals, medical devices, and testing

*Source: Excerpts from Ministry of Health, Labour and Welfare material

Revision of Dispensing Fees in FY2016

Newly set fees, including guidance fee charged by primary care pharmacist.

【Current fees】

- Medication history management/guidance fee

41 points

* 34 points if information is not provided in the medication notebook

【Post revisions】 (calculations are per patient)

● Guidance on taking medications provided by primary care pharmacist

- **Guidance fee charged by primary care pharmacist (Newly set fee)** 70 points

[Calculation criteria]

- With the consent of the patient, calculation begins from the second pharmacy visit.
- The calculation is only possible by one pharmacist for one patient at one pharmacy.
- 24-hour consultation for the patient the pharmacist is responsible for (a different pharmacist can provide consultations in unavoidable events), etc.

- **Comprehensive management fee charged by primary care pharmacist (Newly set fee)** 270 points

[Calculation criteria]

- Applies to patients that are charged fees, including the medical department's local comprehensive medical fee.
- Conform to the calculation criteria of guidance fee charged by primary care pharmacist.

● Guidance on taking medications that are provided by a pharmacist other than the primary care pharmacist

- **Medication history management/guidance fee (Requirement and point revisions)**

1. In general, patients that brought in a prescription within the last six months 38 points

2. Patients other than those in (1) above 50 points

Patients that do not bring in their medication notebook, and bring in their prescription to a pharmacy that charges fees that are not based on the basic dispensing fee 1 (41 points) or basic dispensing fee 4 (31 points): 50 points.

*Source: Excerpts from Ministry of Health, Labour and Welfare material

Revision of Dispensing Fees in FY2016

Review of basic dispensing fee (revision of evaluation for pharmacies located in front of large hospitals)

【Post revision】

Basic dispensing fee		Special exceptions (*1) (when factored in)	50/100 reduction (*2) (when factored in)
Basic dispensing fee 1	41 points	—	21 points
Basic dispensing fee 2 (Requirement revisions) <ul style="list-style-type: none"> ● More than 4,000 prescriptions filled per month and a concentration ratio of 70%-plus ● More than 2,000 prescriptions filled per month and a concentration ratio of 90%-plus ● More than 4,000 prescriptions filled per month from a designated medical institution (Concentration ratio does not factor in.) 	25 points	Basic fee set at 1	13 points
Basic dispensing fee 3 (Newly set fee) For health insurance pharmacies belonging to a pharmacy group that fills more than 40,000 prescriptions per month overall <ul style="list-style-type: none"> ● Prescription concentration rate of 95%-plus ● Leases real estate from a designated medical institution 	20 points	Basic fee set at 1	10 points
Basic dispensing fee 4 (Low price settlement rate for basic dispensing fee 1)	31 points	—	16 points
Basic dispensing fee 5 (Low price settlement rate for basic dispensing fee 2)	19 points	Basic fee set at 4	10 points
Special basic dispensing fee (Newly set fee) (Low price settlement rate for basic dispensing fee 3)	15 points	Basic fee set at 4	8 points

※ 1 : In the event all criteria is met

- 50% or more of pharmacists working at the pharmacy conform to facility standards for primary care pharmacist guidance fees
- Is a primary care pharmacist with considerable experience in guidance fees and comprehensive management fees

※ 2 : Pharmacies that do not implement a fixed number of operations per year that are related to the basic functions of a primary care pharmacy (excluding pharmacies that fill 600 or fewer prescriptions per month)

*Source: Excerpts from Ministry of Health, Labour and Welfare material

Revision of Dispensing Fees in FY2016

Review premium for standard dispensing system

【Current fees】

- Scheme to claim a premium for standard dispensing 1 12 points
- Scheme to claim a premium for standard dispensing 2 36 points

【Post revision】

- **Scheme to claim a premium for standard dispensing** 32 points

[Calculation criteria]

- Calculation only for health insurance pharmacies using the formula for the basic dispensing fee 1 (41 points).

[Facility standards]

- Storing more than 1,200 types of pharmaceuticals.
- Open for business for more than 45 hours per week.
Operates more than 8 hours a day on weekdays, and open Saturdays and Sundays for a specified amount of time.
- Either independently or in alliance with a neighboring pharmacy, operates dispensing 24 hours a day and with a system in place for work-at-home pharmacists jobs.
- Possesses a narcotics license.
- Has a work-at-home track record of one year.
- The supervising pharmacist must have more than 5 years experience working at a pharmacy. Prior to becoming a supervising pharmacist, the pharmacist must have worked at the same pharmacy for more than 1 year. And the pharmacist must work at the pharmacy for more than 32 hours.
- Submitted regulatory filing for primary care pharmacist guidance fees and comprehensive management fees.
- The pharmacy must have a prescription concentration rate of over 90% and the ratio of generics dispensed must be more than 30%.

Requirements change for the scheme for claiming premiums for the dispensing of generics by pharmacies

【Current fees】

- Scheme for claiming premiums for the dispensing of generics 1 (Ratio of dispensing volume is 55% or higher) 18 points
- Scheme for claiming premiums for the dispensing of generics 2 (Ratio of dispensing volume is 65% or higher) 22 points

【Post revision】

- **Scheme for claiming premiums for the dispensing of generics 1** (Ratio of dispensing volume is **65%** or higher) 18 points
- **Scheme for claiming premiums for the dispensing of generics 2** (Ratio of dispensing volume is **75%** or higher) 22 points

*Source: Excerpts from Ministry of Health, Labour and Welfare material