

Tokyo Stock Exchange (TSE) Prime Market
Securities code: 6099

Bringing smiles to your
hospital/elderly facility stay



Operating Results for the Second Quarter of Fiscal 2022 Ending December 31, 2022

ELAN Corporation

In the first half of the fiscal year, the sixth wave of COVID-19 continued to constrain and affect activities in our society. Due to the current resurgence in infections, we must continue seeking a balance between infection prevention and economic activities in the second half.

At the same time, the economic environment remains challenging, with risks such as soaring global resource prices due to the situation in Ukraine and price hikes driven by the weakening yen.

To enhance corporate value, all Elan employees will continue working closely with healthcare workers and suppliers to resolve problems facing patients, customers, and their families.

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1. Operating Results for the Second Quarter of Fiscal 2022

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Results for First Half of FY2022

- Acquisition of new contracted facilities and growth in the number of users per facility led to higher sales and profits YoY
- Profits exceeded initial forecasts, partly because of continued restraints on activities due to COVID-19

Net sales

17,604 million yen
(+15.7% YoY)

Operating profit

1,713 million yen
(+22.1% YoY)

Ordinary profit

1,725 million yen
(+22.0% YoY)

Profit attributable to owners of parent

1,177 million yen
(+23.2% YoY)

Number of contracted facilities

1,945 facilities

(+156 new contracts/25 cancellations from the end of fiscal 2021)

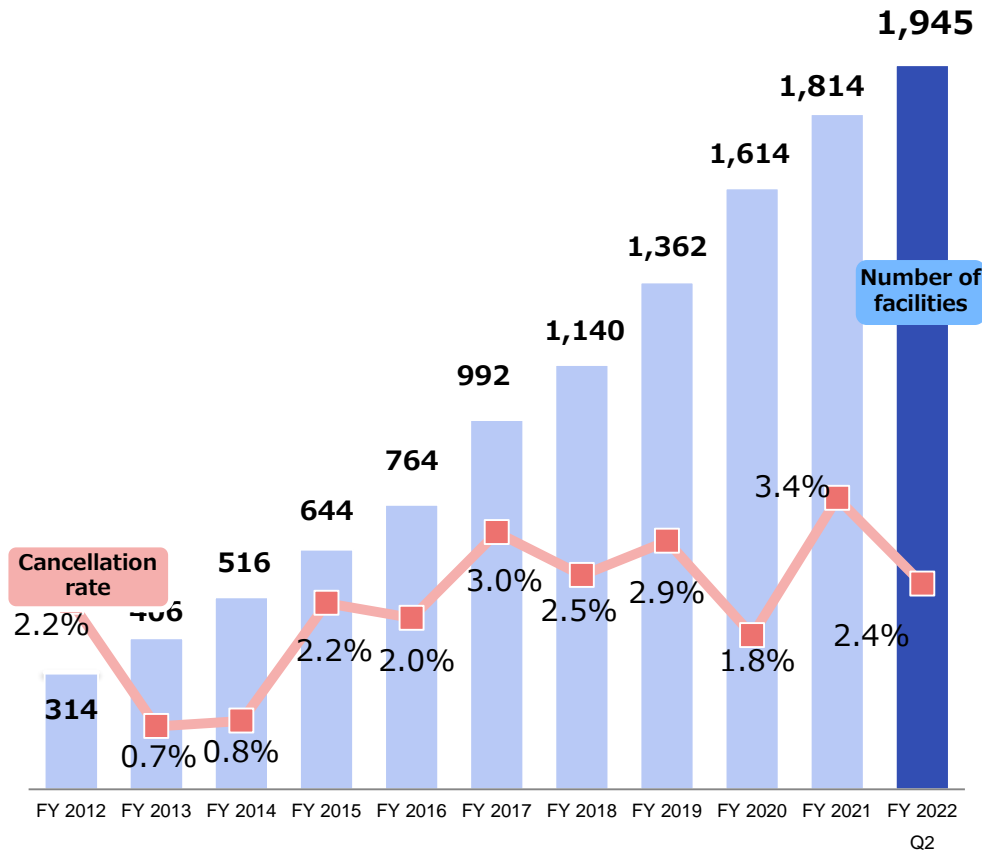
Monthly users

365,464 people

(+24,054 from the end of fiscal 2021)

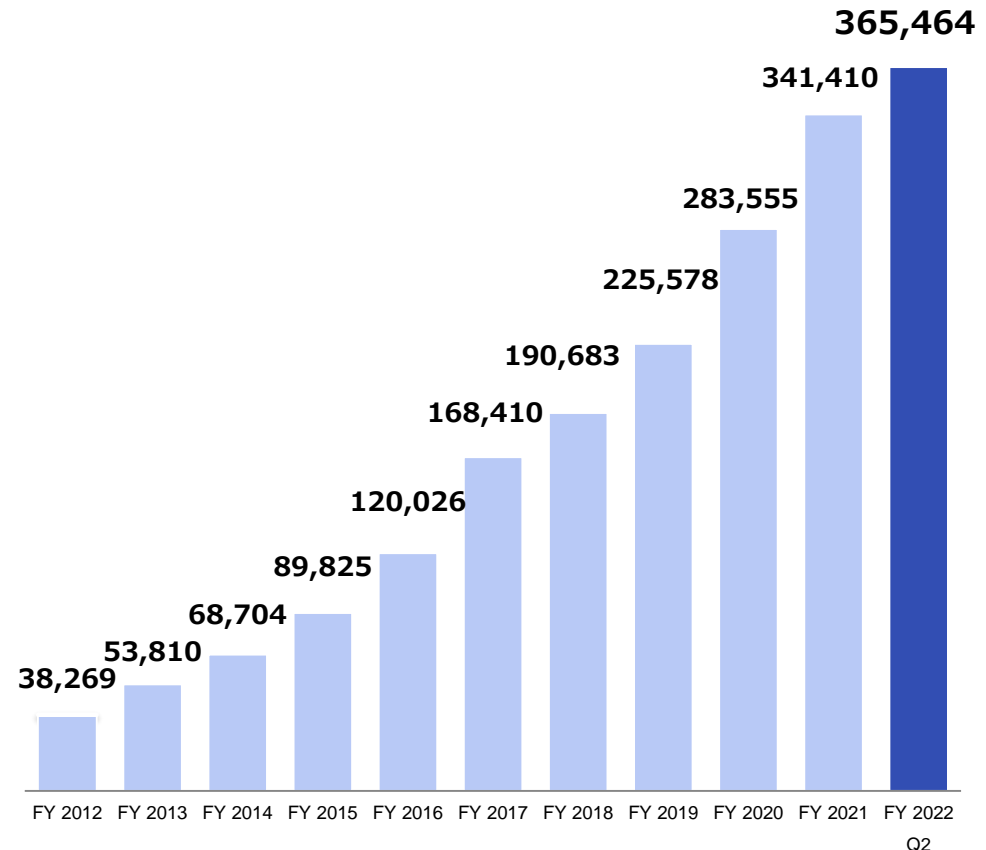
- The Q2 increase in new contracted facilities was lower than in the previous year (fiscal 2021 Q2: 94 facilities; fiscal 2022 Q2: 91 facilities)
- At the same time, users are steadily increasing (+20.4% YoY)

Contracted Facilities and Cancellation Rate



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

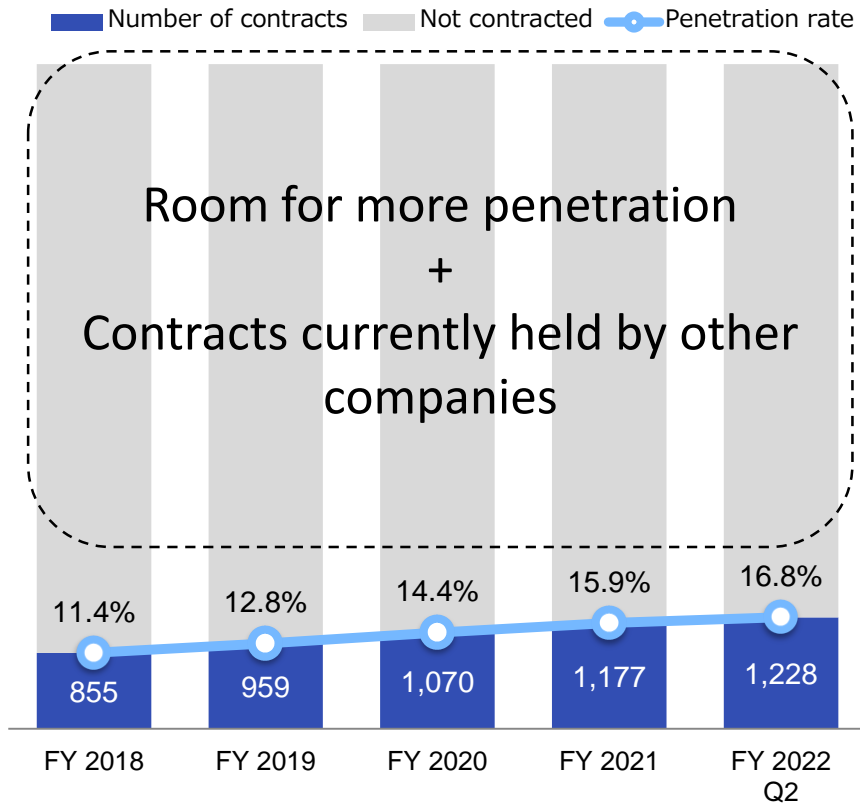
Monthly Users



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

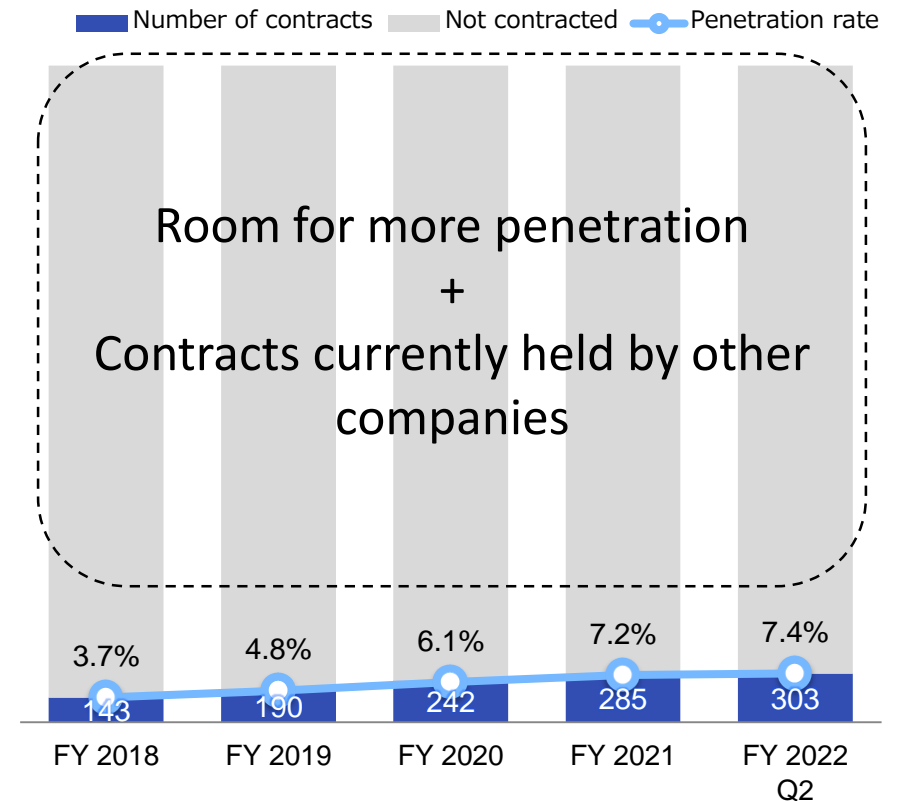
- With the number of contracted hospitals (with 50 or more beds) exceeding 1,200, the penetration rate has reached **16.8%**
- With the number of contracted long-term care health facilities and integrated facilities for medical and long-term care (with 50 or more beds) exceeding 300, the penetration rate has reached **7.4%**.

Penetration Rate of Hospitals (with 50 or More Beds)



ELAN's target is **7,329** facilities

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



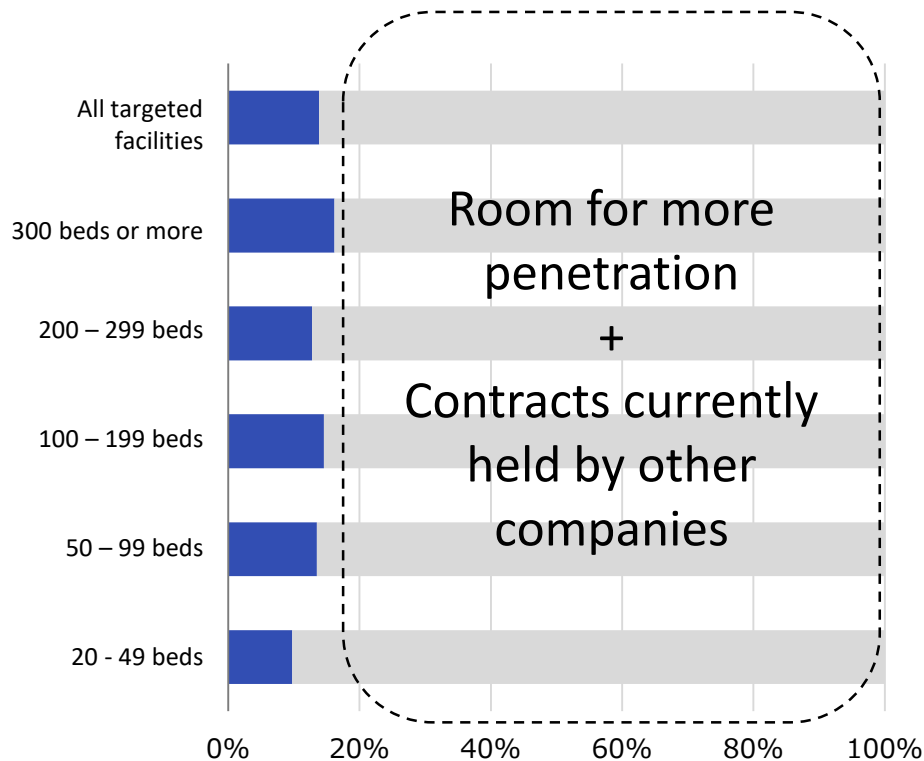
ELAN's target is **4,101** facilities

Notes: Prepared by ELAN with reference to the Survey of Medical Facilities 2020 and the Survey of Institutions and Establishments for Long-term Care 2020 by the Ministry of Health, Labor and Welfare.

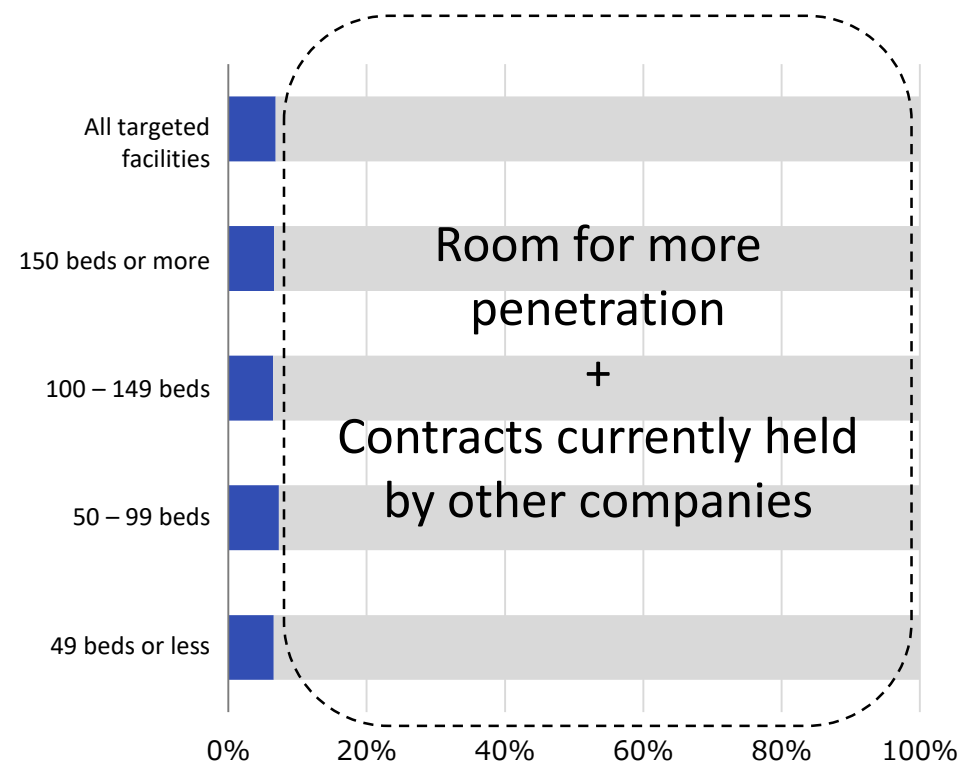
From the presentation materials for the first quarter of fiscal 2021, integrated facilities for medical and long-term care were added to long-term care health facilities when calculating the penetration rate. (Thus, the penetration rates for FY 2019 and FY 2020 differ from those presented in past materials.)

- The penetration rate is comparatively low for hospitals with 20–49 beds and 200–299 beds

Penetration Rate of Targeted Hospitals by Number of Beds



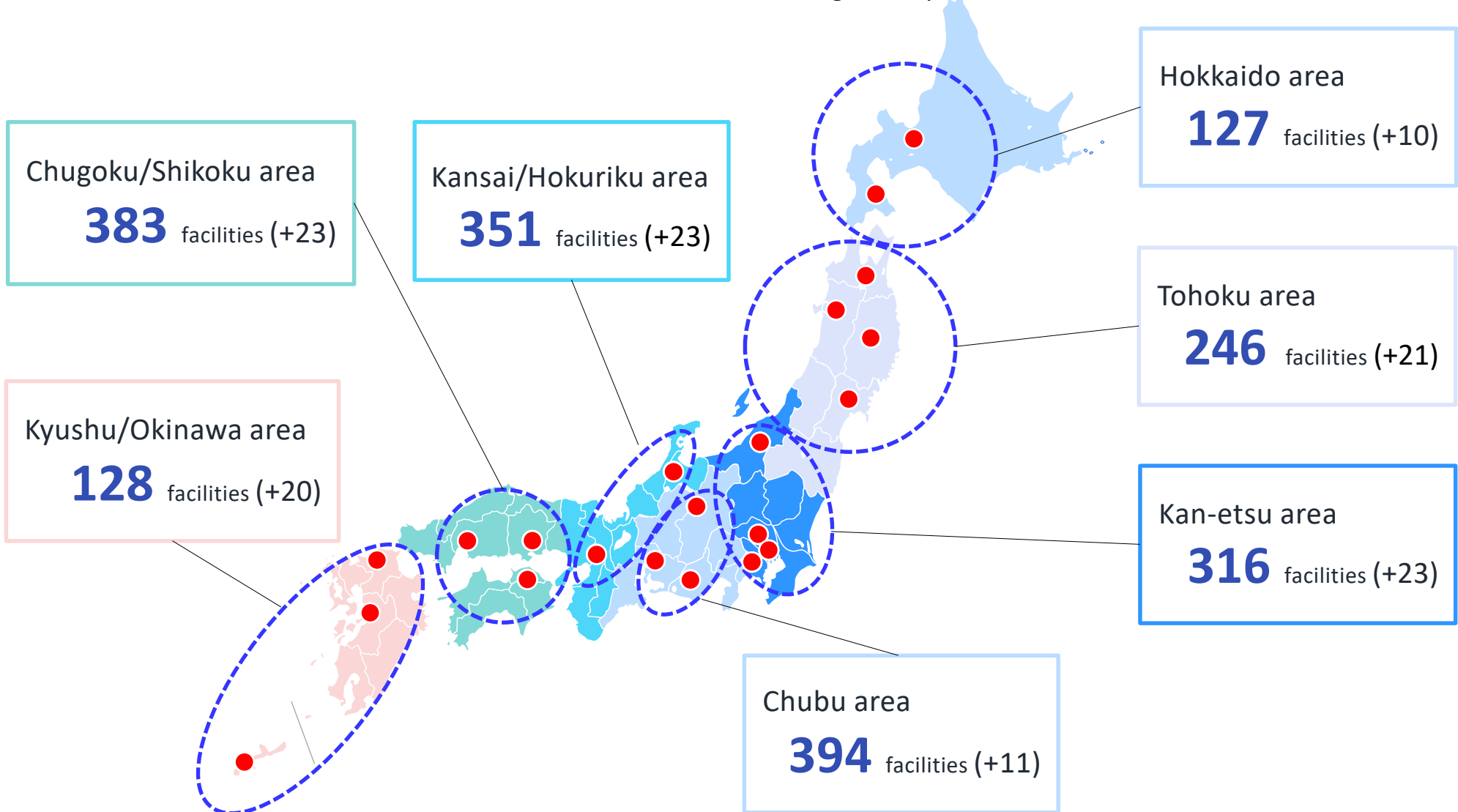
Penetration Rate of Targeted Long-term Care Health Facilities/ Integrated Facilities for Medical and Long-term Care by Number of Beds



Notes: The blue parts of the charts above represent the penetration rate of our service. Prepared by ELAN with reference to the Survey of Medical Facilities 2020 and the Survey of Institutions and Establishments for Long-term Care 2020 by the Ministry of Health, Labor and Welfare. Beginning with presentation materials 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.

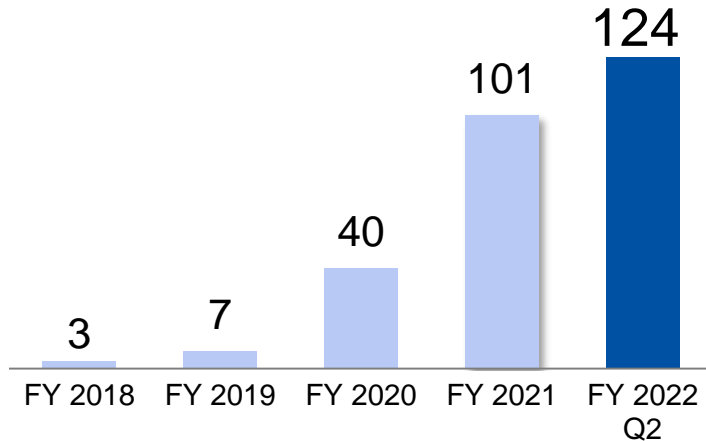
The number of contracted facilities is increasing steadily throughout Japan.

Note: Figures in parentheses indicate net increases in FY 2022.



R increased by **23** and LC increased by **12**

Number of Facilities Contracts for CS Set R

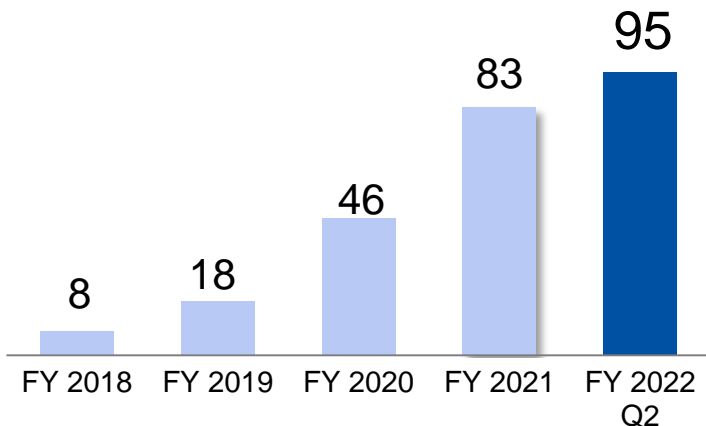


POINT of CS Set R

【Facility feedback】

- Facilitates smooth support for patients who are unable to find a co-guarantor due to the progress of aging society and more families becoming nuclear.
- Eliminates the difficulty of supporting patients who are unable to pay hospitalization deposits or are hospitalized due to emergencies.
- Reduces demanding activities (phone calls, written correspondence) associated with the collection of unpaid accounts, which are costly and psychologically burdensome for those in charge.

Number of Facilities Contracts for CS Set LC



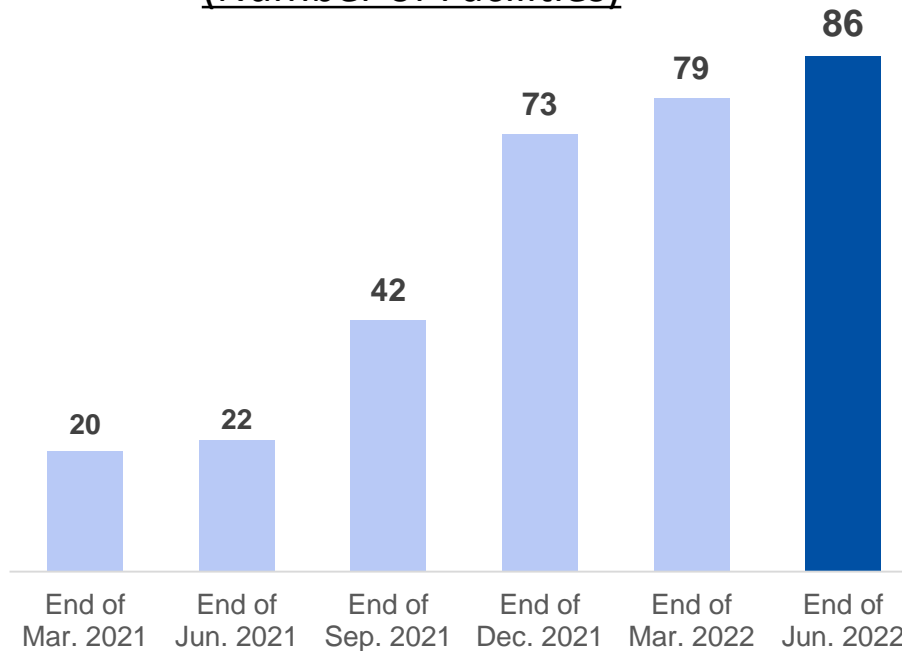
POINT of CS Set LC

【Facility feedback】

- Eliminates plumbing costs associated with unblocking toilets (each case is expensive, costing tens of thousands of yen), which were born by the hospital before LC was introduced. With a large number of elderly patients, this is a big help.
- Reduces stress on staff, as problems can be solved without having to blame the person who blocked the toilet.
- Clarifies the source of costs, reduces time for repairs as well as the need to take patients to other toilets further away during repairs.

- In May 2022, storage was expanded at the Yokohama Logistics Center, from about 314 m²(95 tsubo) to about 810 m² (245 tsubo)
- Also in May 2022, Elan's fleet of lightweight delivery vehicles acquired black license plate status (i.e., the company is registered as a light motor truck transportation business operator)
- Deliveries via in-house logistics increased to 86 facilities in June 2022

In-House Deliveries (Number of Facilities)



Note: Figures indicate the number of facilities to which in-house deliveries were being made, as of month-end.

**Increase number of items shipped
using in-house logistics and
merchandise stockpile volume**



**Facilitate delivery during disasters
Spread risks in emergencies and
stock shortages**





ELAN
株式会社エラン



Classico

lifte

Development of
original patient wear

- Name:** lifte
- Meaning:** Lift the quality and feeling of life at hospitals and facilities
- Fabric:** Comfortable texture and design
Remains soft and comfortable even with industrial laundering
- Progress:** Introduced at **five facilities** as of June 2022, with plans to introduce at over 10 additional facilities during 2022

Contracted with **4 companies** providing hospitalization set services and received contracts from **24 facilities**




Aiming to enhance customer satisfaction

Response to inquiries in other languages


- English
- Korean
- Mandarin Chinese
- Portuguese




Applications accepted from smartphones and PCs



Opening of a portal website dedicated for users



Payment for invoices by credit card and other methods



24-hour call center support Operating throughout the year (including on weekends and holidays)



Start handling individual invoicing and customer support for other companies' hospitalization sets

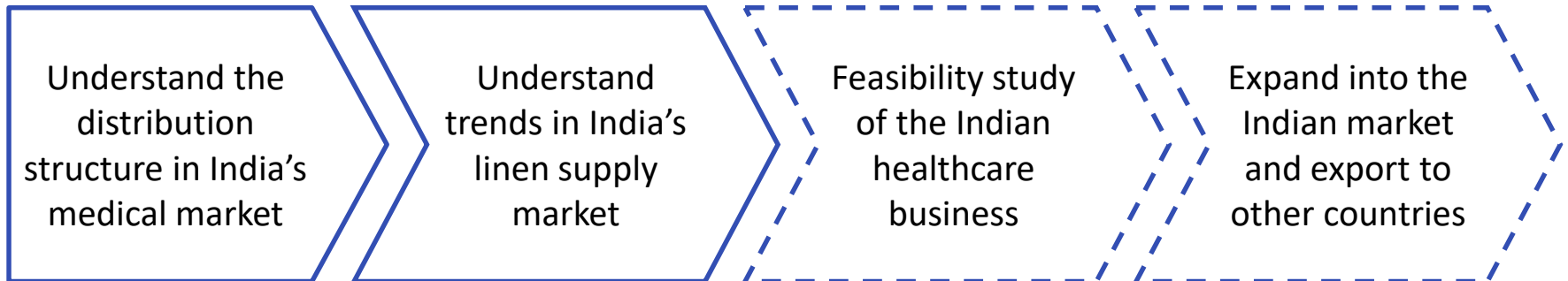


- Through investments in medical product wholesaler Boston Ivy Healthcare Solution Pvt. Ltd. (BIHS) and hospital laundry service provider Quick Smart Wash Pvt. (QSW), we will examine the potential for healthcare business in India with the aim of creating new business in partnership with both companies.
- Examinations resumed in June with on-site visits.
- Additional investment in QSW has raised Elan's equity share to 26.8%. These funds will be used to construct linen factories in major cities across India.
- This additional investment in QSW will also lead to the appointment of a new director, bringing the number of directors from Elans serving on QSW's Board of Directors to two people.

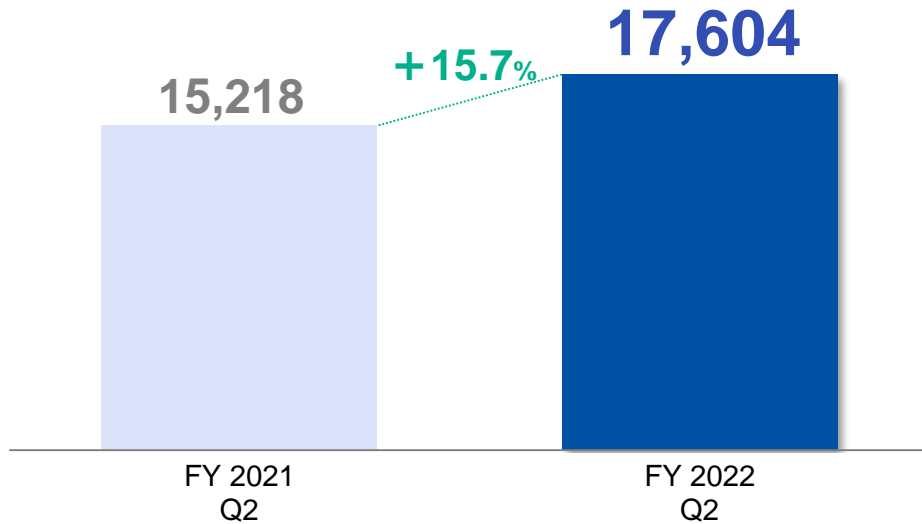
medikabazaar
...ProCure&Cure



... ..



Net Sales (Millions of Yen)



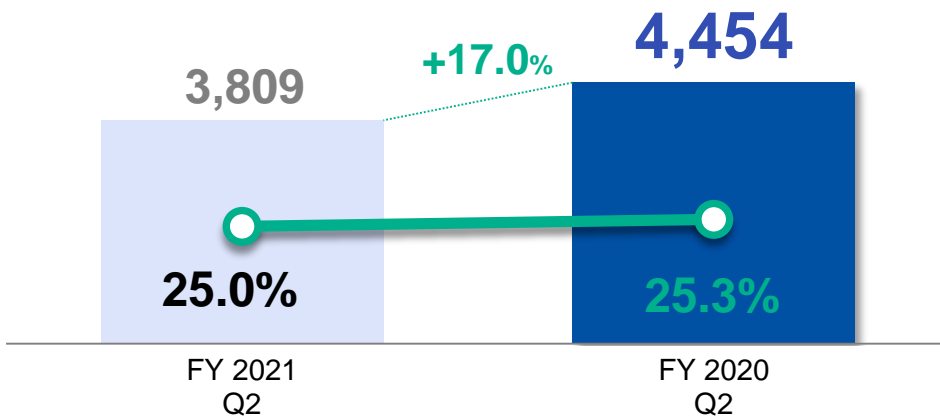
Year on year: +2,386 million yen

+225 facilities

Number of new facilities contracted for CS set

• FY 2021 Q1-Q2: 147 → FY 2022 Q1-Q2: 156

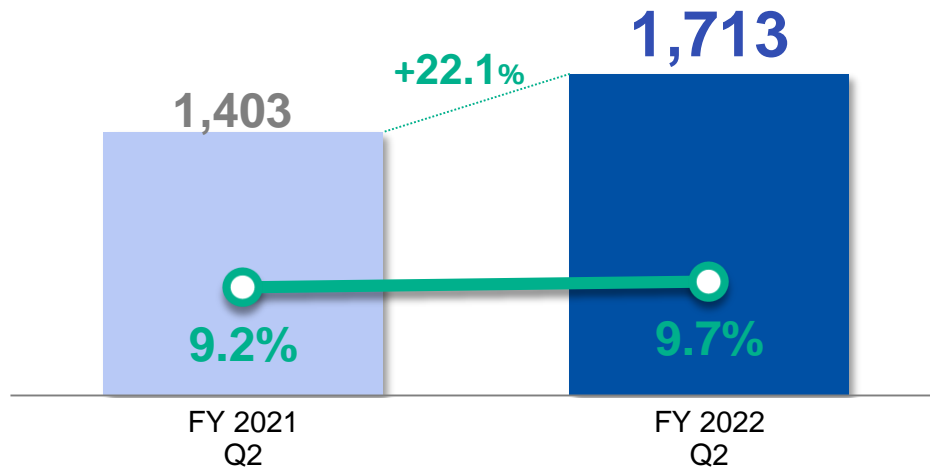
Gross Profit (Millions of Yen)



Year on year +645 million yen

Gross profit margin **+0.3 points** year on year

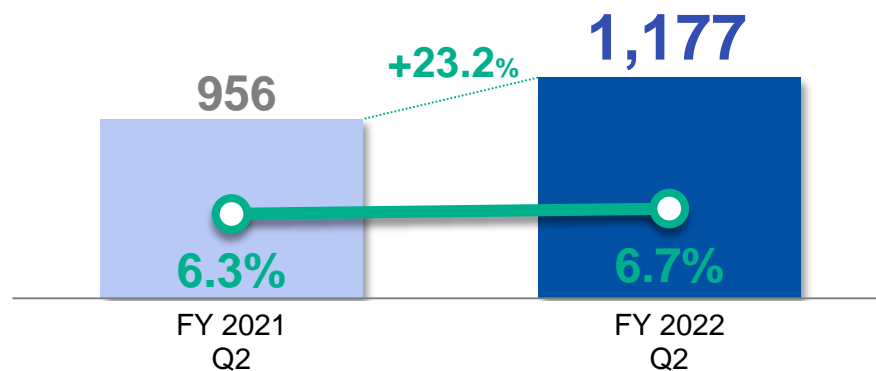
Operating Profit (Millions of Yen)



Year on year: **+310** million yen

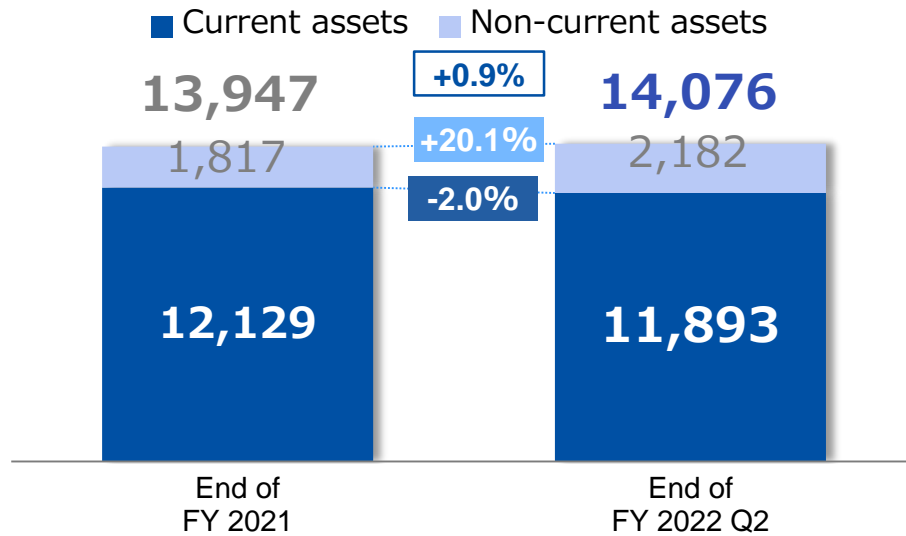
Operating profit was **+0.5 points** year on year due to continued improved operational efficiency through systemization.

Profit Attributable to Owners of Parent (Millions of Yen)



Year on year: **+221** million yen

Assets (Millions of Yen)



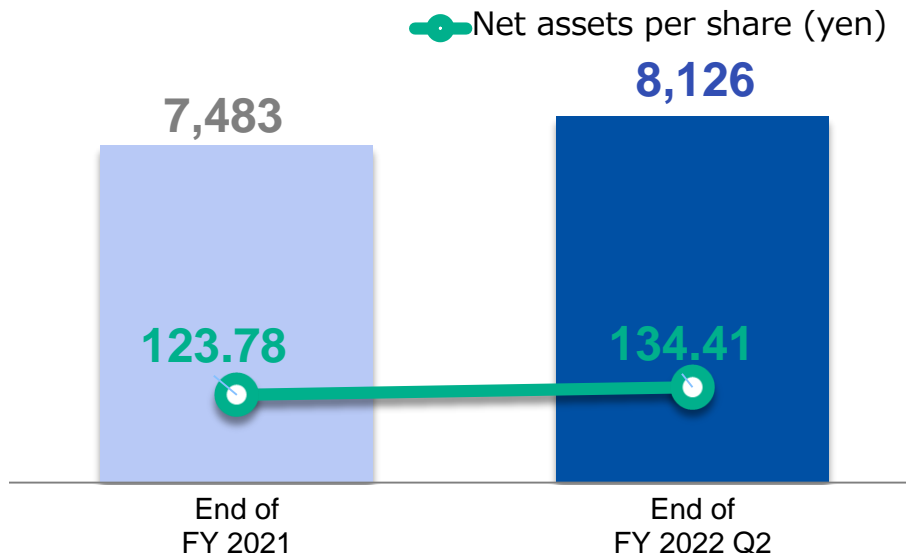
Total assets

Compared with the end of the previous fiscal year:

+128 million yen

Property, plant and equipment: 143 million yen

Net Assets (Millions of Yen)



Net assets

Compared with the previous fiscal year:

+642 million yen

BPS FY 2021: 123.78 yen
 → FY 2022 Q2: 134.41 yen (+8.6%)

2. Second Half Strategies and Full-year Forecast for Fiscal 2022

Bringing smiles to your
hospital/elderly facility stay

 E L A N

Expand nationwide market share

- Numerical targets: Sales of 37 billion yen, operating profit margin of 8.1%, market share of **16%**
- Open new branch (Matsuyama)
- Develop new added value



Promote digitalization

- Promote further improvements in operational efficiency by introducing tablets at existing facilities
- Digitalize logistics and purchasing-related operations
- Go paperless in in-house operations



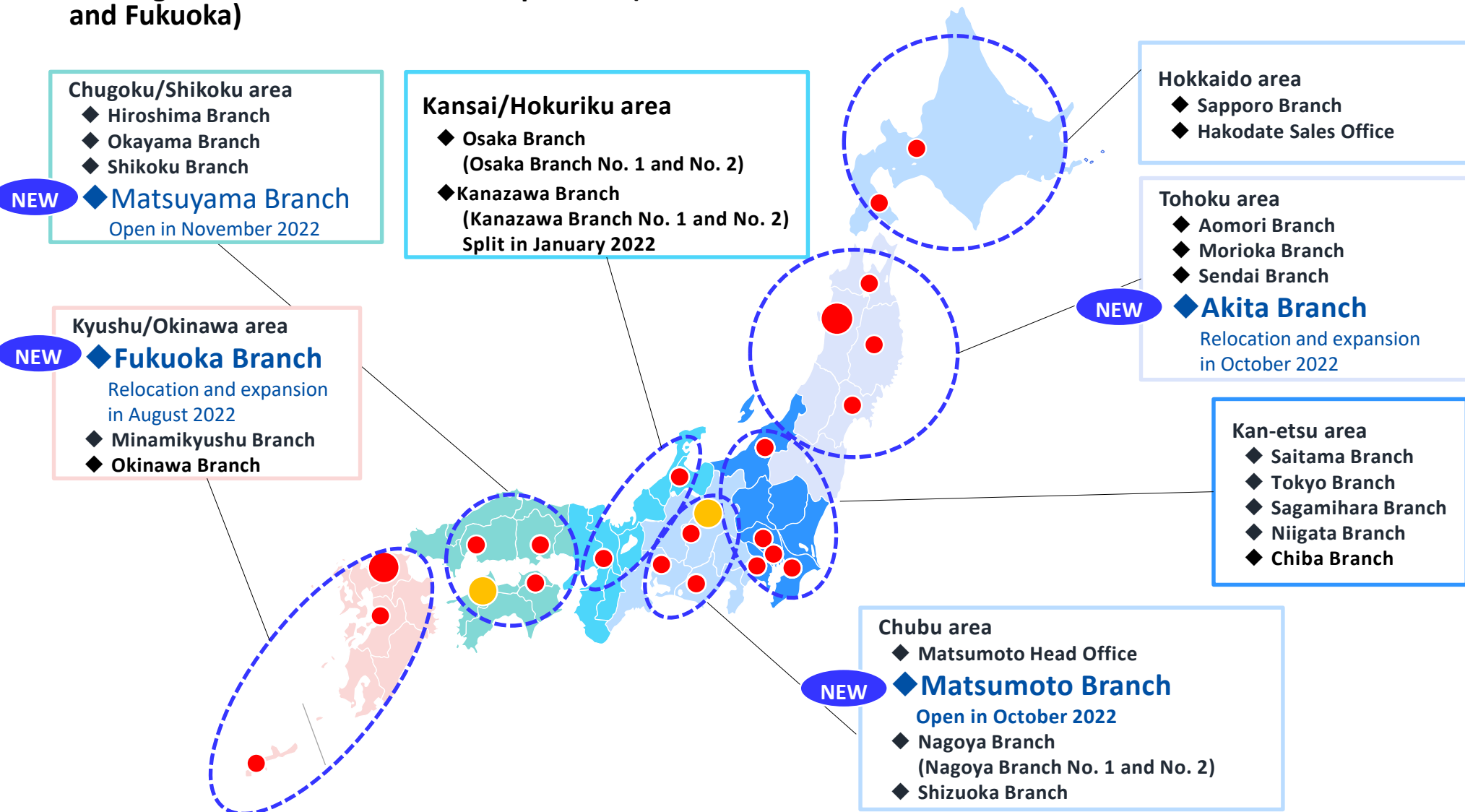
Launch new businesses

- Start preparing for the electronic medical record collaboration business and new business in Okinawa
- Start preparing for M&A and new capital and business alliances
- Start preparing for overseas operations



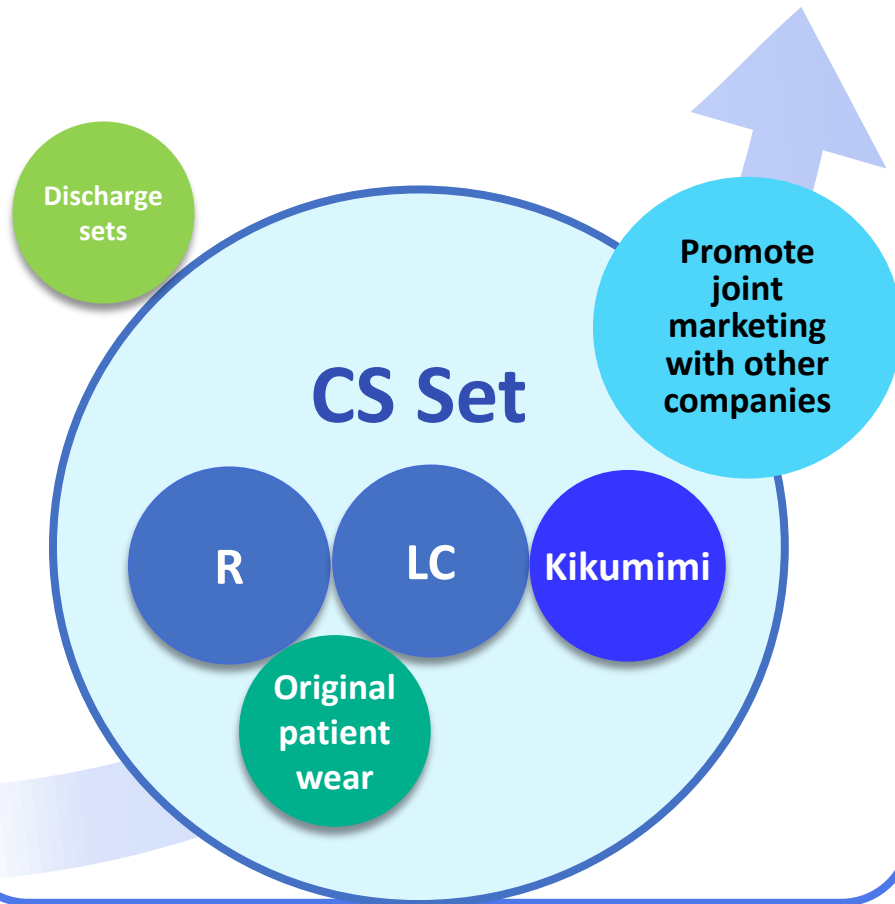
- Open new branches (Matsumoto and Matsuyama)
- Existing branches relocation and expansion (Akita and Fukuoka)

▶ Improve existing response capabilities and enhance new development capabilities

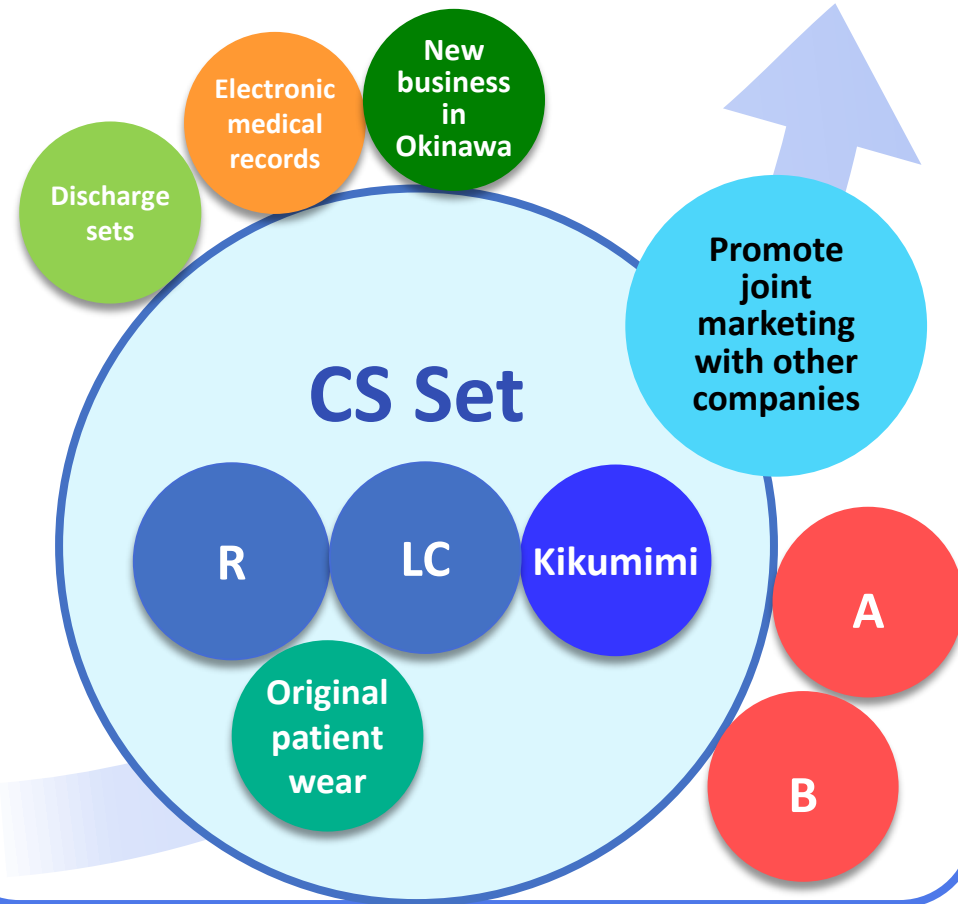


Develop new added value and peripheral services of CS Set

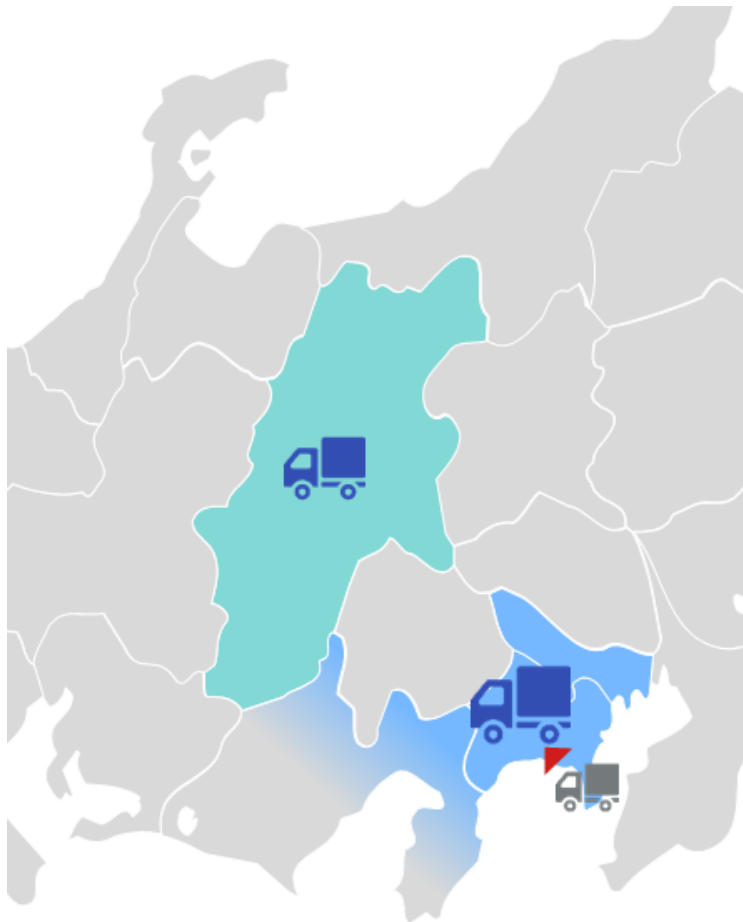
“Discharge Sets” launched as a peripheral service to CS Set with the addition of the value of R, LC, Kikumimi and original patient wear.



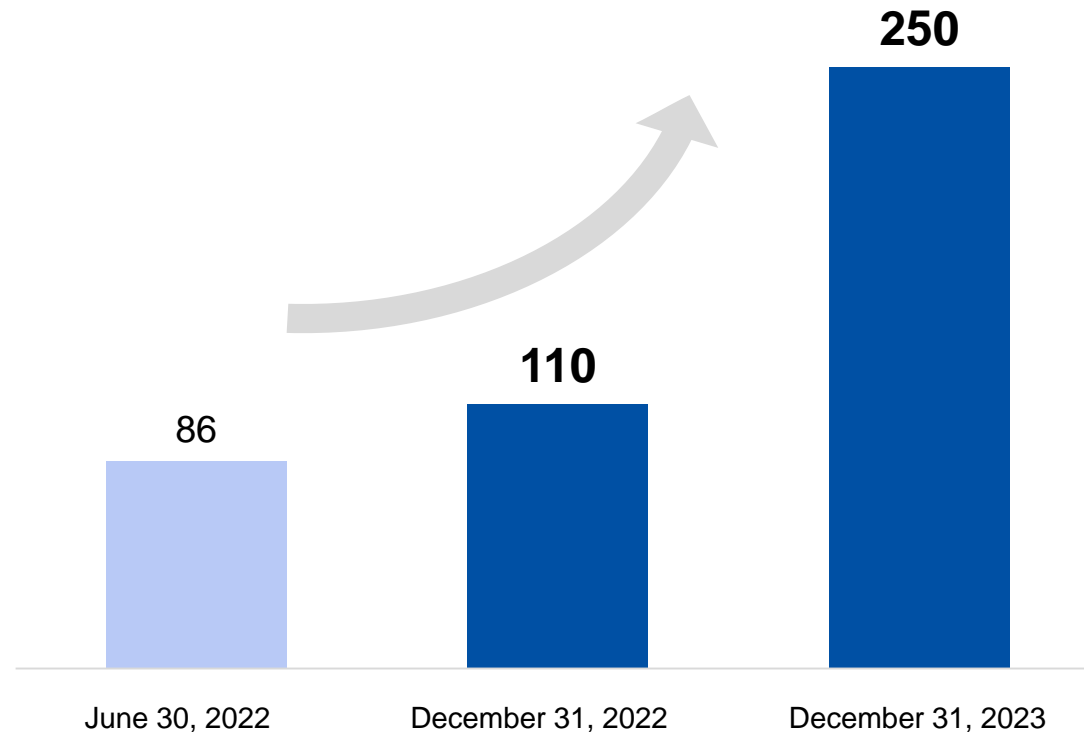
“Electronic medical records,” “new business in Okinawa” and new “A” and “B” are scheduled to be developed for the “Discharge sets” peripheral service.



- The **Yokohama Logistics Center** is scheduled to be **relocated and expanded** as the **Kanagawa Logistics Center** (Sagamihara) in September 2022
- A **new logistics base** in Matsumoto, Nagano Prefecture, is slated to open in October 2022
- Elan will expand delivery areas and bases during 2023 with the aim of establishing a delivery system encompassing 250 facilities



Estimated number of facilities receiving in-house deliveries

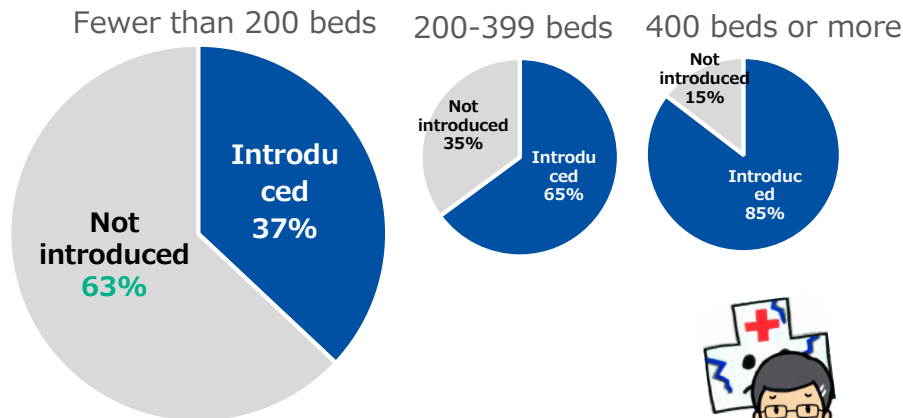




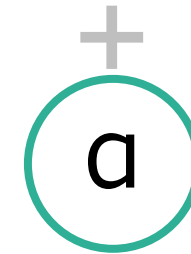
ELAN Quartet

- Launch “ELAN Quartet” electronic medical record business
- Naming: Medical record + quartet (patient, doctor, nurse, co-medical)
- Targeting early start of +α services from February 2023 onward
- Plan to prepare electronic medical records required by hospitals during 2023

Penetration Rate of Electronic Medical Records at Hospitals



Source: Survey of Medical Facilities 2017 (Ministry of Health, Labour and Welfare)



Background

- Digitalization of medical institutions is inevitable
- Electronic medical records have not been adopted at small and medium-sized hospitals due to budgeting issues

Effect

- Significant cost control and enhancement of added value is possible with the introduction of electronic medical record +CS Set +α

- On April 18, subsidiary Ryuku Elan developed the Ganju PASS app
- Developed in Okinawa, the name of this app combines the Okinawan word for health and hardiness (*ganju*) with the English word “pass” as in passport, which permits users to take the path (toward health)
- Elan plans to increase the number of registered users and affiliate facilities through collaborations with Naha City, external bodies, and partner companies

Features

Ganju PASS



Proof of vaccination status and PCR test results

Search for shops verified as implementing infection countermeasures



Lists restaurants in Okinawa Prefecture meeting infection countermeasure standards

Shops offering special benefits for Ganju PASS users



Map of shops offering special benefits to Ganju PASS users

Three Cs map



Map providing live updates on six different levels of congestion at locations where the system is installed in Okinawa Prefecture

PCR test venue map



Map indicating where to receive PCR testing in Okinawa Prefecture

■ Initial full-year forecast remains unchanged at present for three reasons:

1. Utilization rates at existing facilities remain high
2. However, acquisition of new contracted facilities was sluggish in Q2 due to constraints on sales activities associated with the sixth wave of COVID-19. Further, the impact of the seventh wave on acquisition of new contracts in the second half remain unclear
3. Gross profit margin is expected to worsen temporarily due to a difference in timing between the rise of purchase costs in line with inflation and CS set usage price hikes

(Millions of yen)

	Fiscal 2021 First Half Results	Fiscal 2022 First Half Results	YoY Change	Fiscal 2021 Results	Fiscal 2022 Forecast	YoY Change
Net sales	15,218	17,604	15.7%	31,635	37,000	17.0%
Operating profit	1,403	1,713	22.1%	2,798	3,000	7.2%
<i>Operating profit to net sales</i>	9.2%	9.7%		8.8%	8.1%	
Ordinary profit	1,414	1,725	22.0%	2,818	3,020	7.1%
<i>Ordinary profit to net sales</i>	9.3%	9.8%		8.9%	8.2%	
Profit	956	1,177	23.2%	1,905	2,000	4.9%
<i>Profit to net sales</i>	6.3%	6.7%		6.0%	5.4%	
EPS	15.78 yen	19.48 yen		31.49 yen	33.08 yen	

- The fiscal 2022 target market penetration rate forecast was changed from 20% to 16% for two reasons:
 1. Slowdown in acquisition of new contracts due to pandemic
 2. Fewer hospital consolidations than expected in 2019

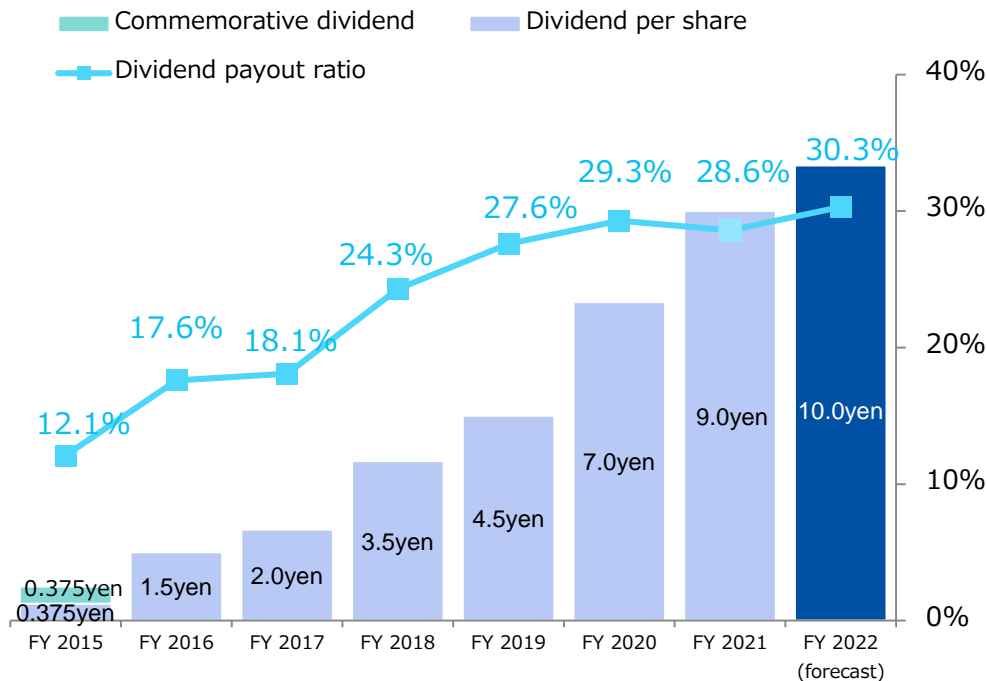
	2019 (Results)	2020 (Results)	2021 (Results)	2022 (Forecast)
Net sales	21.5 billion yen	26.0 billion yen	31.6 billion yen	37.0 billion yen
Operating profit	1.49 billion yen	2.06 billion yen	2.7 billion yen	3.0 billion yen
Operating profit margin	6.9%	7.9%	8.8%	8.1%
Penetration rate of the target market	10%	11.7%	12.8%	16%
Domestic base	21 bases	22 bases	24 bases	27 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	Opened Kanazawa Branch No.2 Open Matsumoto Branch (planned for October) Open Matsuyama Branch (planned for November) Resume overseas research

← Medium-Term Management Vision for 2020 to 2022 →

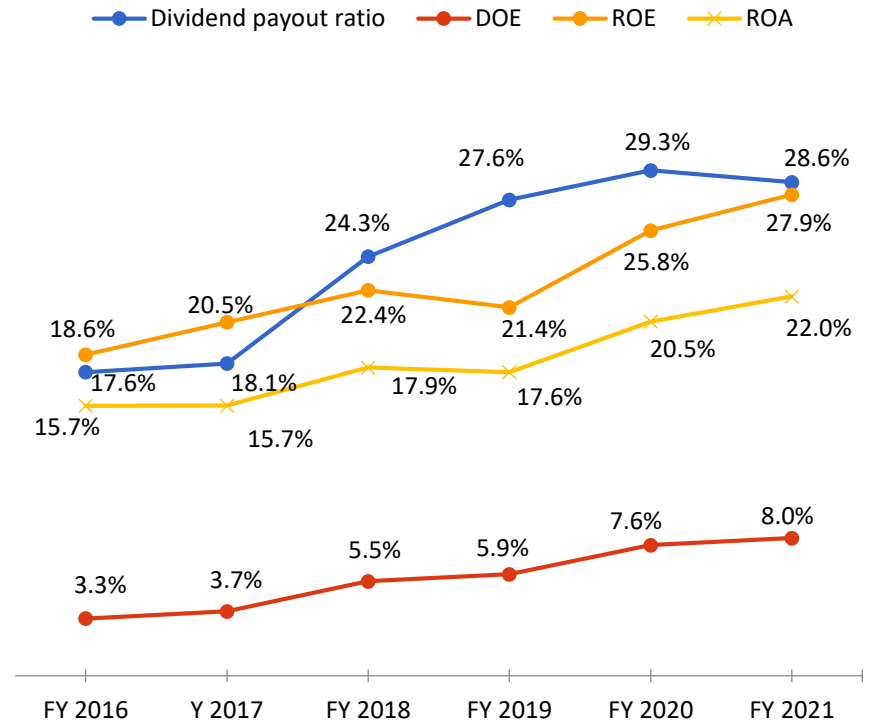
Note: No. 2 branches are counted as individual bases starting in Q2 fiscal 2022, so the figure differs from the past presentation materials. Accordingly, No. 1 and No. 2 branches are now counted as a single base in Nagoya, Osaka and Kanazawa.

- The year-end dividend forecast for fiscal 2022 is **10.0 yen** per share
- The consolidated payout ratio for fiscal 2022 is projected to be **30.3%**, +1.7 points YoY

Dividend per Share and Dividend Payout Ratio



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.

3. New Medium-Term Management Vision (2023–2025)

Bringing smiles to your
hospital/elderly facility stay

 E L A N

Targets (before revisions) and results presented at the earnings announcement, and the current full-year forecast

Fiscal 2020

	Plans	Results	Vs. Plan
Net sales	24.6 billion yen	26.0 billion yen	106%
Operating profit	1.70 billion yen	2.06 billion yen	121%
Operating profit margin	7.0%	7.9%	113%
Penetration rate of the target market	12%	11.7%	98%
Domestic base	21 bases	22 bases	105%

Fiscal 2021

	Plans	Results	Vs. Plan
Net sales	30.0 billion yen	31.6 billion yen	105%
Operating profit	2.31 billion yen	2.79 billion yen	121%
Operating profit margin	7.7%	8.8%	114%
Penetration rate of the target market	14.3%	12.8%	90%
Domestic base	22 bases	24 bases	109%

Fiscal 2022

	Plans	Forecast	Vs. Plan
Net sales	38.0 billion yen	37.0 billion yen	97%
Operating profit	3.00 billion yen	3.00 billion yen	100%
Operating profit margin	8.0%	8.1%	101%
Penetration rate of the target market	20%	16%	80%
Domestic base	23 bases	27 bases	117%

◆ **Vision** — The future we seek —

Making a world with more smiles — Wellbeing

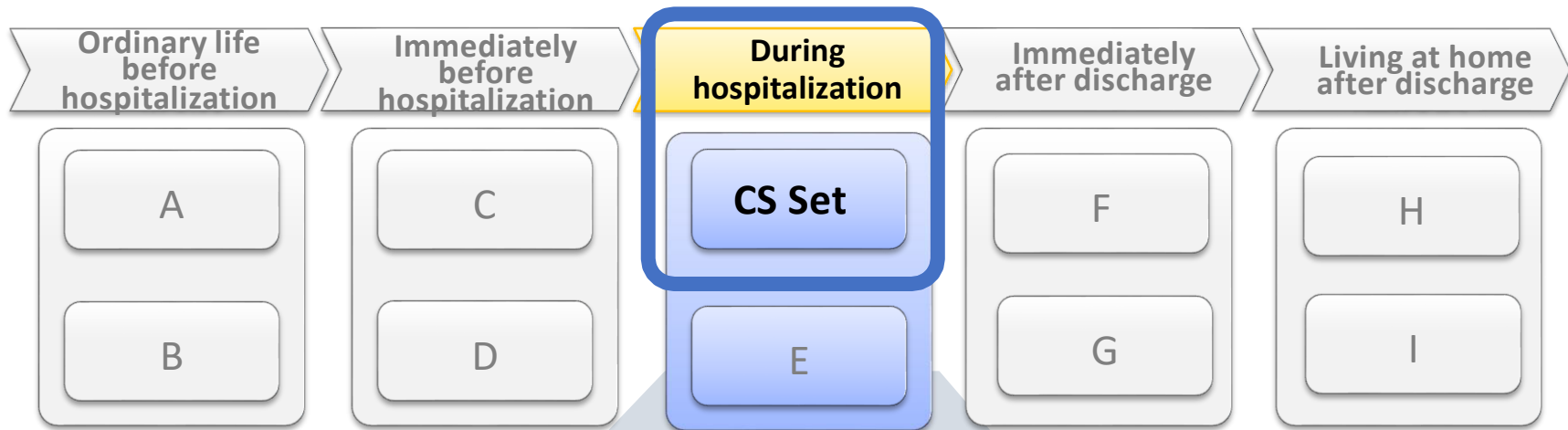
◆ **Purpose** — Social significance —

Realization of an enriching living environment

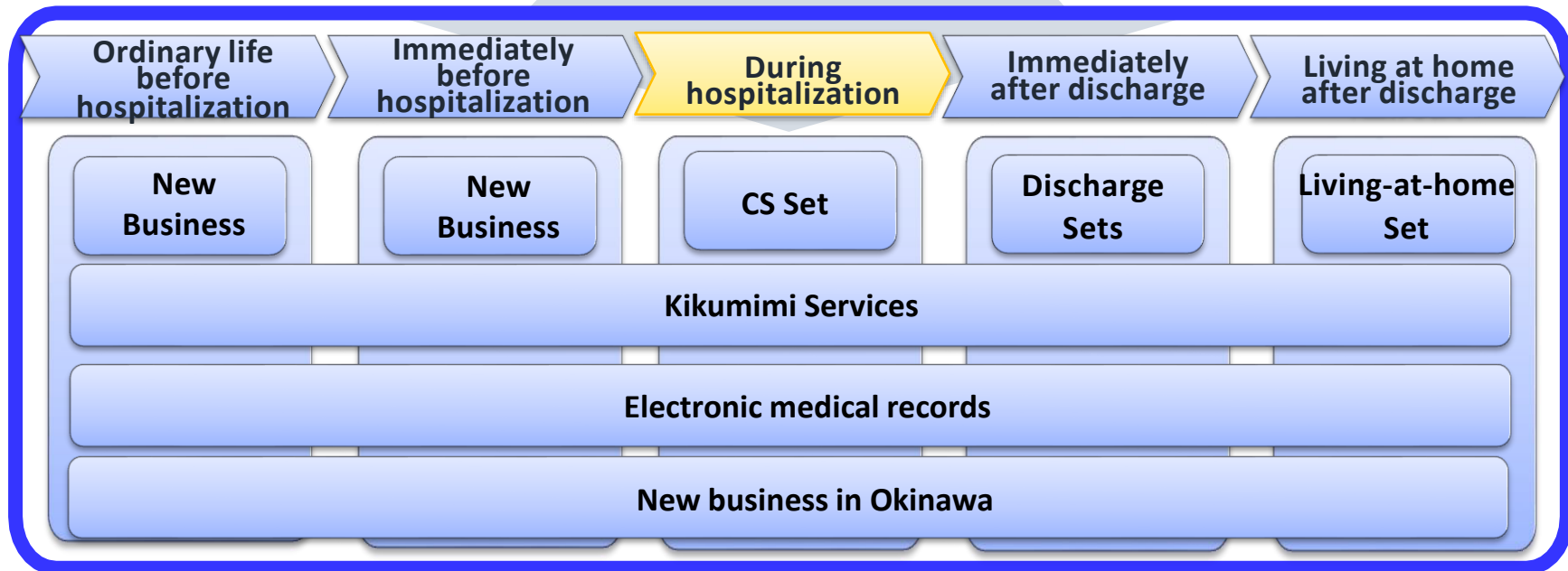
◆ **Management Philosophy**

We will pursue the best products and services that satisfy our customers and contribute to the realization of an enriching living environment through our passionate actions.

CS Sets make it a business to address “problems” during hospitalization



Create businesses that resolve “problems” in all phases



Ongoing Issues

- ❑ Increased competition
- ❑ Linen supplier independence
- ❑ Logistics inventory supply instability

- ❑ New graduate recruiting
- ❑ Professionals drawn to large corporations
- ❑ Workstyle reforms

- ❑ Conflict between Ukraine and Russia
- ❑ Geopolitical risks in other regions

New Issues

2022

- ❑ Inflation, price hikes
- ❑ Weakening yen
- ❑ Taiwan problem
- ❑ Cabinet reshuffle

2023

- ❑ Integration of My Number and health insurance cards
- ❑ Over 20 million people aged 75+
- ❑ Over 10 thousand people aged 100+
- ❑ Electronic prescriptions
- ❑ 2.33 million nursing care staff required

2024–2025

- ❑ 30% of Japan's population are elderly
- ❑ 3.2 million dementia patients
- ❑ 51.6% employment rate among 65–69 year olds
- ❑ Over 40% of transactions become cashless
- ❑ Unstaffed convenience stores increase to 4% of total

Business Vision

CS Set business

- CS Sets or other hospitalization support sets (including Elan service contracts) introduced in all hospital facilities, with more than seven hundred thousand satisfied users per month

New business

- Establish new platform providing lifetime services to users and generate additional revenue from subsidies, advertising, and other non-user derived sources

Overseas business

- Hospital-related business in India contributes to earnings, and business launched in a second country (Southeast Asia) with plans to launch in a third country

Organizational Vision

- Cultivate next-generation leaders to drive global expansion, and develop systems and organizations leveraging diverse talent across the Group
- Improve satisfaction among employees and their families (business and personal growth, enhanced compensation levels, better working conditions, and improved interpersonal relationships within and outside the company)

Sustainability Management, ESG Promotion

- Establish the “promotion of health and welfare,” “reduced environmental burdens,” and “a society full of smiles” as priority issues, and address them through indexing contribution activities and results, and integrating into management strategies
- Increase Board of Director efficacy, engage in ongoing governance enhancements

Aim for consolidated net sales of 68.0 billion yen in fiscal 2025.

	2021 (Results)	2022 (Forecast)	2025 (Forecast)
Net sales	31.6 billion yen	37.0 billion yen	68.0 billion yen (CS sets 60.0 billion yen)
Operating profit	2.79 billion yen	3.0 billion yen	7.0 billion yen
Operating profit margin	8.8%	8.1%	10.3%
ROE	27.9%	24.4%	26%
Dividend payout ratio	28.6%	30%	30%
Penetration rate of the target market	12.8%	16%	26%

Priority Issues under the New Medium-term Management Vision (2023–2025)

Support the health and wellbeing of all people

Activities	KPIs	ESG category
Resolve hospitalization issues with CS Sets	CS Set users	S
Resolve hospital discharge and home care issues	Discharge/home care set users	S
Resolve hospitalization-related issues and other concerns through professional consultation services	Kikumimi service users	S

Realize a society full of smiles

Activities	KPIs	ESG category
Eliminate overtime work	Ratio of employees working long hours	S
Acceptance of non-Japanese workers	Number of non-Japanese workers	S
Involvement of employees in their 20s and 30s in management	Number of directors in their 20s and 30s	S
Non-Japanese directors	Number of non-Japanese directors	S
Proactive promotion of female managers	Number of female managers	S
Promotion of female directors	Number of female directors	S
Increase investments in personnel	YoY comparison of investments in personnel	S
Contribute to regional economic revitalization	Number of prefectures where Elan services are introduced	S
Proactive employment of people with disabilities	Number of employees with disabilities	S
Provision of comfortable patient clothing	Number of facilities using lifte (Elan proprietary patient clothing)	S

Provide stable services and reduce environmental burdens

Activities	KPIs	ESG category
Deliver water, tissues, and other necessities to facilities in the event of a disaster	Base locations	S
Reduce plastic used for daily necessities in CS Sets	Ratio of reduced-plastic items	E
Conserve energy and water when using CS Sets	Amount of energy and water conserved compared to laundering at home	E
Increase healthcare and nursing care productivity with CS Sets	Cumulative reduction in miscellaneous duties outside core operations	S
Digitalize paper-based process from CS Set application to payment confirmation	Number of processes switched from paper to digital	E
Use EVs for company vehicles	Ratio of EVs among company vehicles	E

Establish and maintain a sound, sustainable business foundation

Activities	KPIs	ESG category
Ensure diversity among Board of Directors and Executive Officers	Ratio of outside directors	G
	Ratio of directors who are female, mid-career hires, or non-Japanese	
Ensure Board of Director and Executive Committee efficacy	Efficacy evaluations	G
	Number of improvements implemented on the basis of efficacy evaluations	
Enhance compliance training	Number of employees who pass the compliance test	G
Promote safe driving	Number of traffic accidents	G
Strengthen management's ability to exert self control and self correction	Number of internal reports	G

Initiatives for Growth

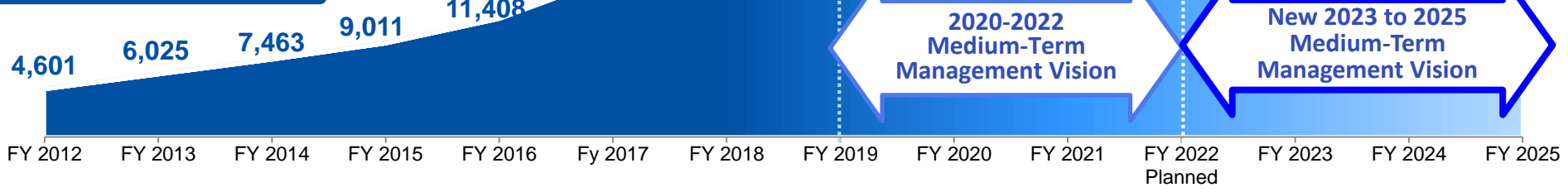
- Develop ELAN Group business overseas
- Increase Group penetration of the target market to 26% or higher
- Launch new businesses
- Create a platform for patients and their families
- Enhance added value to differentiate ELAN from other companies
- Improve operating profit margin by reinforcing operating systems

Next Stage



- Overseas expansion
- New business
- CS Set

Net Sales (Millions of Yen)



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

4. Reference Materials

Bringing smiles to your
hospital/elderly facility stay

 E L A N



Matsumoto Head Office in Nagano Prefecture



We seek to provide the best products and services that satisfy our customers, and we focus our passion on contributing to the realization of a society in which people live fulfilling lives

Tomohiro Minezaki,
COO



Company name	ELAN Corporation
Business	Medical and nursing care-related business (CS Set)
Established	February 6, 1995
Capital	573 million yen
Net sales	31,635 million yen (fiscal 2021)
Ordinary profit	2,818 million yen (fiscal 2021)
Headquarters	Matsumoto, Nagano Prefecture
Representative	COO: Tomohiro
Number of employees	502 (as of January 1, 2022)
Business locations	Headquarters in Matsumoto Tokyo office (business strategy and marketing) Location in Matsumoto Murai (customer response) Sales bases Hokkaido area Sapporo/Hakodate Tohoku area Aomori/Morioka/Akita/Sendai Kan-etsu area Tokyo/Chiba/Saitama/Sagamihara/Niigata Chubu area Matsumoto/Nagoya/Shizuoka Kansai/Hokuriku area Kanazawa/Osaka Chugoku/Shikoku area Hiroshima/Okayama/Shikoku Kyushu/Okinawa area Fukuoka/Minami-Kyushu/Okinawa
Subsidiaries	ELAN Service Corporation (invoicing), Ryukyu ELAN Corporation
Listing	Tokyo Stock Exchange (TSE) Prime Market (Securities code: 6099)
Certifications	Privacy mark system, Eruboshi certification, Kurumin certification

The CS Set allows people to start hospitalization and end a hospital stay as well as hospital visitations 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

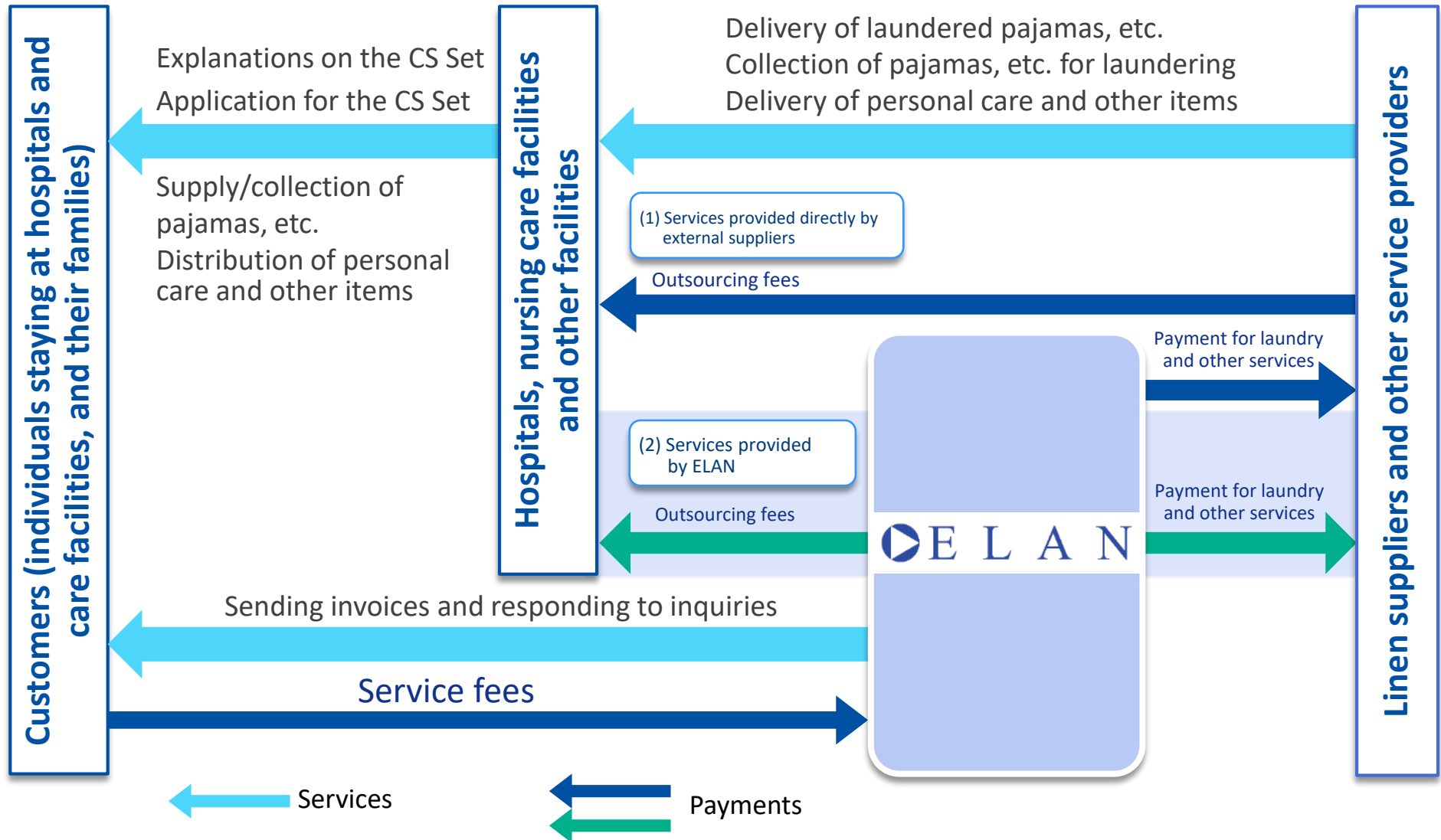
Note: The daily fees shown below are for reference.

	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		

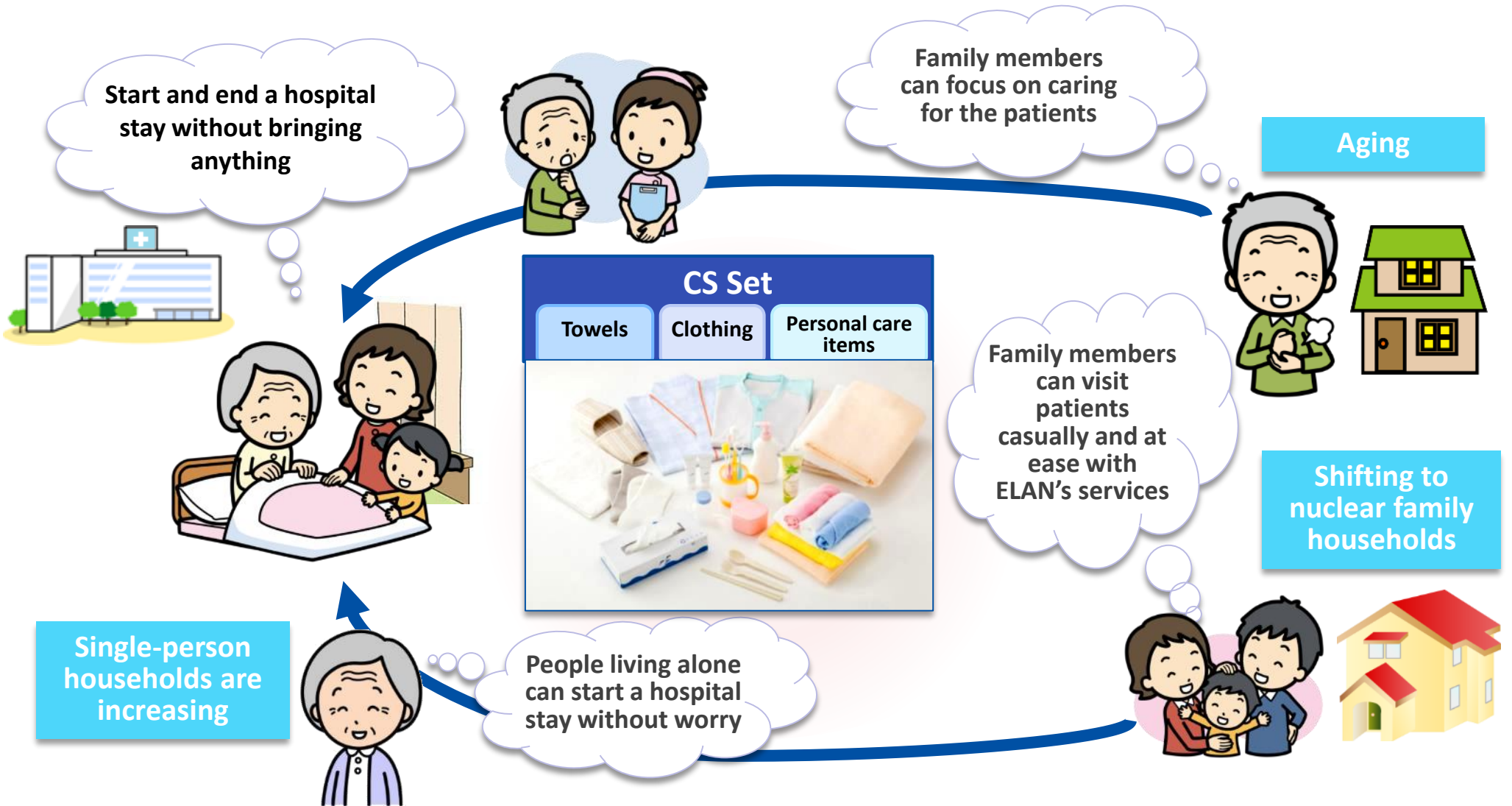
(Example) Seven-day hospital stay under Plan B
 $500 \text{ yen} \times 7 \text{ days} = 3,500 \text{ yen}$



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



Restricted visitation due to COVID-19



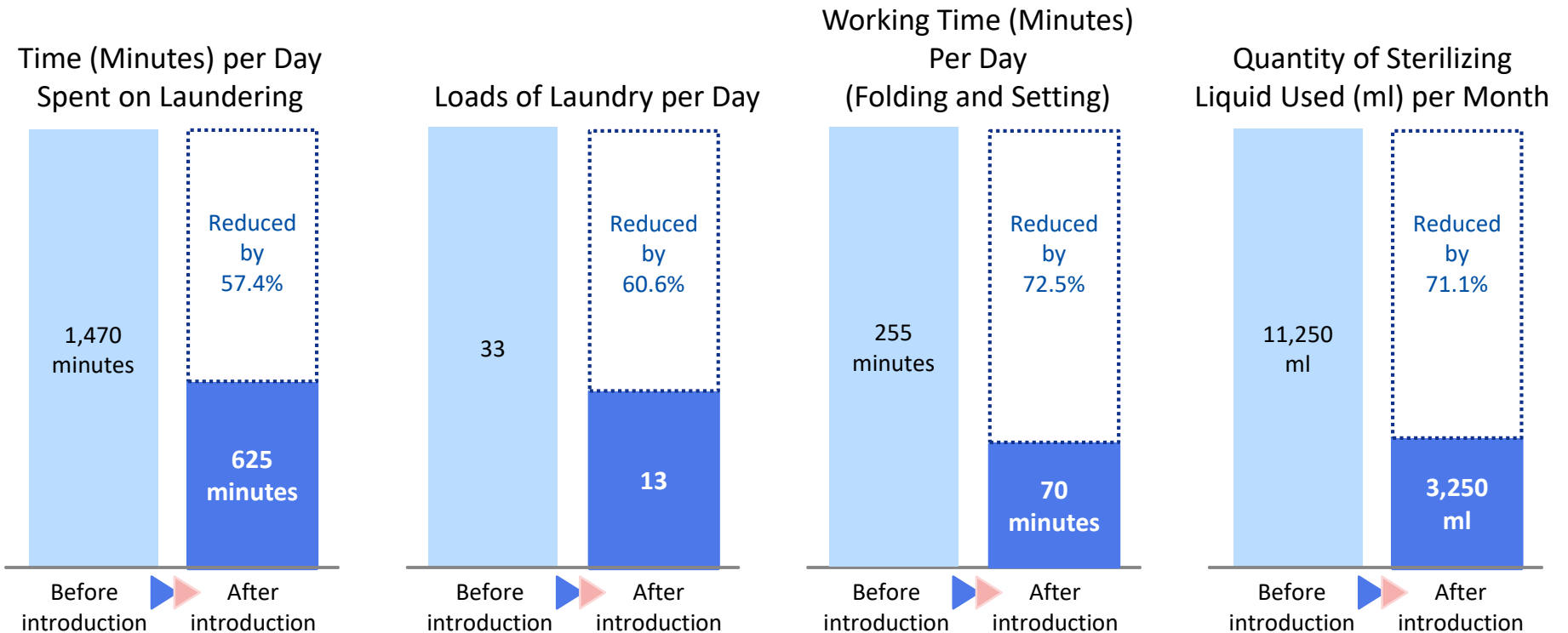
Goods were moved by staff

Example) Moving dirty things from the hospital wards to the reception on the 1F, giving them to the family, and bringing new clothes and towels to the hospital wards

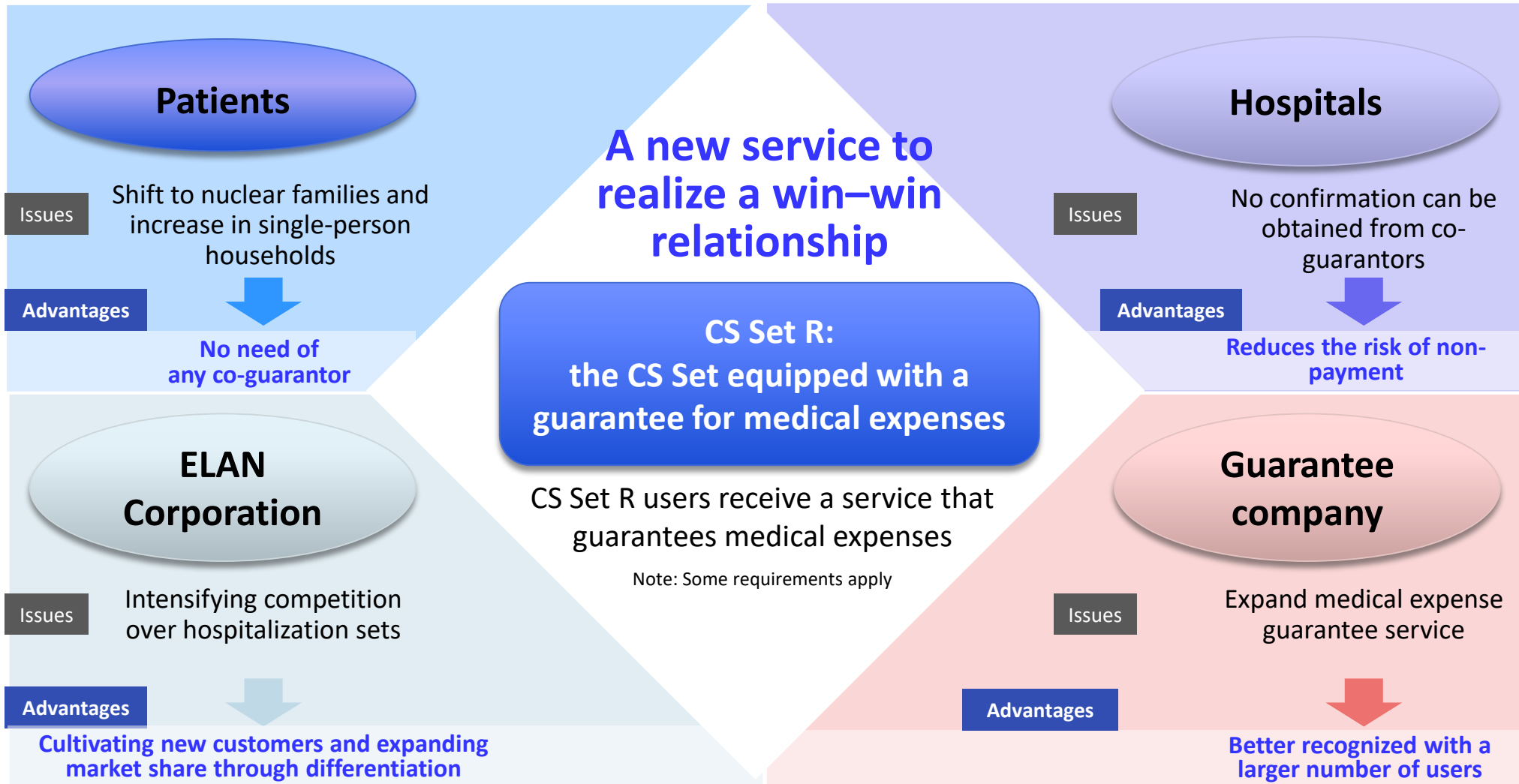
Significant saving of time and labor Staff can focus on their nursing and care duties

Effects of Introducing the CS Set: A Case Example

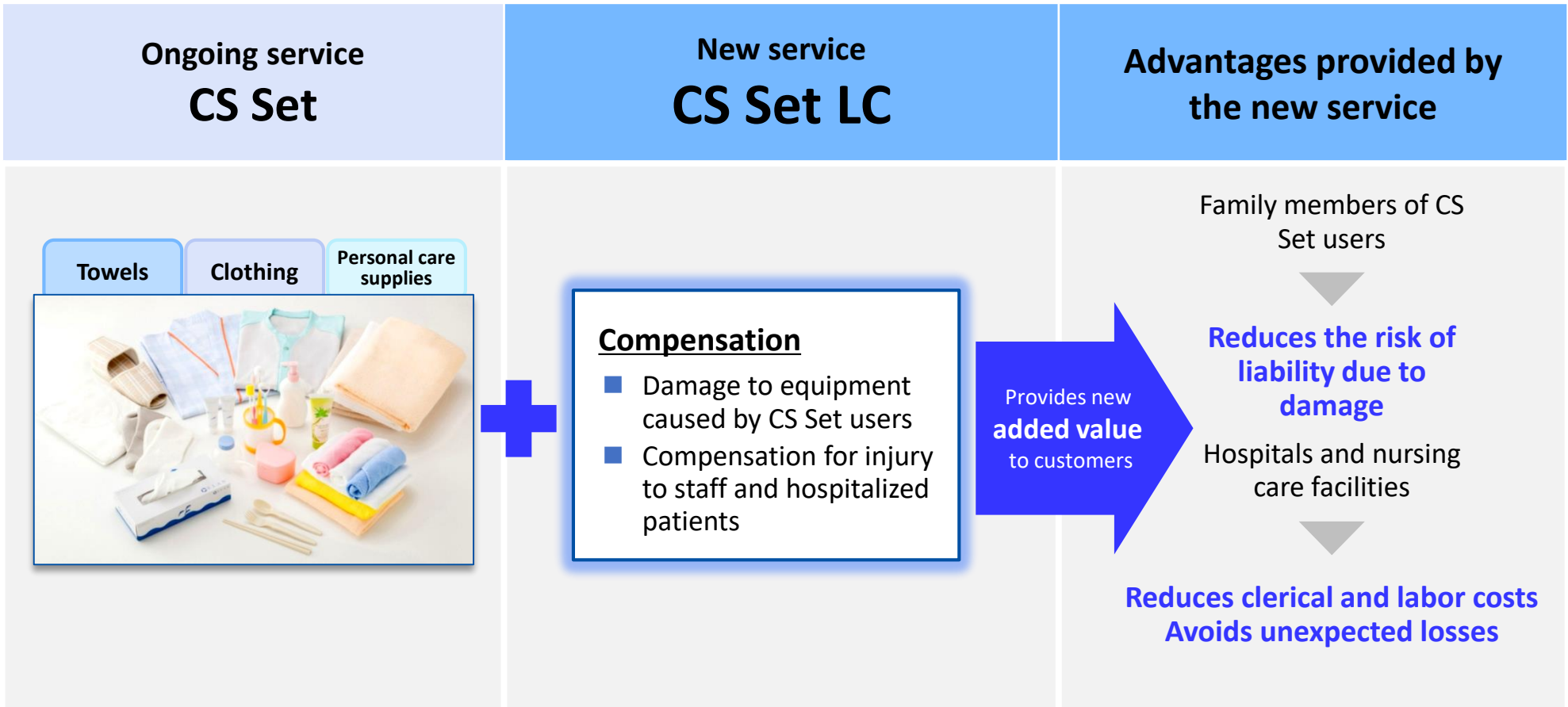
For using towels and mealtime aprons at a hospital with 250 beds



Note: Figures represent total values for six hospital wards.



CS Set automatically equipped with a service to compensate for 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 main factors have enabled ELAN, the pioneer, to gain a lead over market latecomers.

1

Know-how

- Ability to determine break-even points
- 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

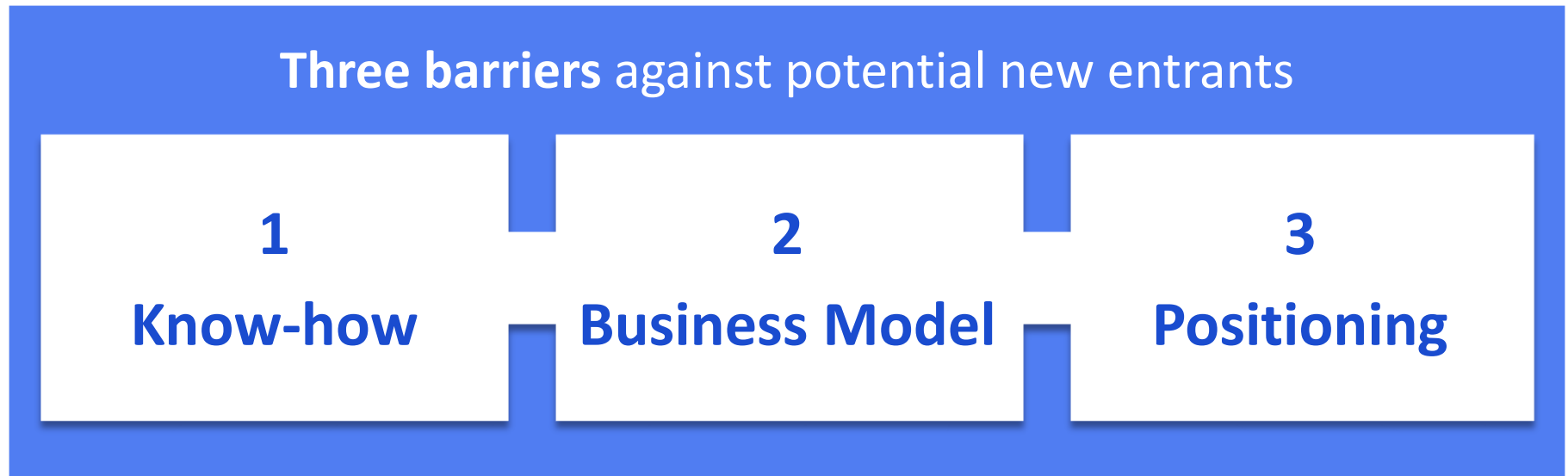
- A business model built on ongoing business relationships with partners to **achieve mutual success**

3

Positioning

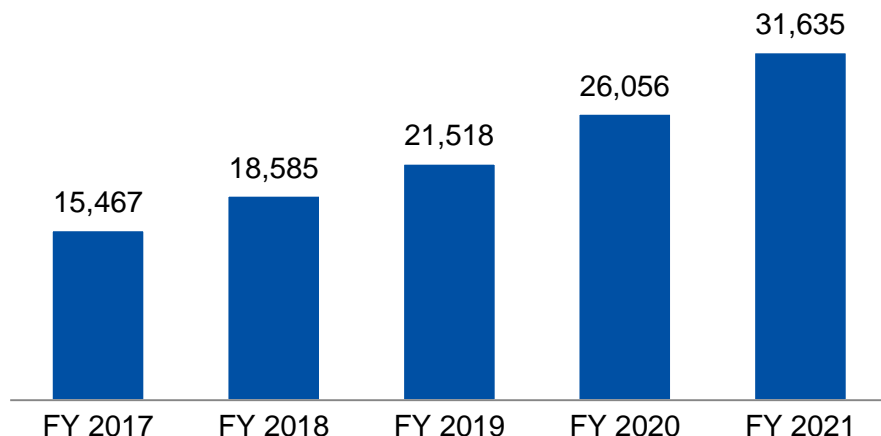
- ELAN is independent and **open**, being unaffiliated with any other corporate group

Barriers to entry appear to be low but are actually high.

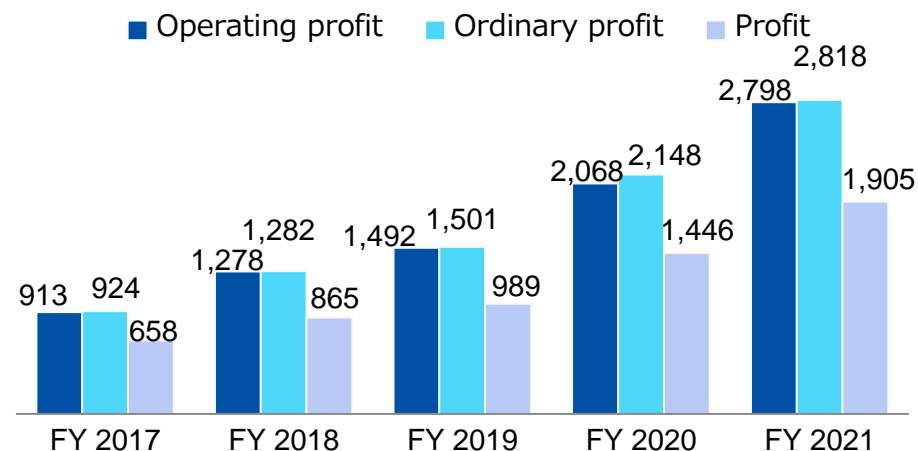


We are building **even higher barriers** to entry by accumulating know-how and firmly establishing our position in the industry.

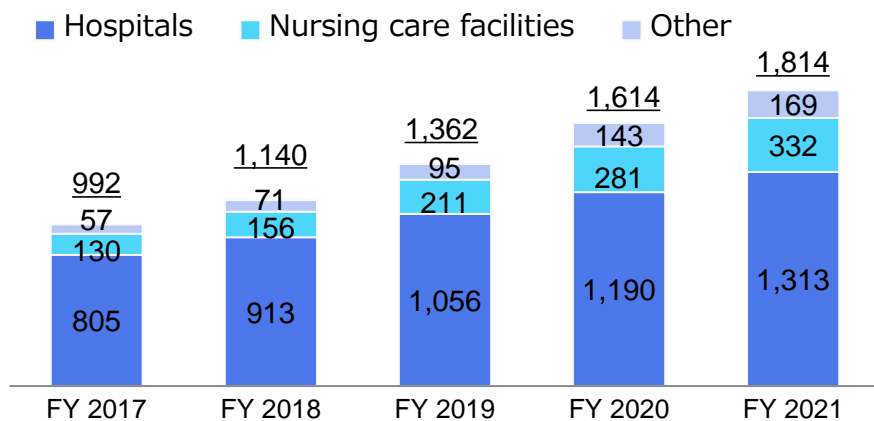
Net Sales (Millions of Yen)



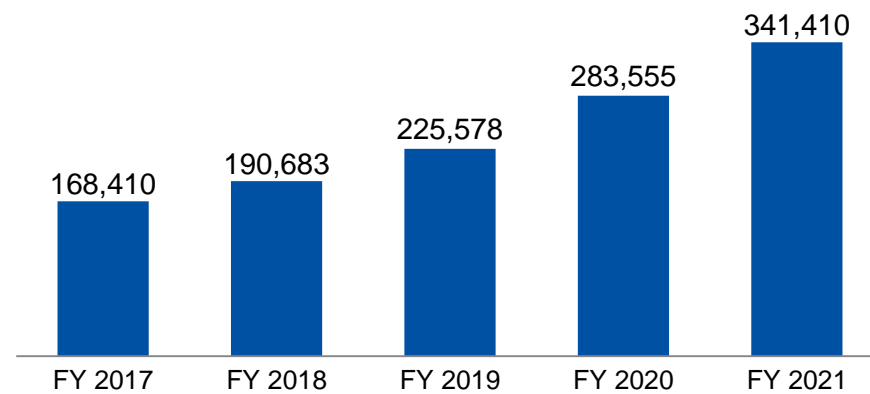
Profits (Millions of Yen)



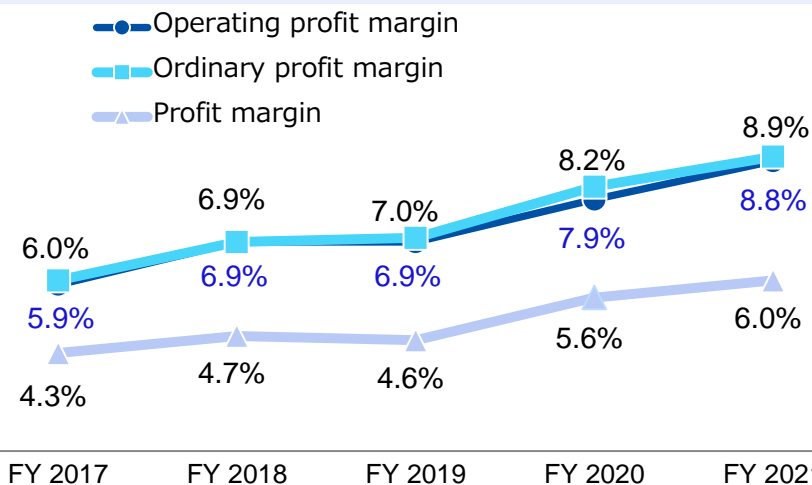
Number of Contracted Facilities



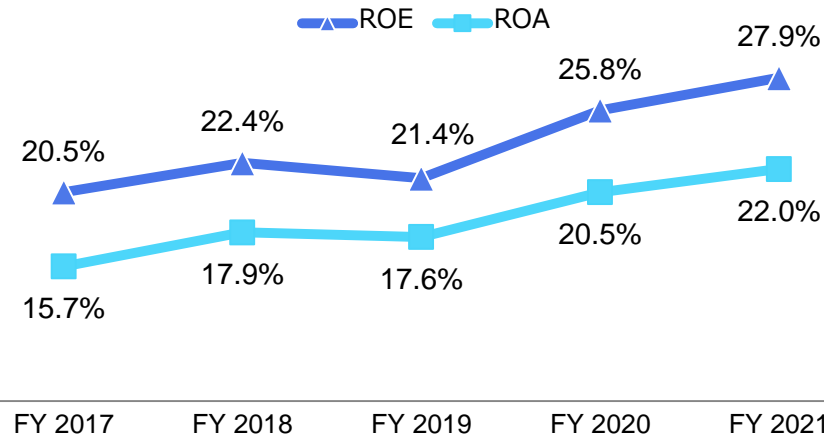
Number of Monthly Users (People)



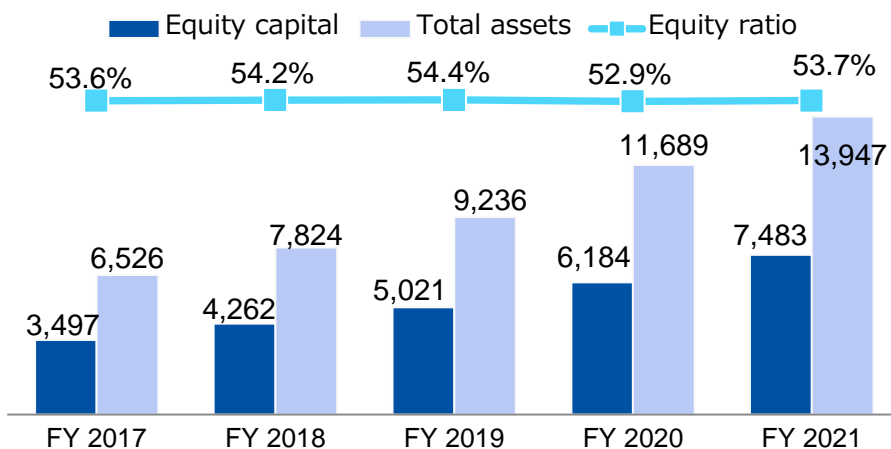
Profit Margins



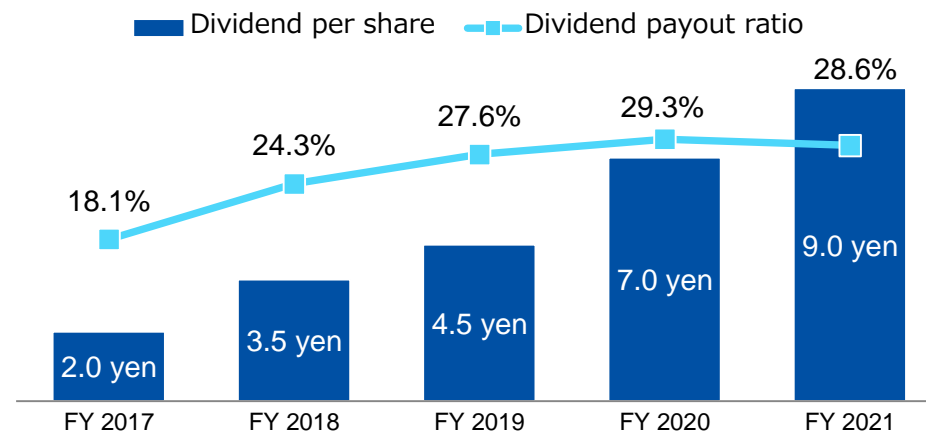
ROE and ROA



Total Assets, Equity Capital and Equity Ratio (Millions of Yen)



Dividend per Share and Dividend Payout Ratio



Note: Dividend per share has been retroactively adjusted to reflect 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 (August 16, 2022) 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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