

Tokyo Stock Exchange (TSE) First Section
Securities code: 6099

Bringing smiles to your
hospital/elderly facility stay
 E L A N
ELAN Corporation

Operating Results for the Third Quarter of Fiscal 2021 Ending September 30, 2021

ELAN Corporation

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1. Business model introduction

Bringing smiles to your
hospital/elderly facility stay



The CS Set allows people to start hospitalization and end a hospital stay without the need to bring anything. There is no need for patients to assemble hospitalization supplies on their own.

CS Set users can rent clothing and towels, and receive disposable diaper pads, personal care items and other supplies needed during a hospital stay. Required items are available at the time they are needed on a daily basis at a fixed rate.



Example of the CS Set Standard Plan

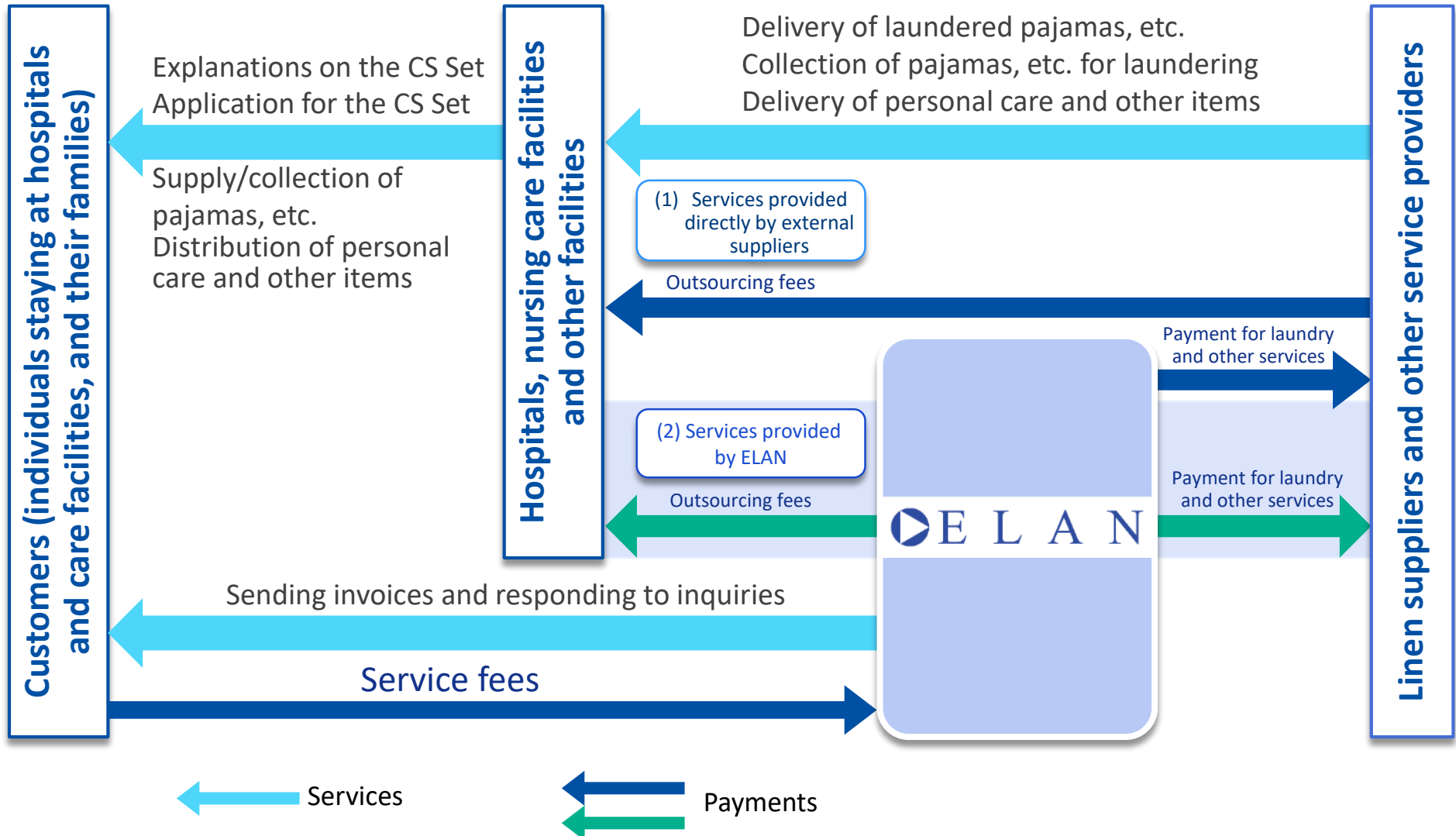
Note: The daily fees shown below are for reference.

	Plan A Daily fee: 700 yen	Plan B Daily fee: 500 yen	Plan C Daily fee: 300 yen
Towels	Bath towel, face towel, hand towel		
Personal care items	Drinking cups, tissues, shampoo, slippers, etc.		
	Oral care product set		
Clothing	Hospital gown or training wear (top and bottom)		
	Underwear and socks		
	Nursing care pajamas, mealtime apron		

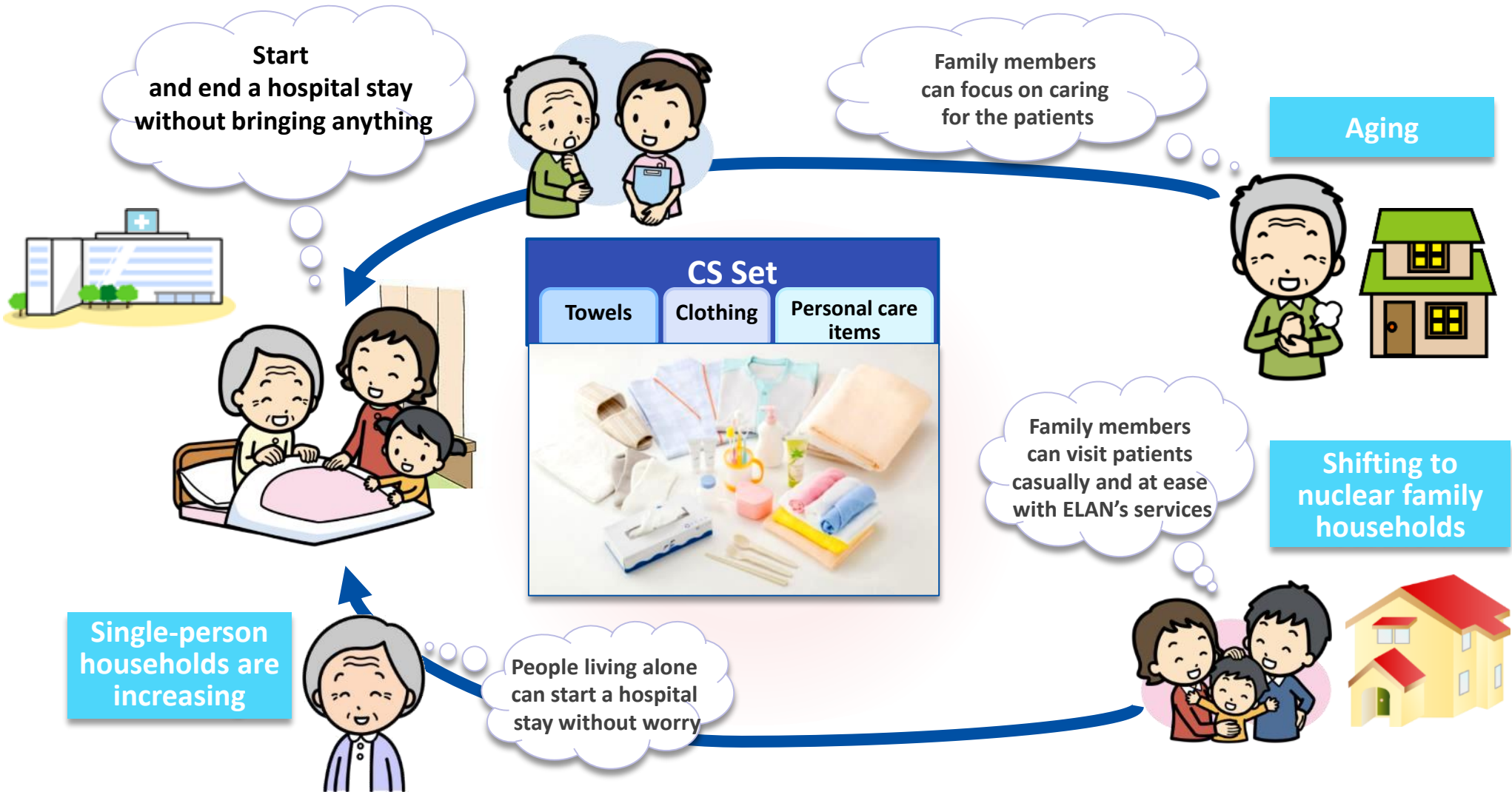
(Example) Seven-day hospital stay under Plan B
 $500 \text{ yen} \times 7 \text{ days} = 3,500 \text{ yen}$



For (1) services provided directly by external suppliers and (2) services provided by ELAN, the roles of all parties involved are the same; only the contract format is different.



The CS Set provides patients and their family members with ease and comfort



Many advantages for the nursing and care frontlines

Solves problems for hospitals and nursing care facilities



The staff can now focus on their nursing and care duties!

Chronic labor shortage

Hygiene problems

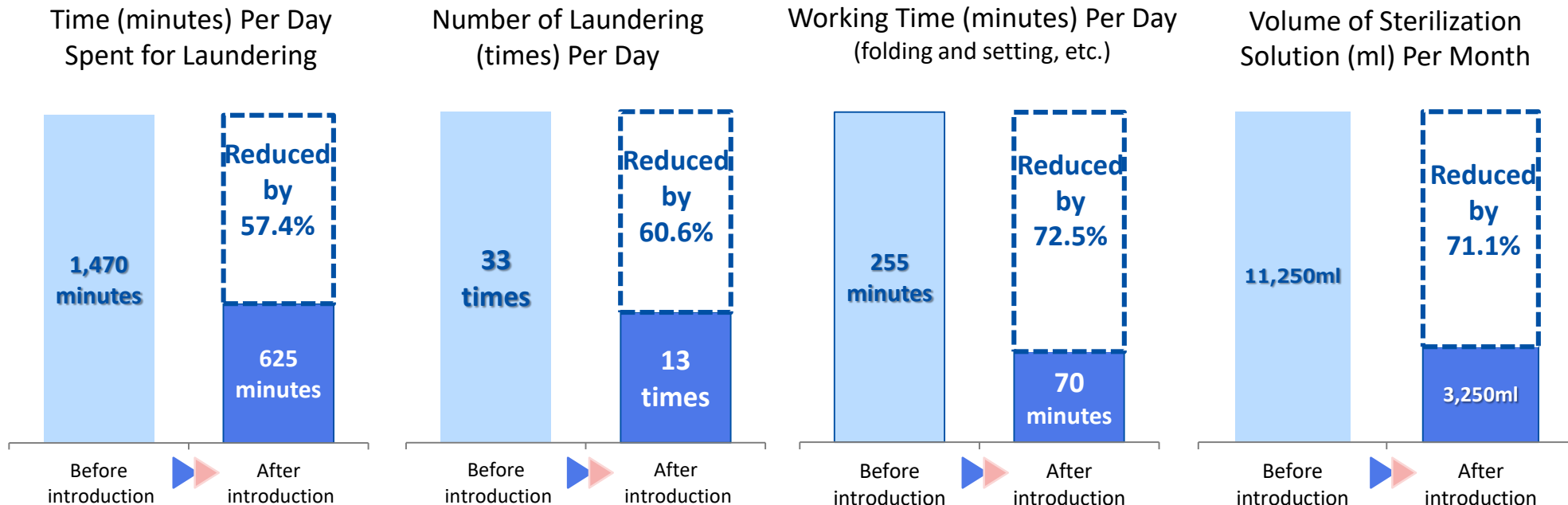


Significant saving of time and labor

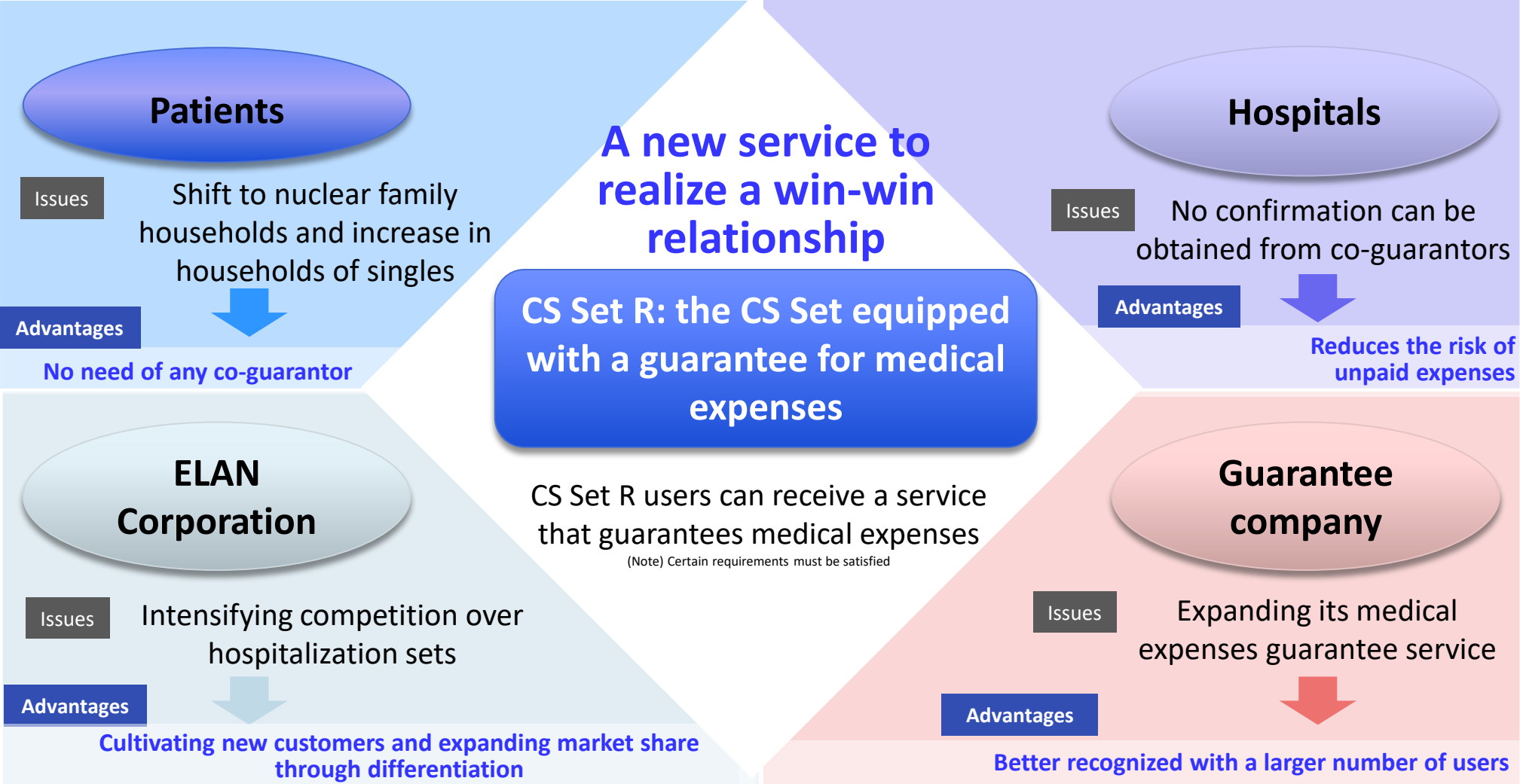
The staff can focus on their nursing and care duties

Effects of Introducing the CS Set: A Case Example

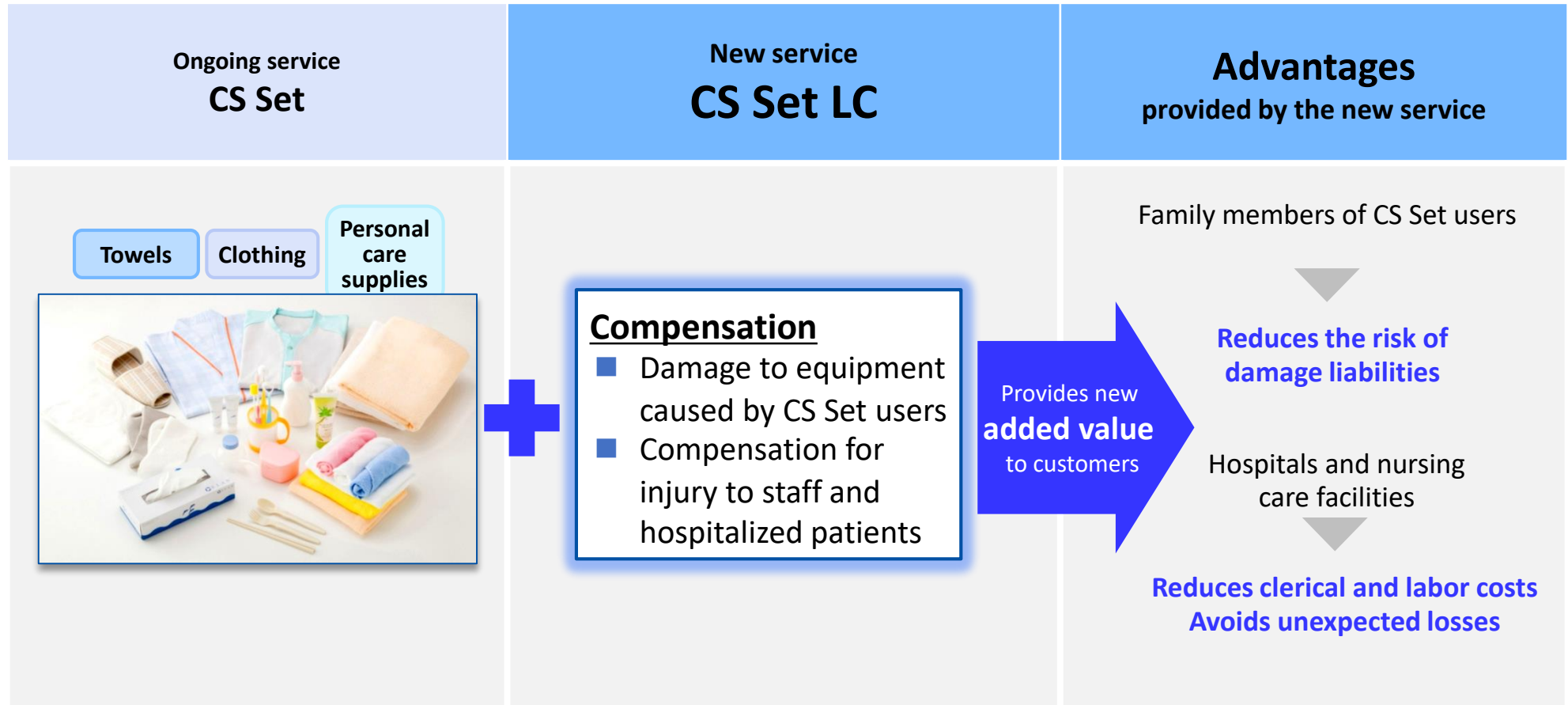
For using towels and mealtime aprons at a hospital with 250 beds



*Figures represent accumulated total values for 6 hospitals.



CS Set automatically equipped with a service to compensate damage accidents caused by patients using the CS Set



- 1.** The CS Set has a solid history in the hospitalization support set business
- 2.** Growth potential and earnings-generating capabilities of the subscription-based business model
- 3.** Barriers to new entrants are growing

ELAN has pioneered the hospitalization support set business in an organized fashion

Three factors that have enabled ELAN, the pioneer, to predominantly lead the late starters

1

Know-how

- Ability to determine where the profitability threshold stands
- Explanations to nursing and care staff and operational skills
- Provision of services in a manner consistent with government guidance
- Efficient invoicing and payment receipt operations

2

Business Model

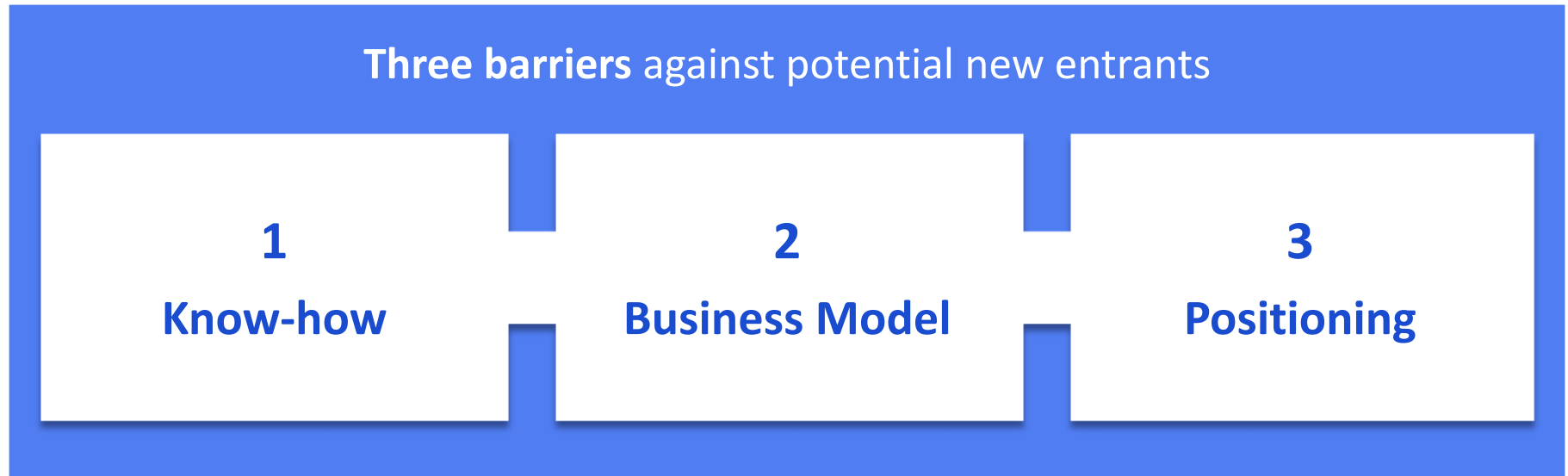
- A business model built on ongoing business relationships with partners to **achieve mutual success**

3

Positioning

- ELAN stands independent and **open** without being affiliated by any corporate group

Barriers to entry appear to be low but are actually high



Build **even higher barriers** against potential new entrants by accumulating know-how and firmly establishing our position in the industry

2. Operating Results for the Third quarter of Fiscal 2021

Bringing smiles to your
hospital/elderly facility stay



**Results for
Third quarter of
Fiscal 2021**

Revenues and profit increased due to steady growth in the number of CS set users and the non-use of some activity expenses resulting from continued restraint on sales activities, etc.

Net sales

23,279 million yen
(YoY **+23.5%**)

Operating profit

2,159 million yen
(YoY **+40.5%**)

Ordinary profit

2,175 million yen
(YoY **+40.3%**)

Profit attributable to owners of parent

1,482 million yen
(YoY **+42.1%**)

Number of contracted facilities

1,766 facilities

(From the previous quarter New contract **+54**/cancellation **8**)

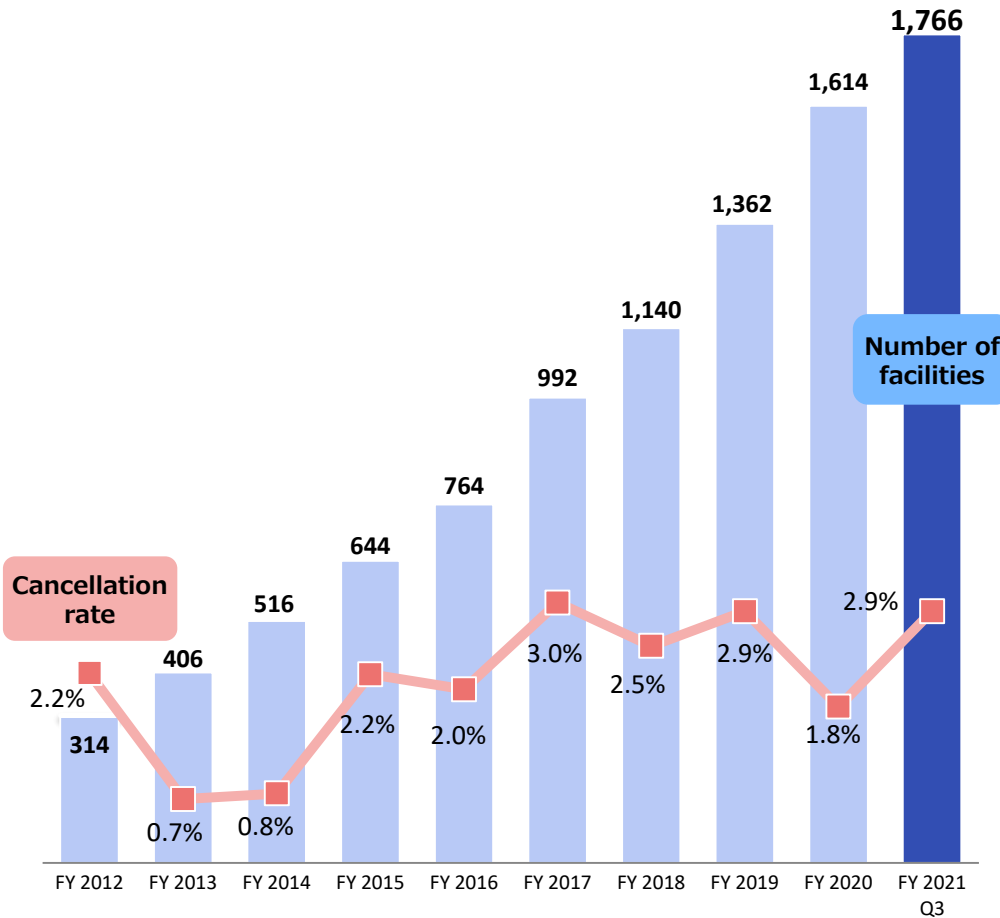
Number of monthly users

313,365 people

(From the previous quarter **+9,865 people**)

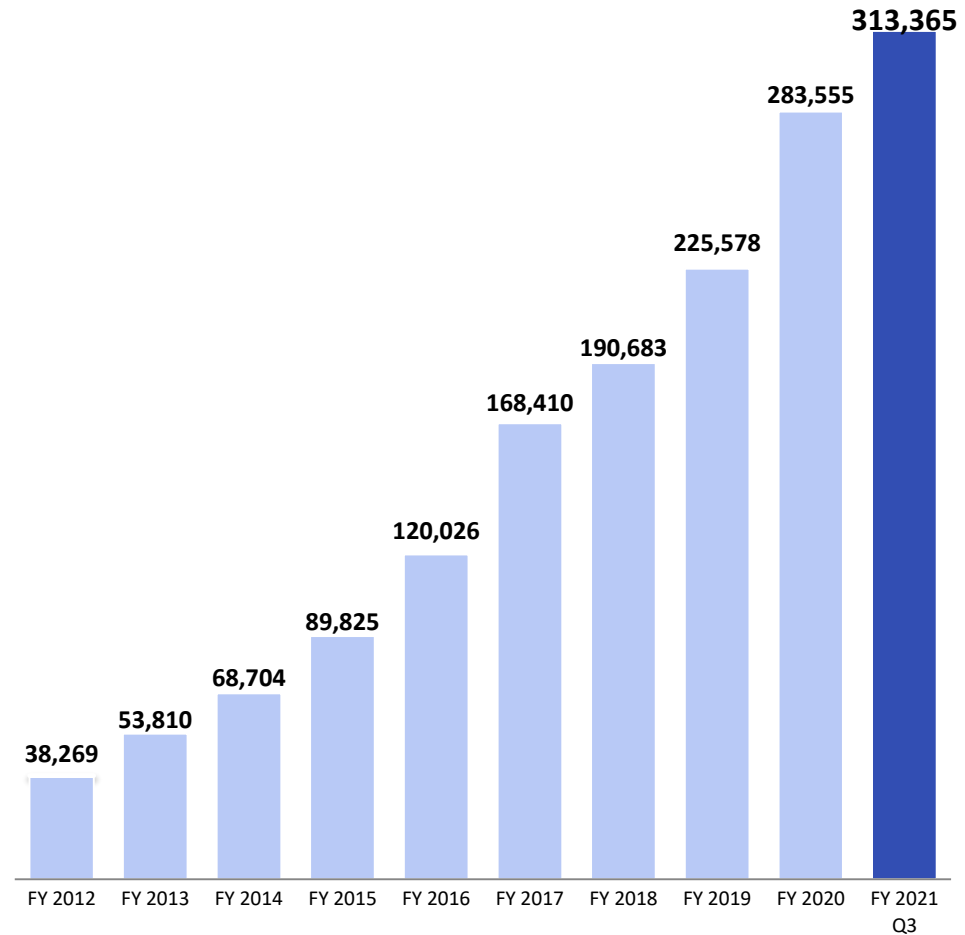
- The number of contracted facilities and the number of the CS set users are increasing steadily.

Number of Contracted Facilities and Cancellation Rate



*Cancellation rate for the year = Number of cancellations in current year / (Contracts at end of previous year + New contracts in current year)

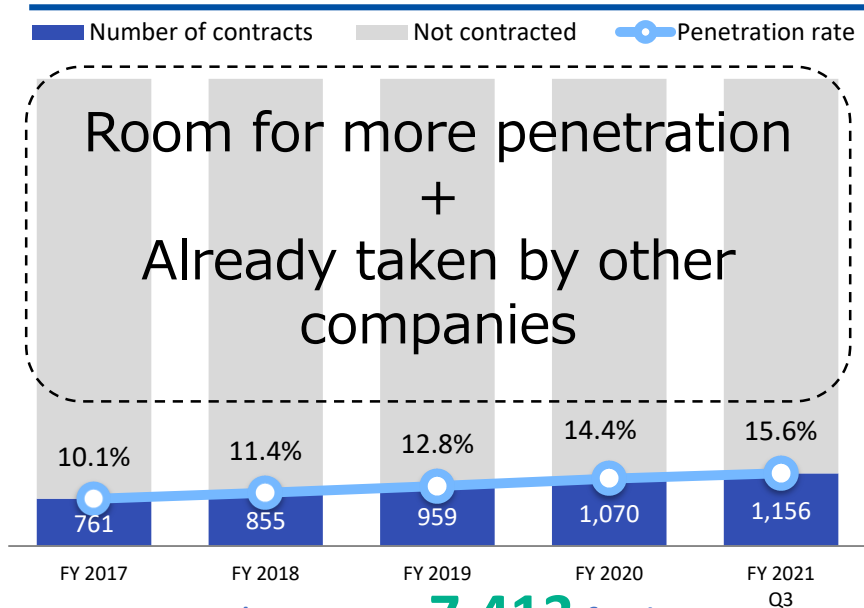
Number of Monthly Users



*The number of monthly users above indicates the number of users in the month at the end of each fiscal year.

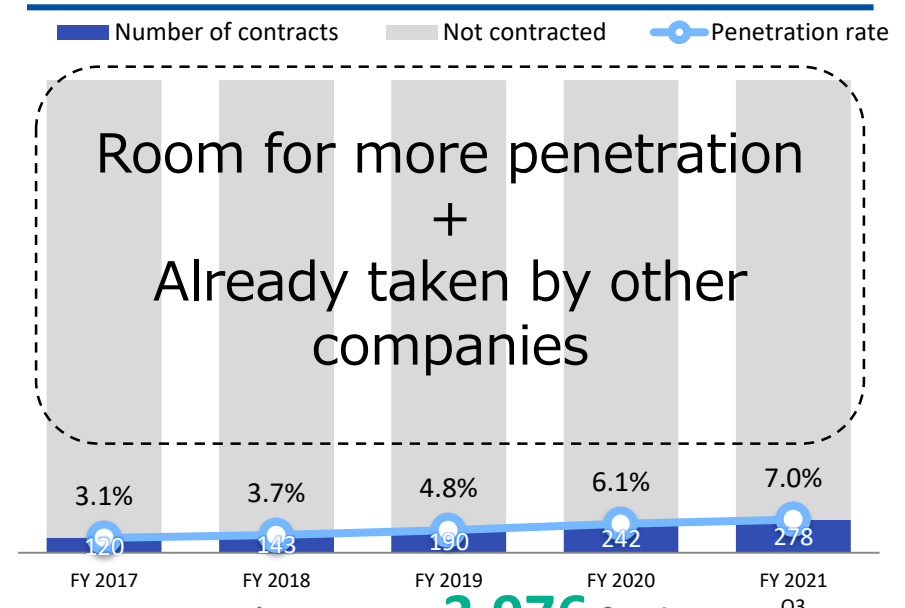
- With the number of contracted hospitals (with 50 or more beds) exceeding 1,100, the penetration rate has reached **15.6%** and entered a phase of wider public acceptance.
- With the number of contracted long-term care health facilities and integrated facilities for medical and long-term care (with 50 or more beds) exceeding 250, the penetration rate has reached **7.0%**.

Penetration Rate of Hospitals (with 50 or more beds)



ELAN's target is **7,413** facilities

Penetration Rate of Long-term Care Health Facilities/ Integrated Facilities for Medical and Long-term Care (with 50 or more beds)



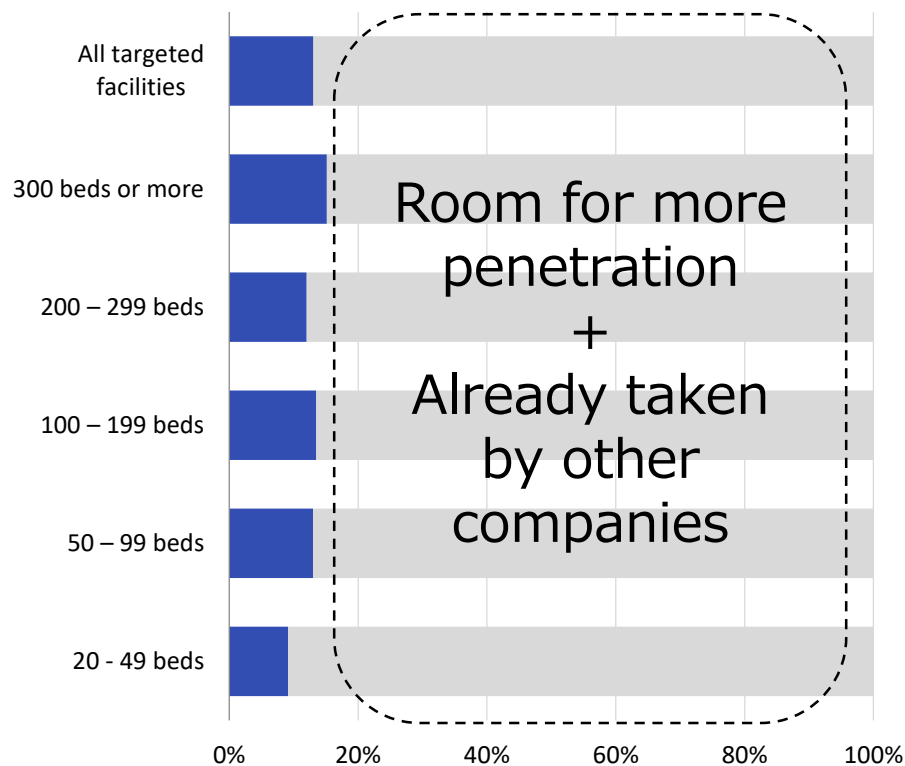
ELAN's target is **3,976** facilities

*Prepared by ELAN in reference to the survey results of Survey of Medical Facilities 2019 and Survey of Institutions and Establishments for Long-term Care 2019 by Ministry of Health, Labor and Welfare.

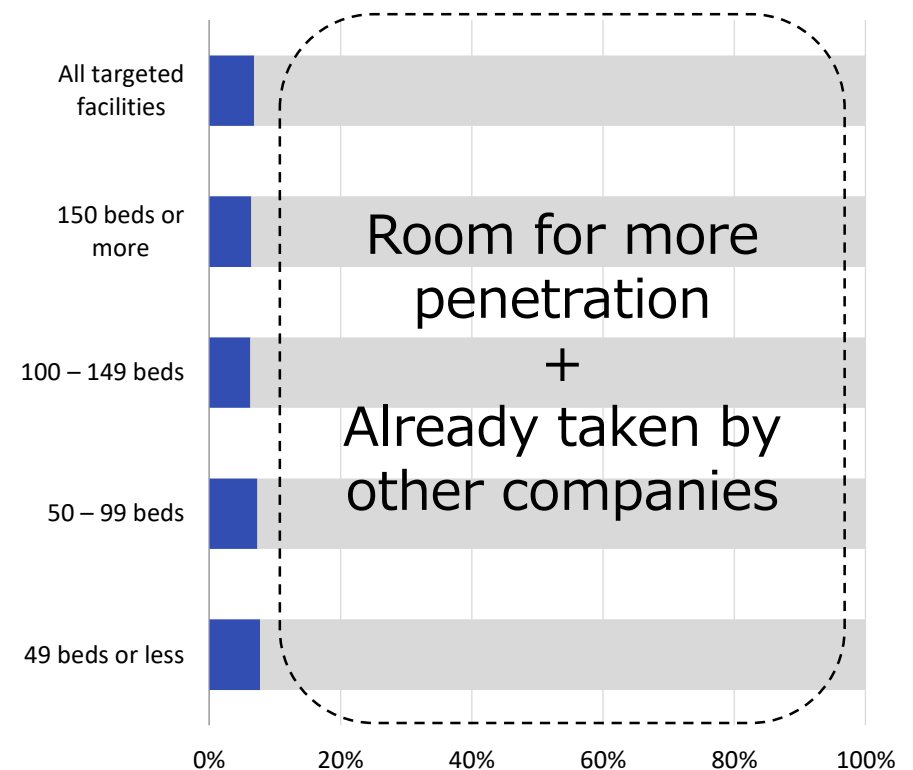
*Starting in the presentation material for the first quarter of Fiscal 2021, integrated facilities for medical and long-term care were added to long-term care health facilities when calculating the penetration rate. (Thus, the penetration rates for FY 2019 and FY 2020 differ from those presented in the past materials.)

- There is little difference in the penetration rate by number of beds in both hospitals and long-term care health facilities/integrated facilities for medical and long-term care, and contracts have been concluded evenly.

Penetration Rate of Targeted Hospitals by Number of Beds



Penetration Rate of Targeted Long-term Care Health Facilities/ Integrated Facilities for Medical and Long-term Care by Number of Beds



*The blue parts of the charts above represent the penetration rate of our service.

*Prepared by ELAN in reference to the survey results of Survey of Medical Facilities 2019 and Survey of Institutions and Establishments for Long-term Care 2019 by Ministry of Health, Labor and Welfare.

*Starting in the presentation material for the first quarter of Fiscal 2021, integrated facilities for medical and long-term care were added to long-term care health facilities when calculating the penetration rate.

*Starting in the presentation material for the third quarter of Fiscal 2021, change the calculation of hospital development rate to 20 beds or more.

High usage rate continued with the mounting needs for CS Set under the COVID-19 pandemic

Restricted visitation
due to COVID-19

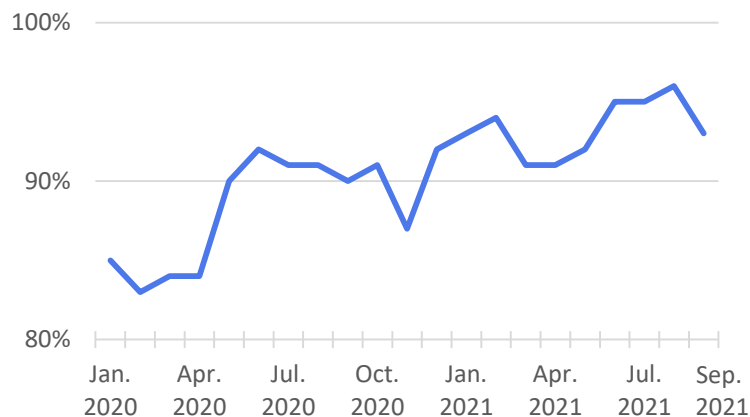


Higher percentage of
CS Set usage

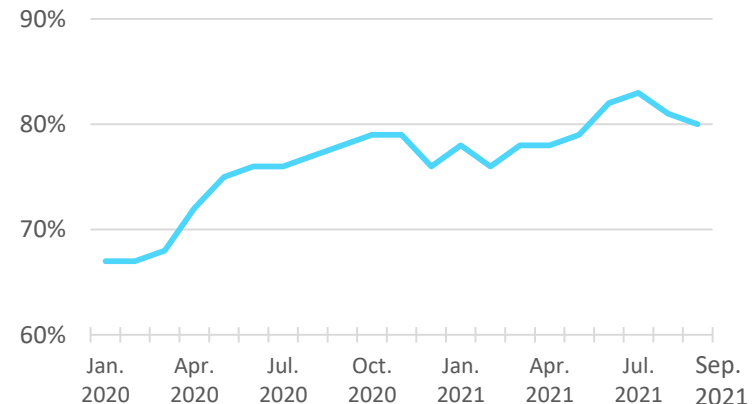


Increase in sales at existing contracted
hospitals (facilities)

**Change in Usage Rate
General Hospital A (about 180 beds)**



**Change in Usage Rate
Chronic Hospital B (about 160 beds)**



(Note 1) Usage rate = Monthly total number of CS Sets ÷ Monthly total number of hospitalized patient.

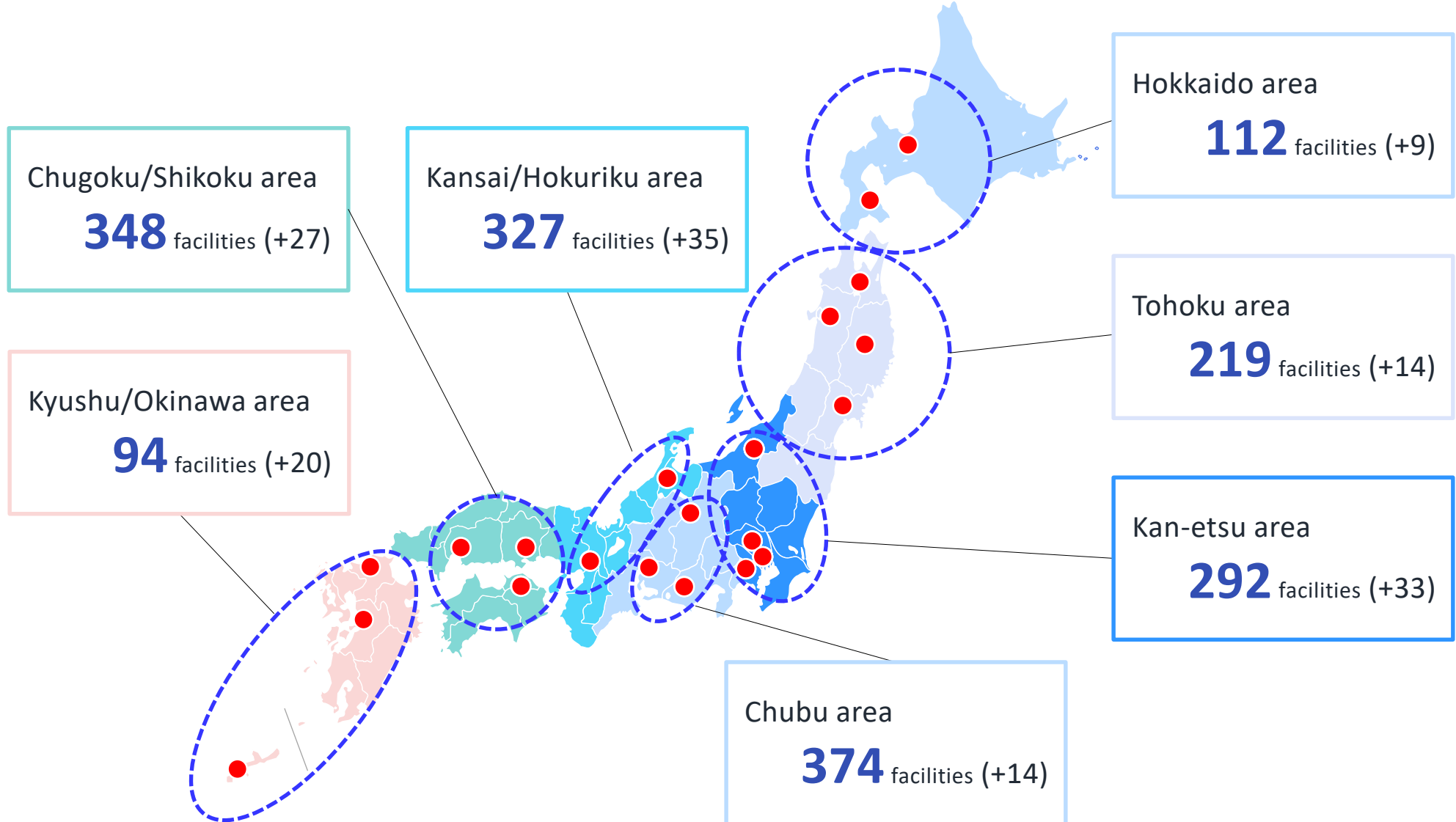
(Note 2) Since the calculation is based only on the CS Set (clothes, towels, etc.) without including the number of disposable diaper sets used, the usage rate may actually be higher than the graph value.

POINT

- At some existing contracted hospitals, **the number of CS Set users is on the rise** due to **restricted visitation** by family members, etc.
- **The number of users is not expected to decrease** after the COVID-19 pandemic.
- **Some non-contracted hospitals** are also **interested in introducing** CS Set due to concerns over infection.

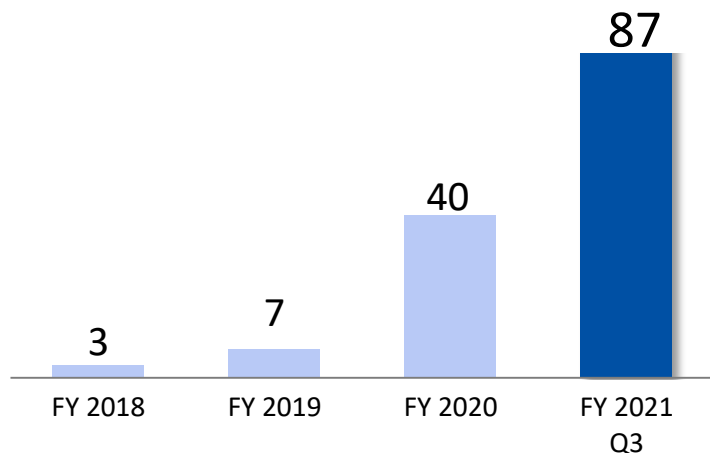
The number of contracted facilities is increasing steadily throughout Japan.

*The figures in parentheses are the numbers increased (net) in FY 2021.

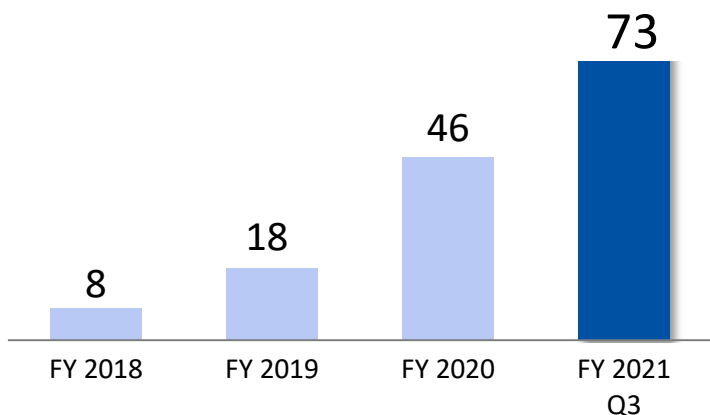


R increased by **47** and LC increased by **27**

Number of Facilities Contracts for CS Set R



Number of Facilities Contracts for CS Set LC



Points of CS Set R

[Benefit from introduction]

Medical institutions, etc. can reduce debt-collection tasks, which require man-hours, as well as eliminate the risk of failing to collect.

[Number of introductions]

There has been an increasing trend in the number of introductions due to adding R from the initial phase of proposals from around April last year.

[Usage]

High usage ratio of the services is realized in general.

Points of CS Set LC

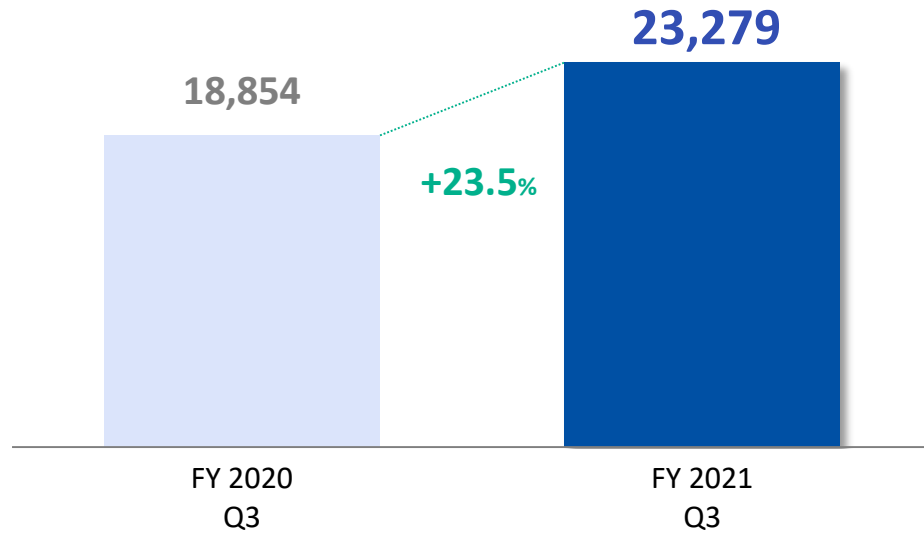
[Benefit from introduction]

Damages for which medical institutions, etc. find it difficult to demand compensation from users are covered.

[Actual case examples for compensation]

- Clogged the toilet by flushing a foreign object.
- Tore the nurse call cable.
- Broke the glass on the door by accidentally hitting it with an umbrella.

Net Sales (millions of yen)



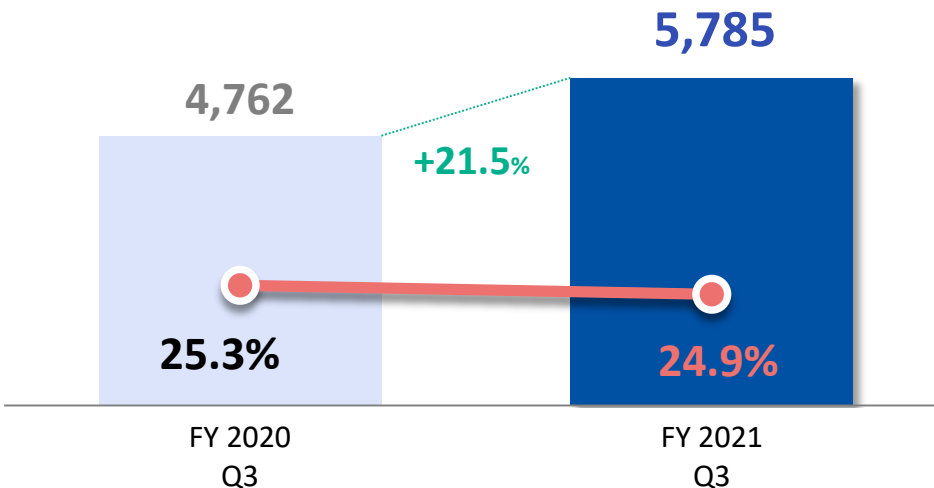
Year on year **+4,425** million yen

+240 facilities

Number of new contract facilities for CS set

• FY 2020: 190 → FY 2021: 201

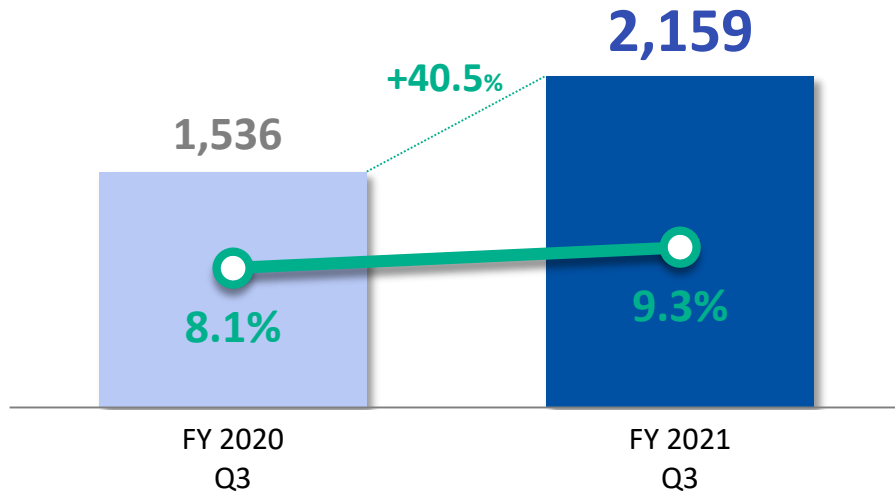
Gross Profit (millions of yen)



Year on year **+1,023** million yen

Gross profit margin was **-0.4%** year on year due to the introduction of a large acute care hospital and increased procurement costs associated with high prices, etc.

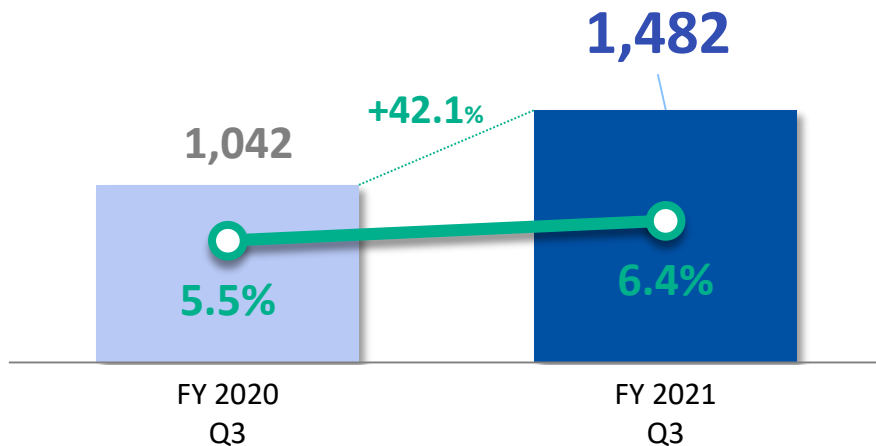
Operating Profit (millions of yen)



Year on year **+622** million yen

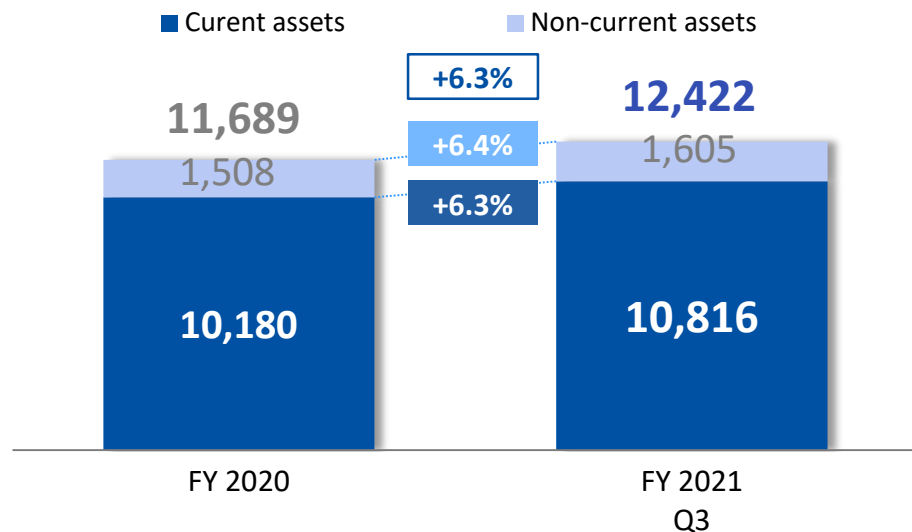
Operating profit was **+1.2%** year on year due to improved operational efficiency through systemization and impact of COVID-19, the cost of activities was reduced.

Profit Attributable to Owners of Parent (millions of yen)



Year on year **+439** million yen

Assets (millions of yen)



Total assets

Comparison with the end of the previous fiscal year

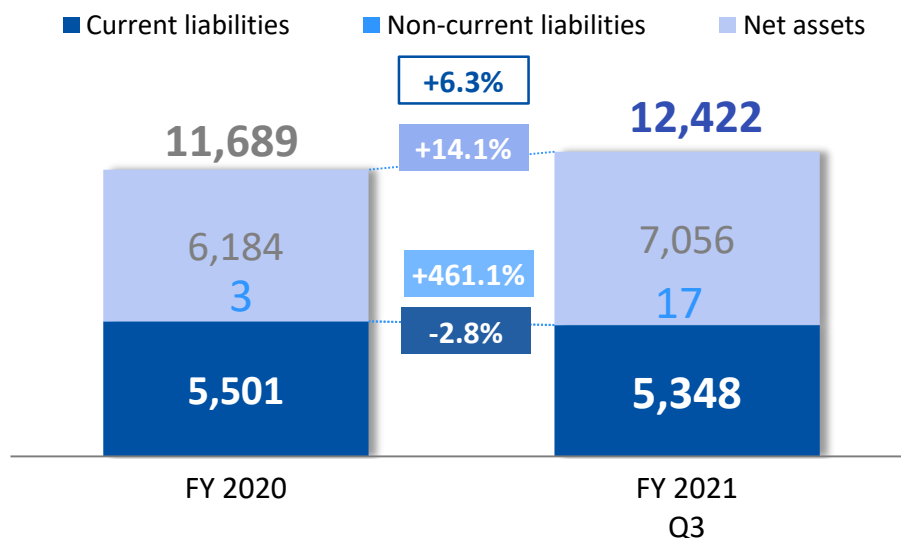
+733 million yen

Main accounts attributable

Cash and deposits: +415 million yen

Accounts receivable-trade: +437 million yen

Liabilities/Net Assets (millions of yen)



Total liabilities

Comparison with the end of the previous fiscal year

-139 million yen

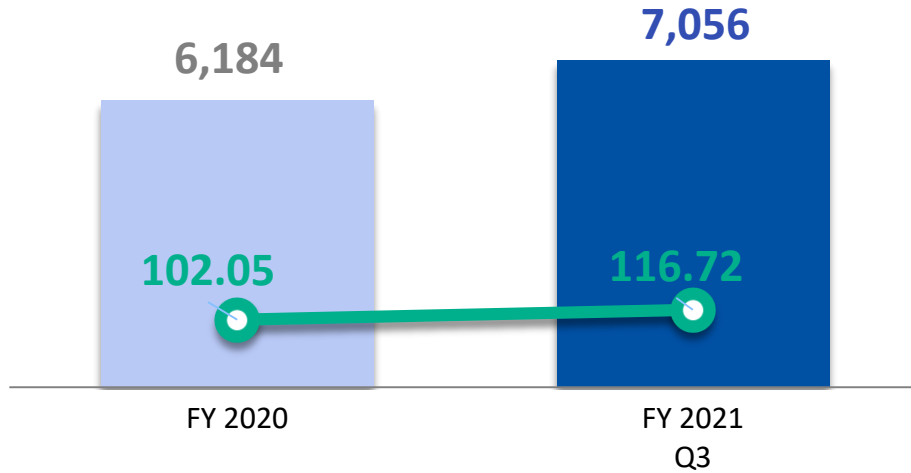
Main accounts attributable

Accounts payable – trade: +213 million yen

Income taxes payable: -251 million yen

Net Assets (millions of yen)

Net assets per share (yen)



Net assets

Comparison with the end of the previous fiscal year

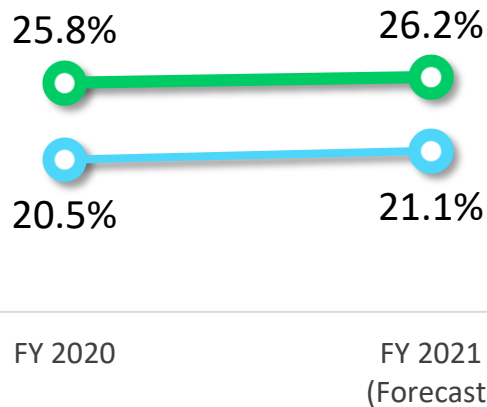
+872 million yen

BPS FY 2020: 102.05 yen
 → FY 2021 Q3: 116.72 yen (+14.4%)

(Note) Net assets per share (BPS) has been retroactively revised to take into account the impact of the 2-for-1 stock split implemented on January 1, 2021.

ROA/ROE

ROE ROA



ROA

Comparison with the end of the previous fiscal year

+0.6%

* Liquidation ratio 202.2%
 (185.0% in the previous fiscal year)

ROE

Comparison with the end of the previous fiscal year

+0.4%



DELAN X *Classico*

Development of original patient gowns

Questionnaire results on the original patient gown to be introduced for the first time in November 2021

Respondents	Age	Category	Good point
Nurse	Twenties	Design	I think the design is beautiful.
Assistant nurse	Fifties	Design	Stylish and good.
Patient	Seventies	Design	The white trim on the collar, cuffs, and hem of the pants is stylish.
Patient	Eighties	Cloth	It is much warmer and this one is better. If it's in stock, let me start wearing it tomorrow.
Nurse	Forties	Cloth	The fabric was soft and seemed to have a good texture. It seemed to be a little warm.
Patient	Fifties	Cloth	It is soft and comfortable to wear.
Assistant nurse	Fifties	Cloth	The patient commented that it was soft.
Assistant nurse	Fifties	Cloth	The color is light and the material is soft.
Patient	Seventies	Cloth	The colors are gentle. The cloth seems to fit the body.
Patient	Fifties	Cloth	The fabric was nice and soft to the touch. It was also moisture absorbent, which I thought was good.
Nurse	Forties	Cloth	It looks comfortable to wear.
Nurse	Thirties	Cloth	I thought it was better than my previous clothing because the material seemed to be less transparent.
Patient	Seventies	Cloth	It feels good on the skin.
Patient	Seventies	Cloth	The softness of the color seems to calm and soothe the mind. I think it's a color that makes me feel safe.
Assistant nurse	Fifties	Design	The crotch is deep and very good.
Assistant nurse	Fifties	Design	The fit is good because it's deep and doesn't peel off easily.
Nurse	Thirties	Design	The butt side was long and easy to put on.
Patient	Seventies	Design	The white point on the pants is a convenient landmark.
Nurse	Thirties	Size discrimination	I knew the size because I put the list on the wall.
Patient	Seventies	Other	It was very helpful. Thank you very much.

3. Earnings forecast of Fiscal 2021



- It is expected that the number of CS set users will continue to grow steadily in the fourth quarter, and also that the activity expenses will increase due to the resumption of activities in the fourth quarter.

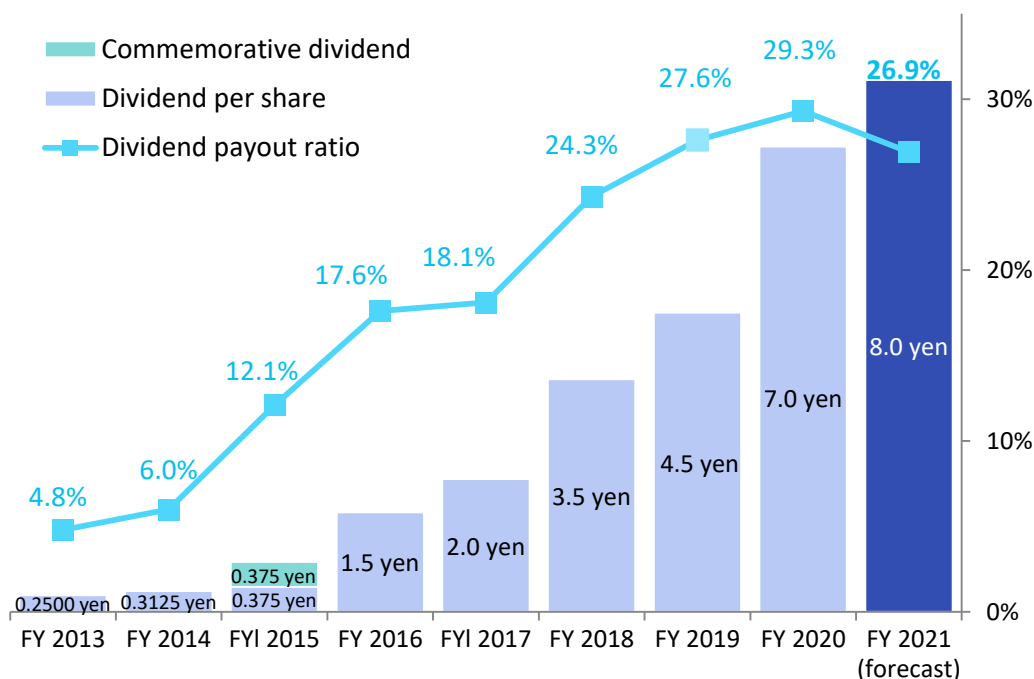
(millions of yen)

	Fiscal 2020 First Half Results	Fiscal 2021 First Half Results	YoY change	Fiscal 2020 Results	Fiscal 2021 Forecast	YoY Change
Net sales	12,162	15,218	25.1%	26,056	31,400	20.5%
Operating profit	985	1,403	42.4%	2,068	2,700	30.5%
<i>Operating profit to net sales</i>	<i>8.1%</i>	<i>9.2%</i>		<i>7.9%</i>	<i>8.6%</i>	
Ordinary profit	991	1,414	42.7%	2,148	2,720	26.6%
<i>Ordinary profit to net sales</i>	<i>8.2%</i>	<i>9.3%</i>		<i>8.2%</i>	<i>8.7%</i>	
Profit	664	956	43.8%	1,446	1,800	24.4%
<i>Profit to net sales</i>	<i>5.5%</i>	<i>6.3%</i>		<i>5.6%</i>	<i>5.7%</i>	
EPS	10.97 yen	15.78 yen		23.87 yen	29.73 yen	

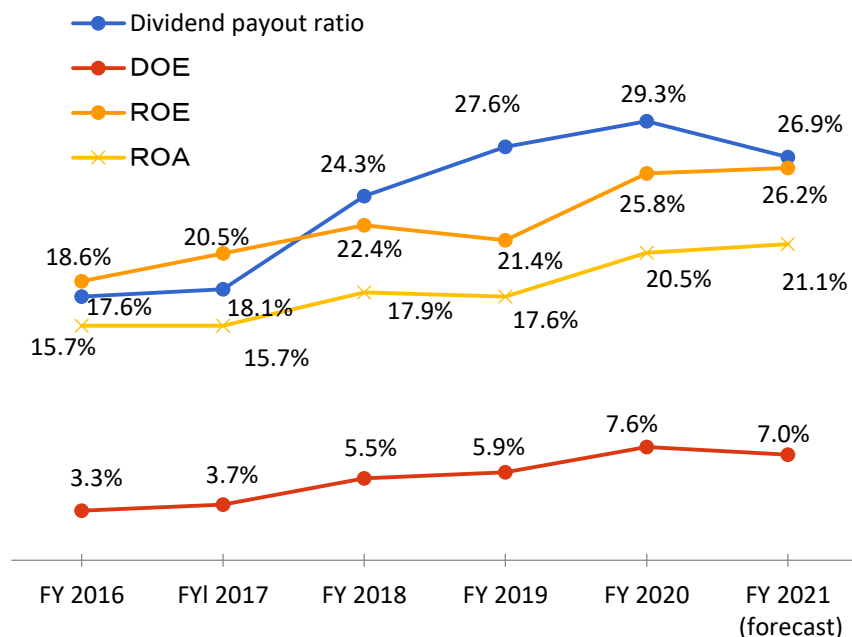
(Note) Net assets per share (BPS) has been retroactively revised to take into account the impact of the 2-for-1 stock split implemented on January 1, 2021.

- Payment of year-end dividend for fiscal 2021 will be **8.0 yen** per share (A year-on-year increase of 1.0 yen, as the dividend for fiscal 2020 would stand at 7.0 yen per share when considering the stock split conducted as of January 1, 2021)
- With the basic policy of having the payout ratio of **30%**, will aim for continuous increase in dividend.

Change in Dividend per Share and Dividend Payout Ratio



Changes in Financial Indicators



(Note 1) Dividend per share in the above graph has been retroactively adjusted to reflect the 100-for-1 stock split on July 28, 2014, the 2-for-1 stock split on July 1, 2015, the 2-for-1 stock split on October 1, 2017, the 2-for-1 stock split on January 1, 2019, and the 2-for-1 stock split on January 1, 2021.

(Note 2) Dividend payout ratio is on a non-consolidated basis through fiscal 2016 and on a consolidated basis for fiscal 2017 and thereafter.

- Aim for consolidated net sales of 38.0 billion yen in fiscal 2022.

	2019 (Results)	2020 (Results)	2021 (Forecast)	2022 (Planned)
Net sales	21.5 billion yen	26.0 billion yen	31.4 billion yen	38.0 billion yen
Operating profit	1.49 billion yen	2.06 billion yen	2.7 billion yen	3.0 billion yen
Operating profit margin	6.9%	7.9%	8.6%	8.0%
Penetration rate of the target market	10%	11.7%	14.3%	20%
Domestic base	20 bases	21 bases	22 bases	23 bases
	Opened Shizuoka Branch Opened Hakodate Sales Office Started overseas research	Opened Okinawa Branch Postponed overseas research	Opened Chiba Branch Opened Osaka Branch No. 2 Postponed overseas research	Open more bases Resumed overseas research

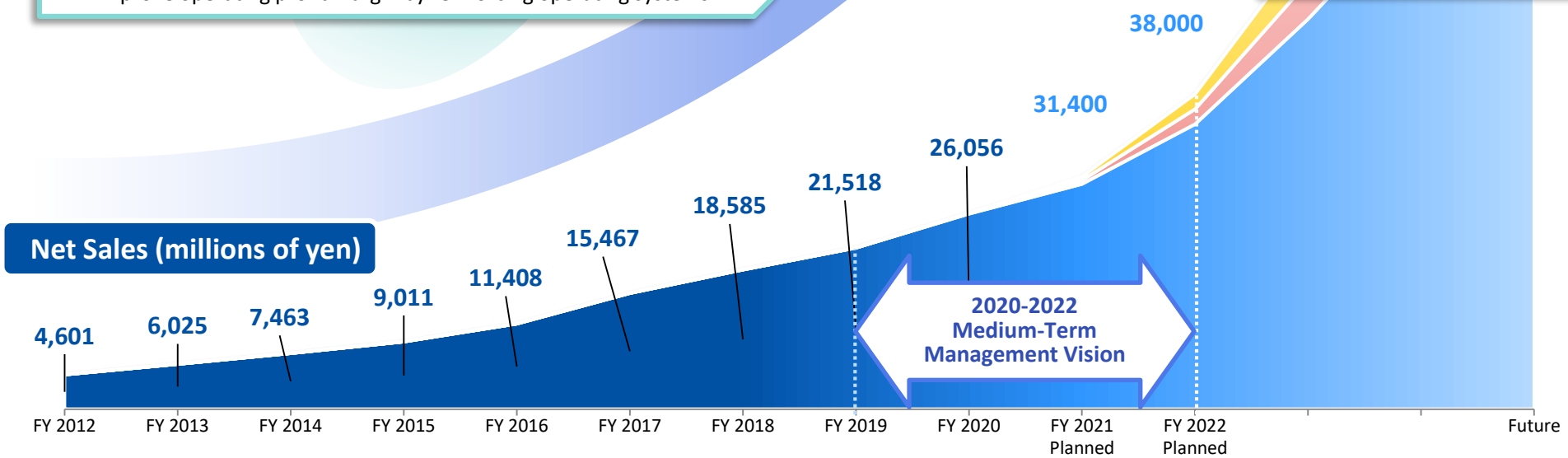
Medium-Term Management Vision for 2020 to 2022

Initiatives for Growth

- ELAN Group's Development Overseas
- Increase the penetration rate of the target market to 20% or higher as a group
- Launch new businesses
- Create a platform for patients and their families
- Enhance added value to differentiate ELAN from other companies
- Improve operating profit margin by reinforcing operating systems

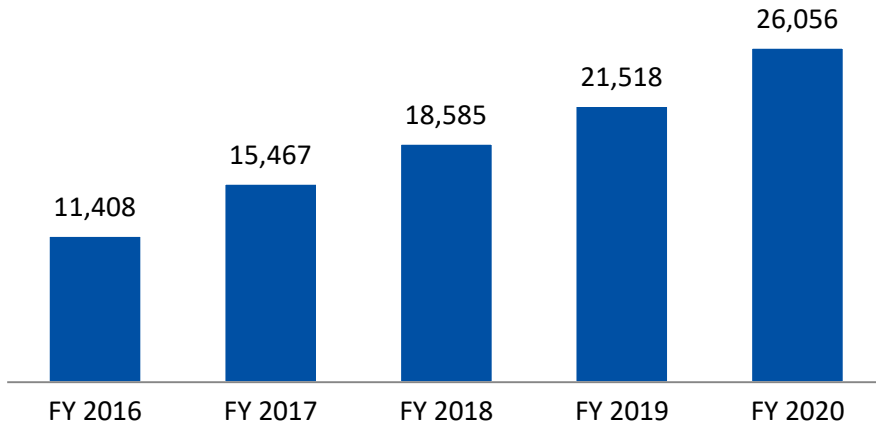
Next Stage

- New business
- Contract services business
- CS Set

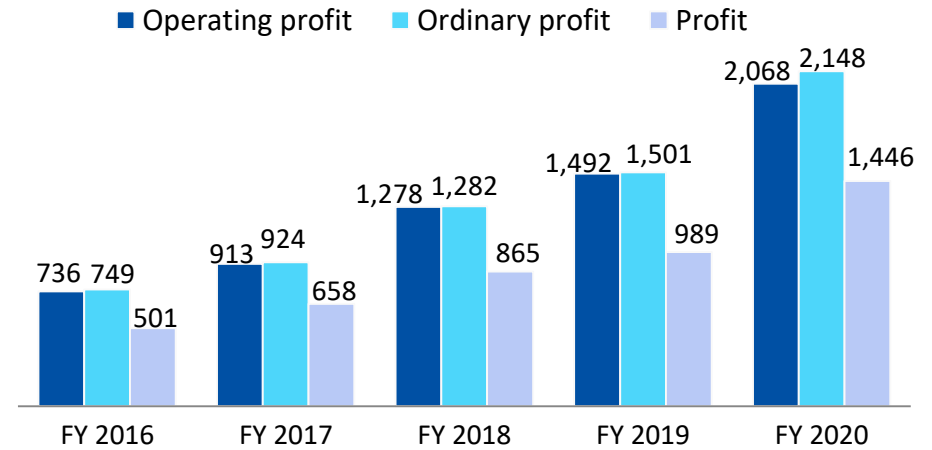


(Note) The figures are on a non-consolidated basis through fiscal 2016 and on a consolidated basis for fiscal 2017 and thereafter.

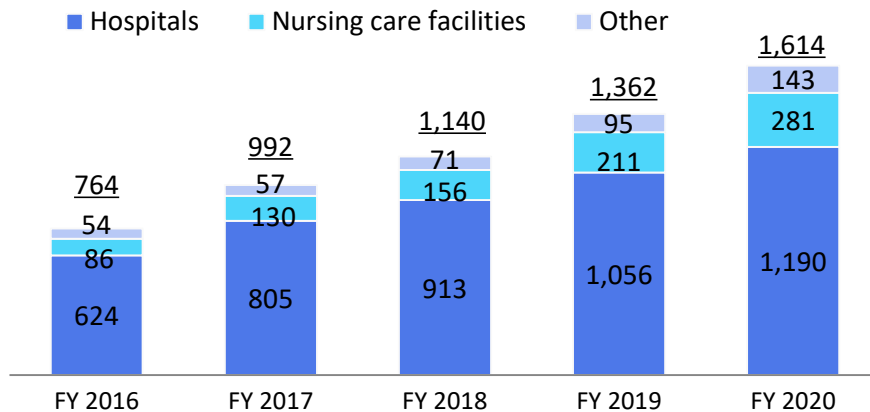
Change in Net Sales (millions of yen)



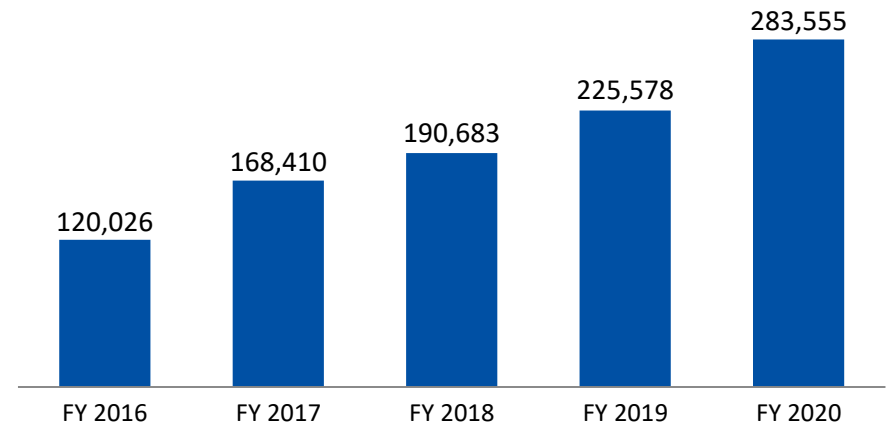
Change in Profits (millions of yen)



Change in Number of Contracted Facilities



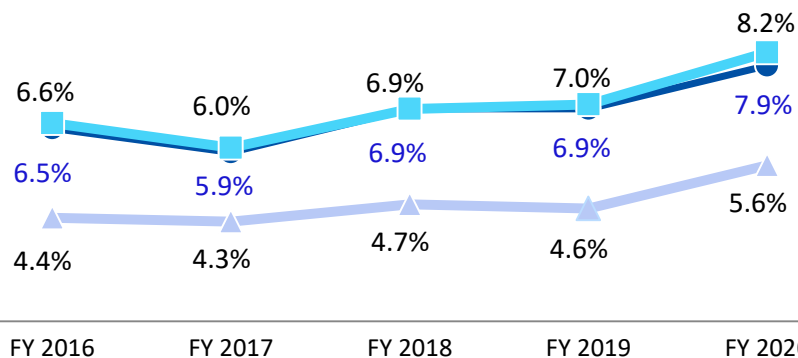
Change in Number of Monthly Users (people)



(Note) Figures are on a non-consolidated basis through fiscal 2016 and on a consolidated basis for fiscal 2017 and thereafter.

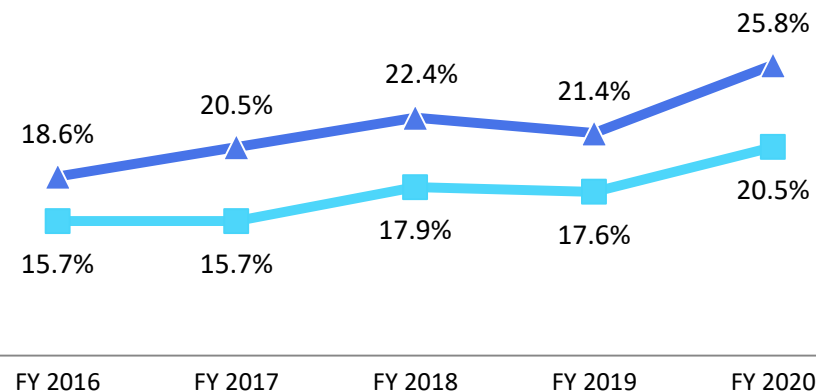
Change in Profit Margins

Operating profit margin Ordinary profit margin Profit margin



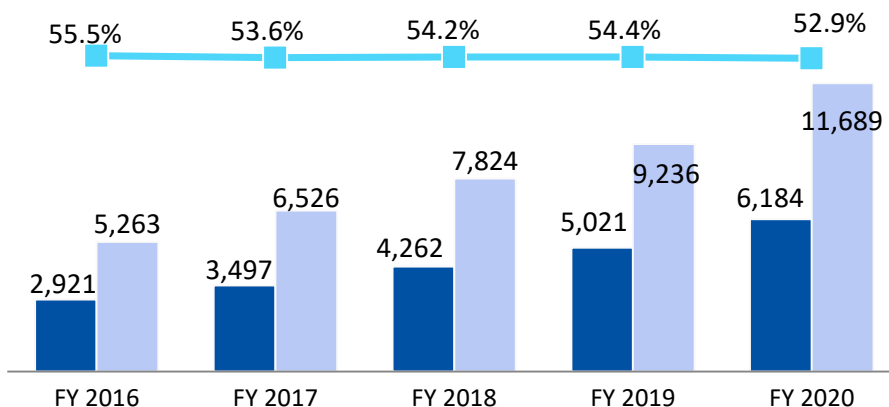
Change in ROE and ROA

ROE ROA



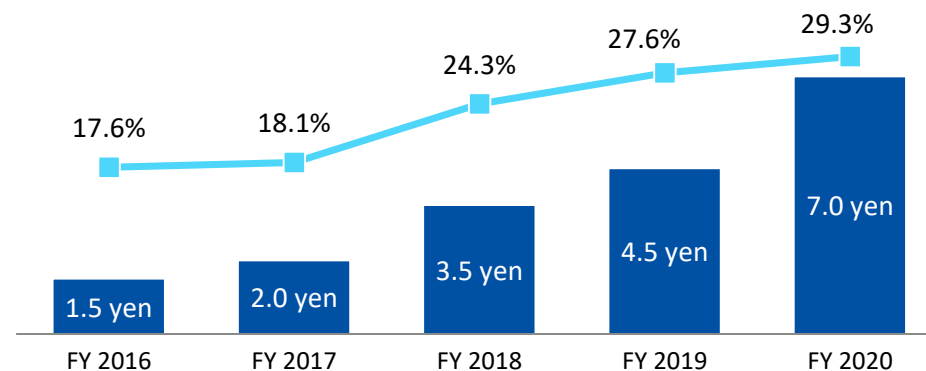
Change in Total Assets, Equity Capital and Equity Ratio (millions of yen)

Equity capital Total assets Equity ratio



Change in Dividend per Share and Dividend Payout Ratio

Dividend per share Dividend payout ratio



(Note) Figures are on a non-consolidated basis through fiscal 2016 and on a consolidated basis for fiscal 2017 and thereafter.

(Note) Dividend per share has been retroactively adjusted to reflect the 2-for-1 stock split on July 1, 2015, the 2-for-1 stock split on October 1, 2017, the 2-for-1 stock split on January 1, 2019, and the 2-for-1 stock split on January 1, 2021.

[Disclaimer]

This material has been prepared by ELAN Corporation.

This material includes forward-looking statements such as strategies and outlooks.

These statements are based on the judgments of ELAN at the time this material was prepared (November 11, 2021) and include risk factors and uncertainties.

Such statements may be changed due to a variety of reasons including changes in the business environment

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