

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

Bringing smiles to your  
hospital/elderly facility stay



ELAN Corporation

# Operating Results for the Third Quarter of Fiscal 2022 Ending September 30, 2022

ELAN Corporation

In Q3, the normalization of social activities gradually progressed amid the spread of COVID-19 vaccinations and eased restrictions on movement.

However, the outlook remains uncertain due to soaring global resource prices caused by the situation in Ukraine, a rising cost-of-living driven by the weaker yen, and other risks.

Elan commenced operations of the Matsumoto Branch in October and the Matsuyama Branch in November. With these new branches, we will target business growth through the provision of meticulous and prompt services that are more closely tailored to local needs at our 27 bases nationwide, while cultivating new facilities where CS sets can be introduced.

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2. Strategies and Forecast for Fiscal 2022	p.19
3. Reference Materials	p.28

# 1. Operating Results for the Third Quarter of Fiscal 2022

Bringing smiles to your  
hospital/elderly facility stay

The logo for ELAN, featuring a blue circle with a white play button icon to the left of the letters 'E L A N' in a blue serif font.

## Results for Third quarter of FY2022

- Sales and profits grew YoY on the acquisition of new contracted facilities and continued high usage rates of CS Sets
- SG&A ratio decreased 0.3 points YoY due to ongoing pandemic restrictions and the digitalization of CS Set operations

### Net sales

**26,765** million yen  
(+15.0% YoY)

### Operating profit

**2,562** million yen  
(+18.7% YoY)

### Ordinary profit

**2,580** million yen  
(+18.6% YoY)

### Profit attributable to owners of parent

**1,763** million yen  
(+19.0% YoY)

### Number of contracted facilities

**2,005** facilities

(+226 new contracts/35 cancellations from the end of fiscal 2021)

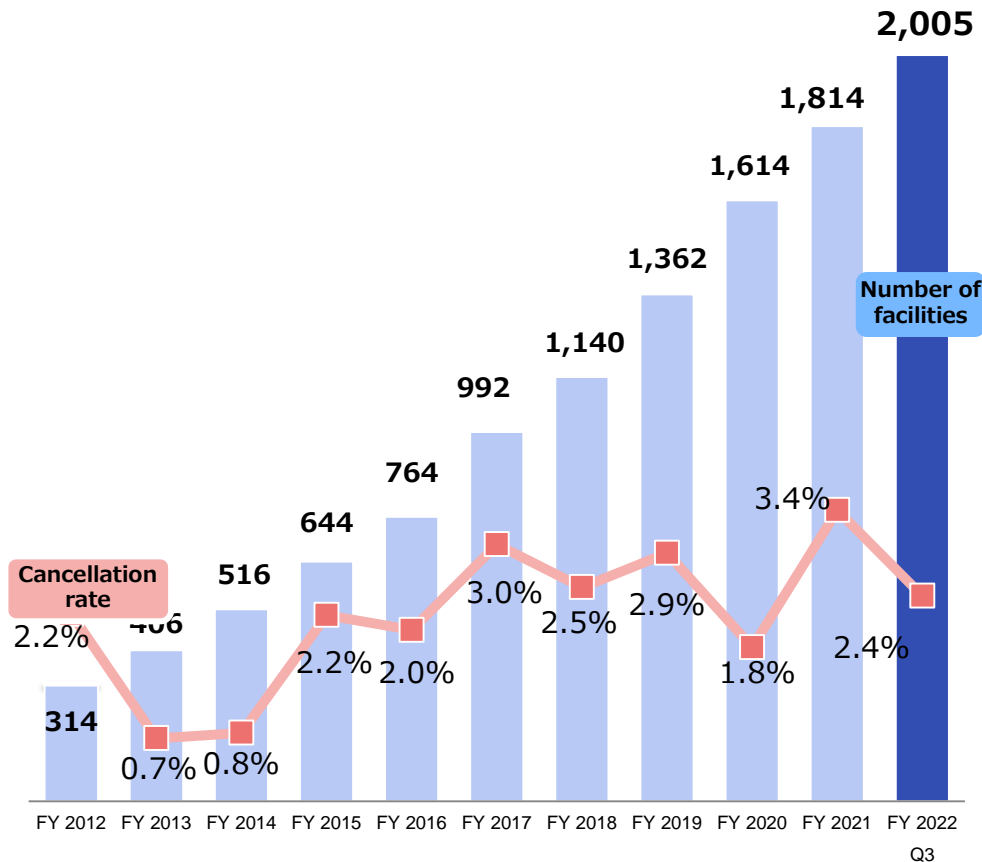
### Monthly users

**363,259** people

(+21,849 from the end of fiscal 2021)

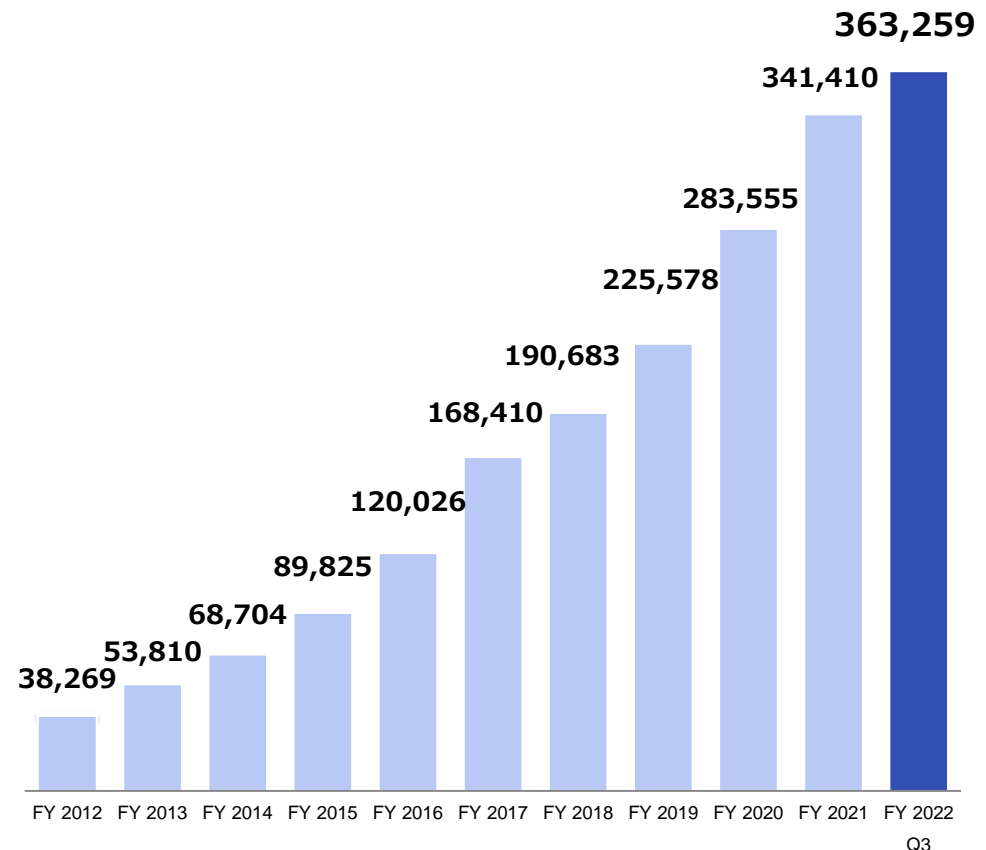
- The Q3 increase in new contracted facilities exceeded the previous year's level (fiscal 2021 Q3: 54 facilities; fiscal 2022 Q3: 70 facilities)
- User growth rate has returned to pre-pandemic levels (+15.9% YoY)

## 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)

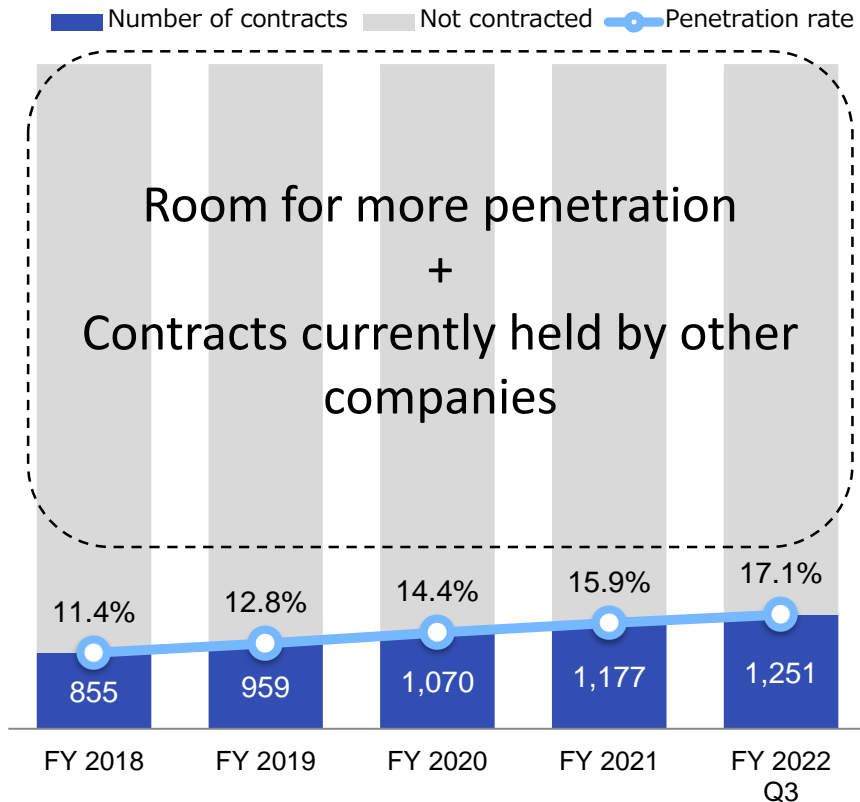
## Monthly Users



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

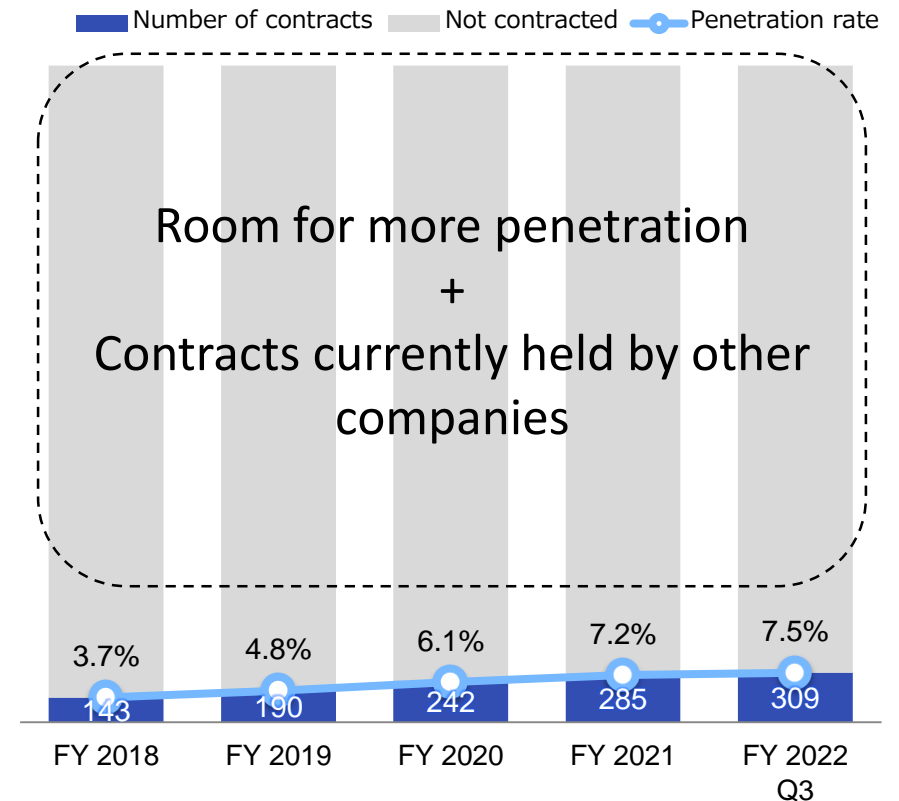
- With the number of contracted hospitals (with 50 or more beds) exceeding 1,200, the penetration rate has reached **17.1%**
- With the number of contracted long-term care health facilities and integrated facilities for medical and long-term care (with 50 or more beds) exceeding 300, the penetration rate has reached **7.5%**.

## Penetration Rate of Hospitals (with 50 or More Beds)



ELAN's target is **7,297** facilities

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



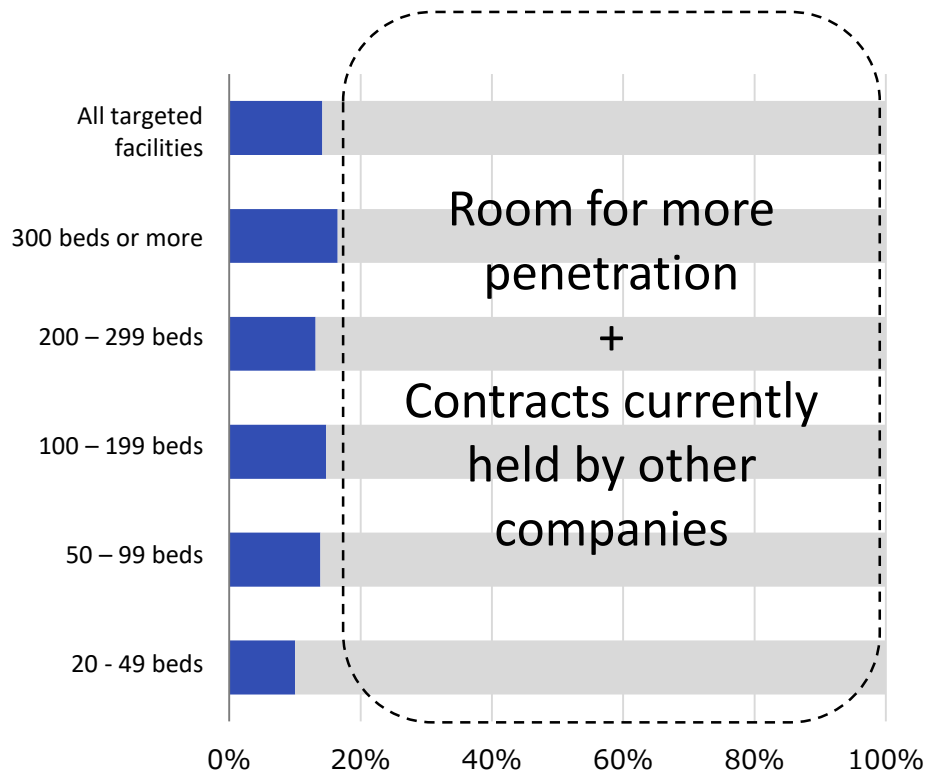
ELAN's target is **4,101** facilities

Notes: Prepared by ELAN with reference to the Survey of Medical Facilities 2021 and the Survey of Institutions and Establishments for Long-term Care 2020 by the Ministry of Health, Labor and Welfare.

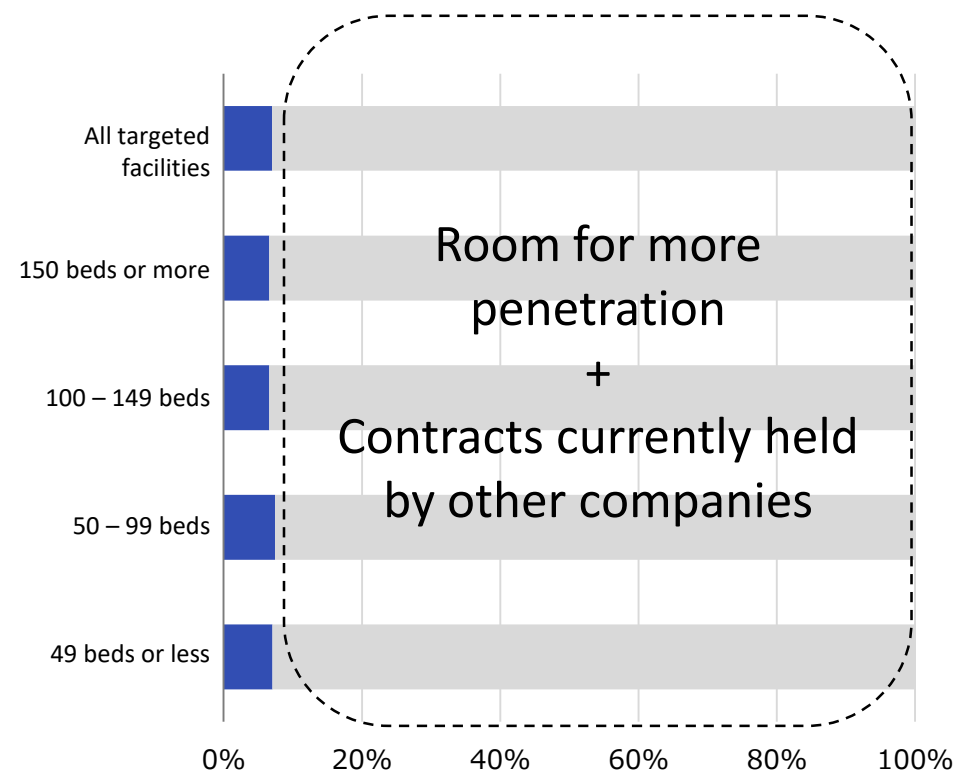
From the presentation materials for the first quarter of fiscal 2021, integrated facilities for medical and long-term care were added to long-term care health facilities when calculating the penetration rate. (Thus, the penetration rates for FY 2019 and FY 2020 differ from those presented in past materials.)

- 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**

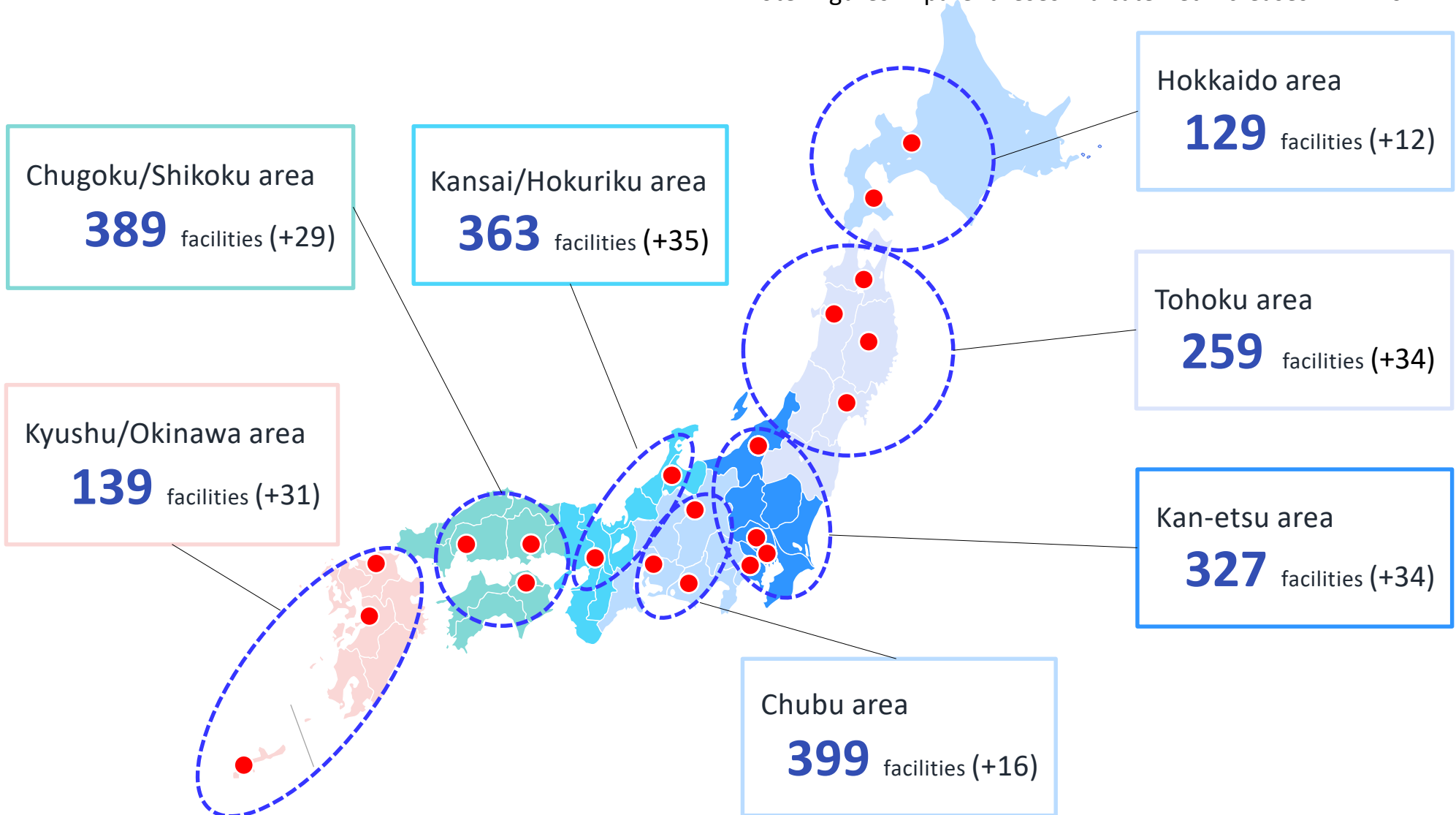


Notes: The blue parts of the charts above represent the penetration rate of our service.  
 Prepared by ELAN with reference to the Survey of Medical Facilities 2021 and the Survey of Institutions and Establishments for Long-term Care 2020 by the Ministry of Health, Labor and Welfare.  
 Beginning with 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.



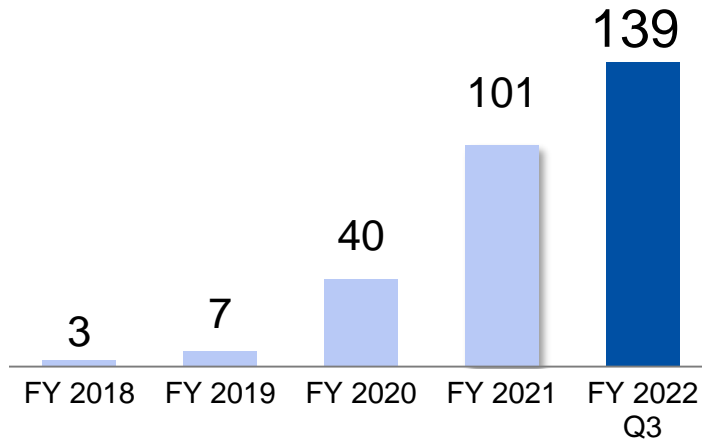
## The number of contracted facilities is increasing steadily throughout Japan.

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



R increased by **38** and LC increased by **25**

## Number of Facilities Contracts for CS Set R

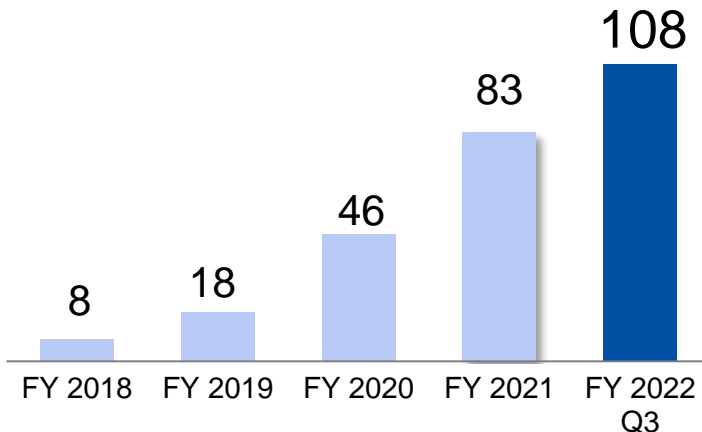


### POINT of CS Set R

#### 【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



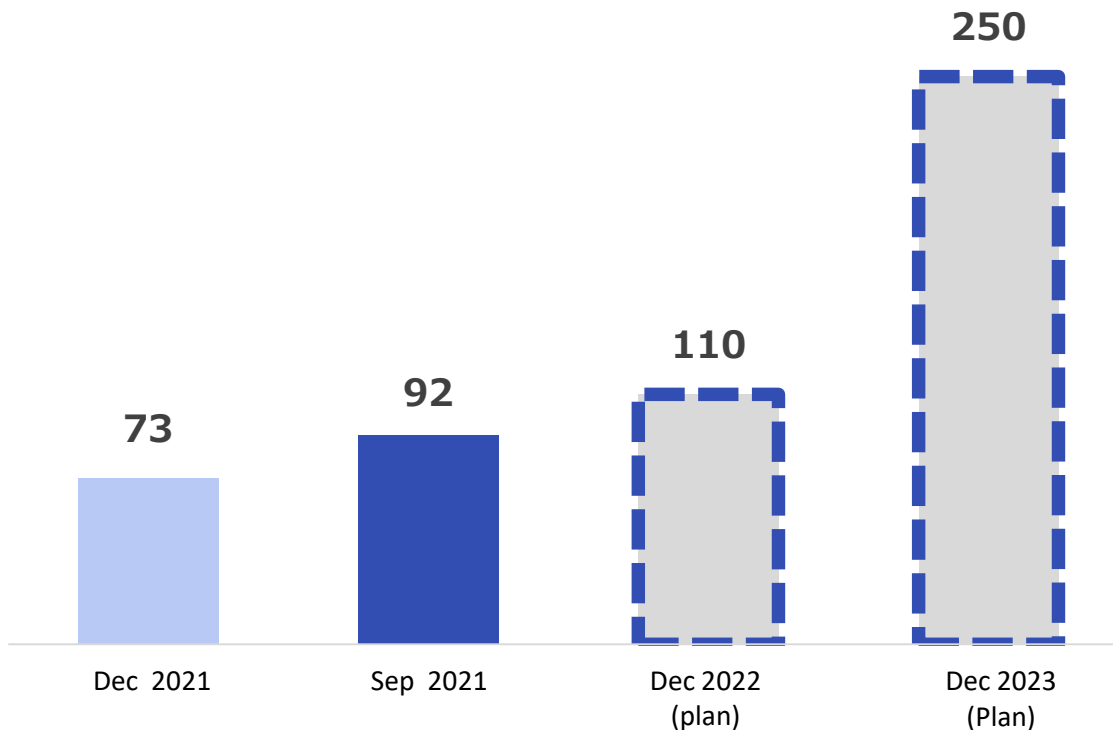
### POINT of CS Set LC

#### 【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.

- The Yokohama Logistics Center (Yokohama City, approx. 810 m<sup>2</sup> [245 tsubo]) was relocated and expanded as the Kanagawa Logistics Center (Sagamihara City, approx. 1490 m<sup>2</sup> [452 tsubo]) in September 2022
- Deliveries via in-house logistics increased to 92 facilities in September 2022
- Plan to expand deliveries to 110 facilities by the end of 2022, then to 250 facilities by the end of 2023

## 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**





× *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 **seven facilities** as of September 2022

Contracted with **5 companies** providing hospitalization set services and received contracts from **29 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**

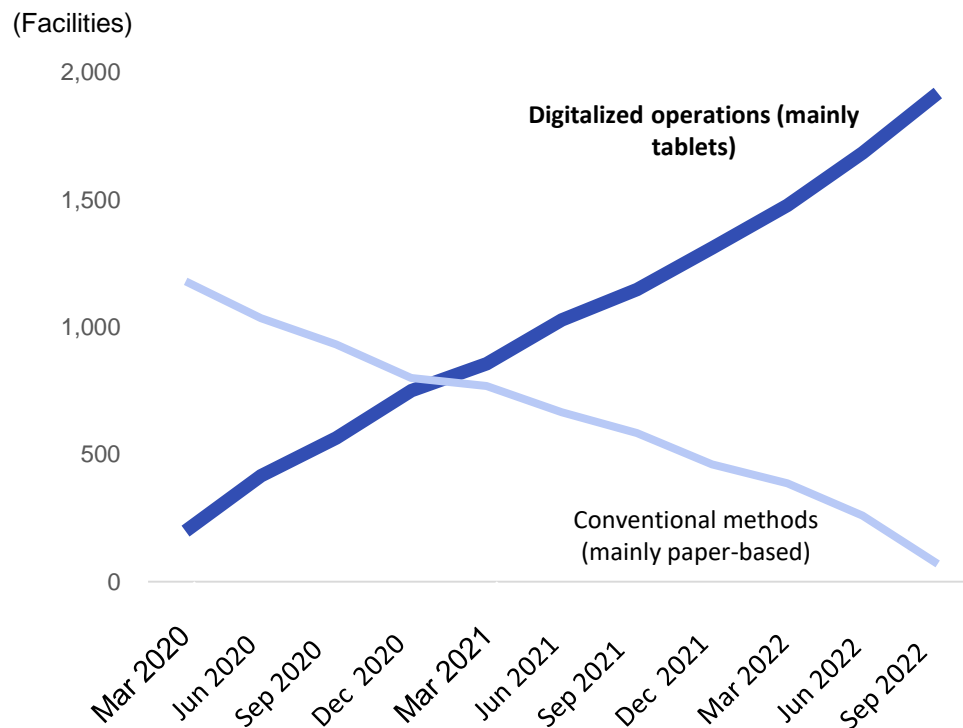
**Usage fee payments by credit card or other digital payment methods**

**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**

- The transition from conventional paper-based method to the use of tablets in facilities for CS Set operations (from service application to invoicing) is nearly complete
- The shift from paper to digital technologies has improved the efficiency of communication among users, facilities, and Elan, while reducing the workload required for individual invoicing, leading to cost containment

## CS Set Operational Changes (Number of facilities)



Paper-based operations



Cost containment through tablet-based operations

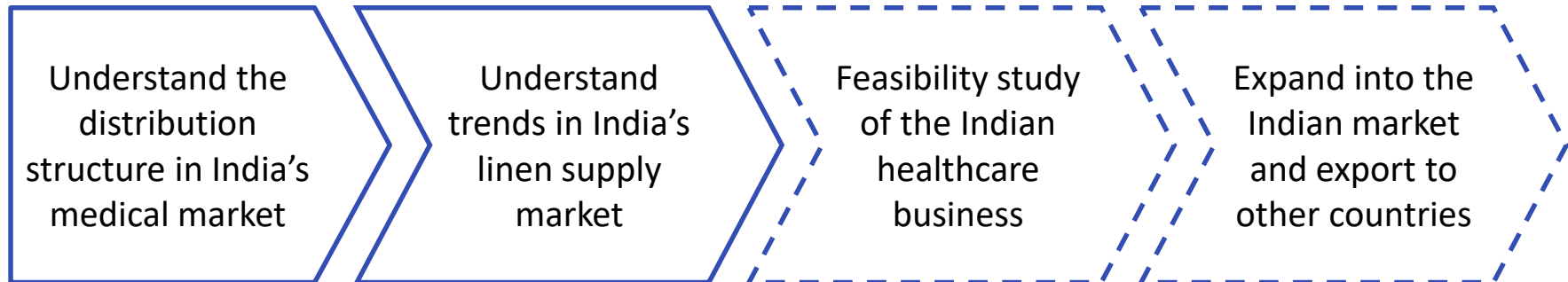


- Through investments in medical product wholesaler Boston Ivy Healthcare Solution Pvt. Ltd. (BIHS) and hospital laundry service provider Quick Smart Wash Pvt. (QSW), we will examine the potential for healthcare business in India with the aim of creating new business in partnership with both companies.
- BIHS has expanded its base network, achieving dramatic growth in sales  
FY19: \$15M, FY20: \$55M, FY21: \$135M, FY22: \$361M
- We began visiting and surveying areas other than India (Southeast Asia) in August. Chairman Sakurai visited India in September.
- 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.

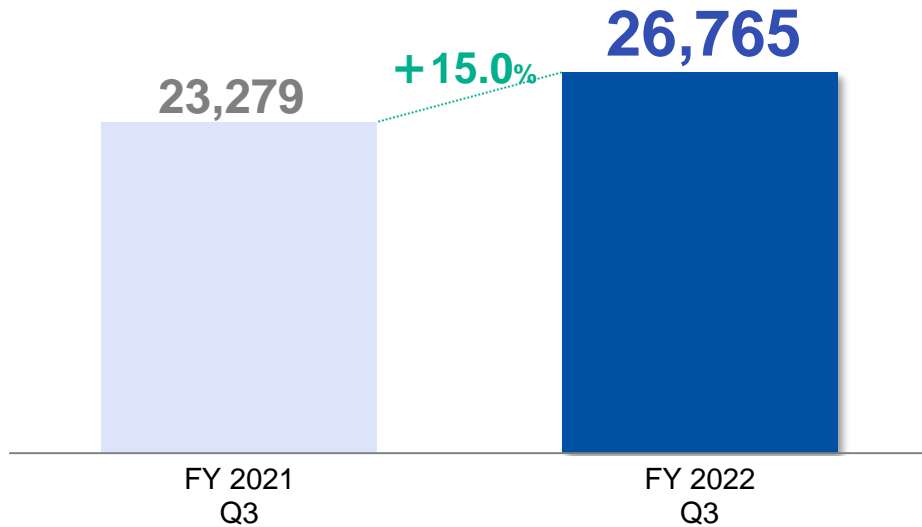
**medikabazaar**  
...ProCure&Cure



... ..



## Net Sales (Millions of Yen)



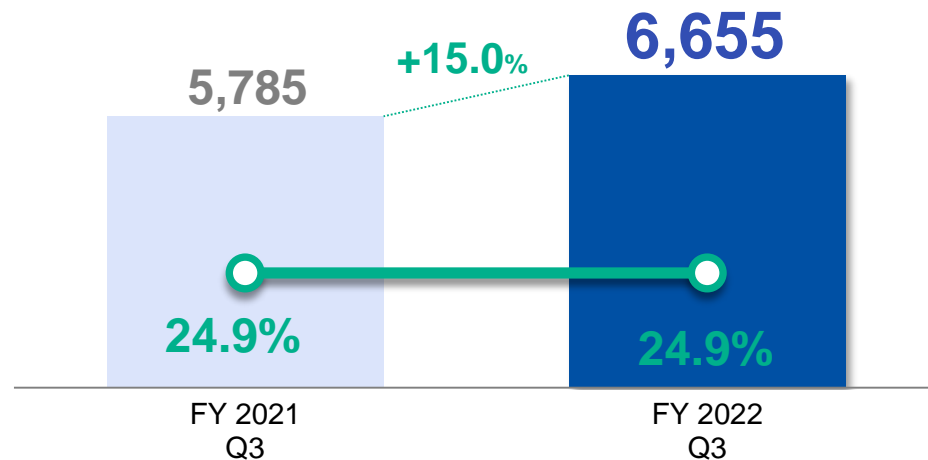
Year on year: **+3,485** million yen

**+239** facilities

Number of new facilities contracted for CS set

• FY 2021 Q1-Q3: 201 → FY 2022 Q1-Q3: 226

## Gross Profit (Millions of Yen)

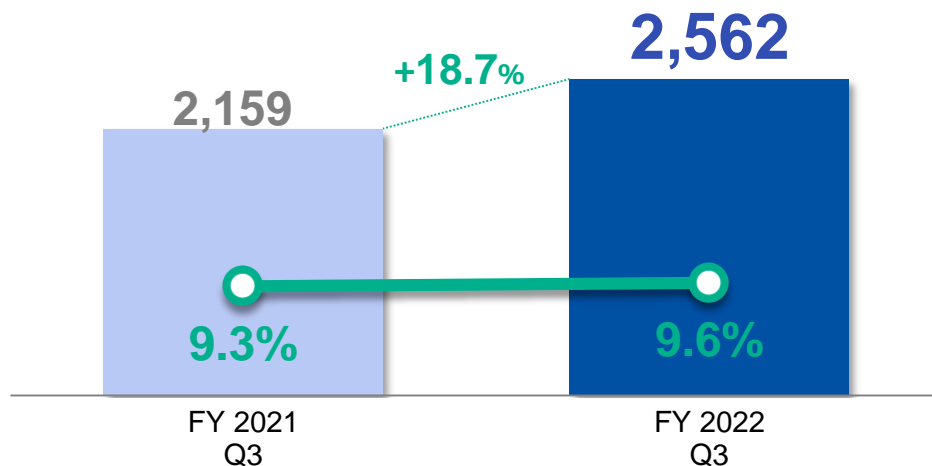


Year on year **+869** million yen

Gross profit margin was **on par with** the previous year



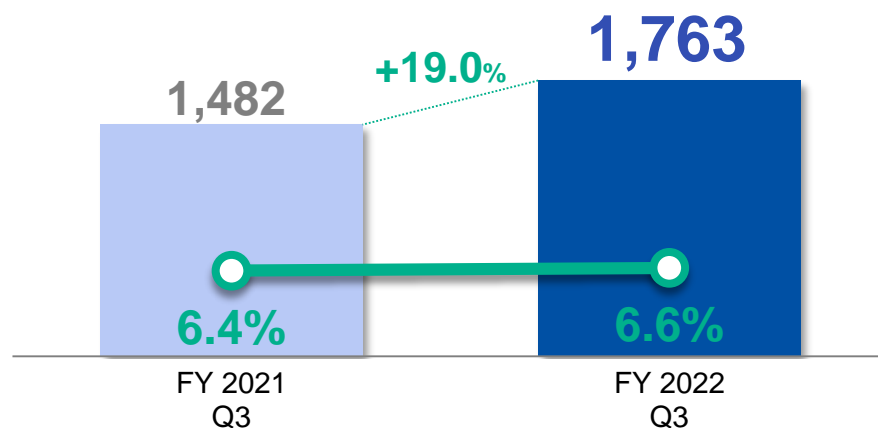
## Operating Profit (Millions of Yen)



Year on year: **+403** million yen

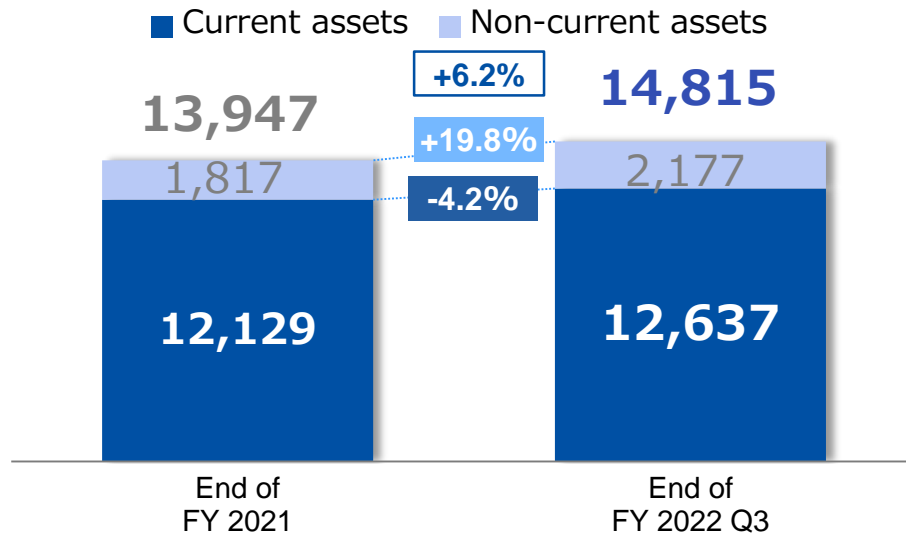
Operating profit was **+0.3 points** year on year due to continued improved operational efficiency through systemization.

## Profit Attributable to Owners of Parent (Millions of Yen)



Year on year: **+281** million yen

## Assets (Millions of Yen)



### Total assets

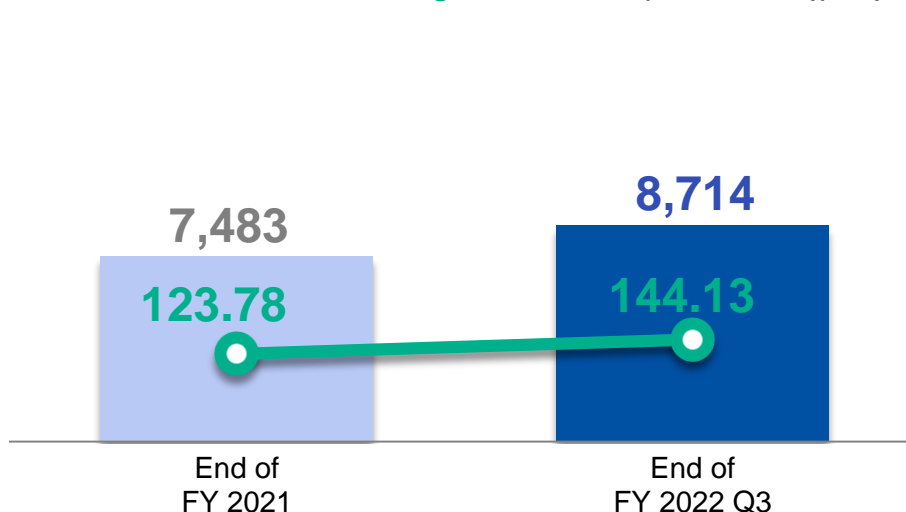
Compared with the end of the previous fiscal year:

**+867** million yen

Property, plant and equipment: 159 million yen

## Net Assets (Millions of Yen)

● Net assets per share (yen)



### Net assets

Compared with the previous fiscal year:

**+1,230** million yen

BPS	FY 2021:	123.78 yen
	→ FY 2022 Q3:	144.13 yen (+16.4%)

## 2. Strategies and Forecast for Fiscal 2022

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 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



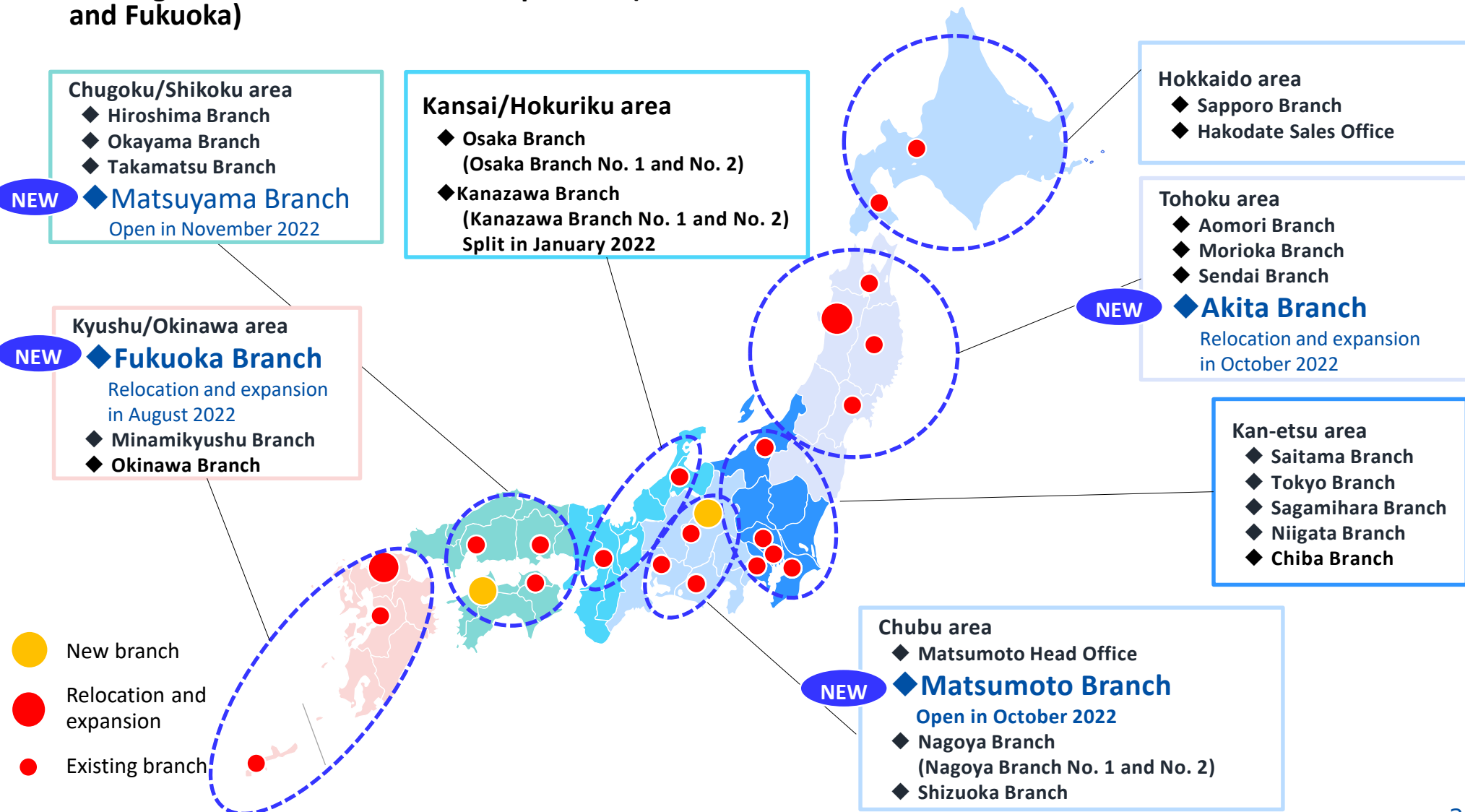
## Launch new businesses

- 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



## New Opening



### Matsuyama Branch

Opened: November 1, 2022  
Address: Matsuyama Tokio Marine  
Nichido Building 2F, 2-1-7 Honmachi,  
Matsuyama, Ehime Prefecture



### Matsumoto Branch

Opened: October 3, 2022  
Address: 1123-1 Shimadachi,  
Matsumoto, Nagano Prefecture

## Relocations / Expansions



### Akita Branch

Opened: October 3, 2022  
Address: Shoko Chukin Dai-ichi Seimei Akita  
Building 4F, 2-4-19 Nakadori, Akita, Akita Prefecture



### Kanagawa Logistics Center

Opened: September 5, 2022  
Address: 3-13-19 Hashimotodai, Midori-ku,  
Sagamihara, Kanagawa Prefecture



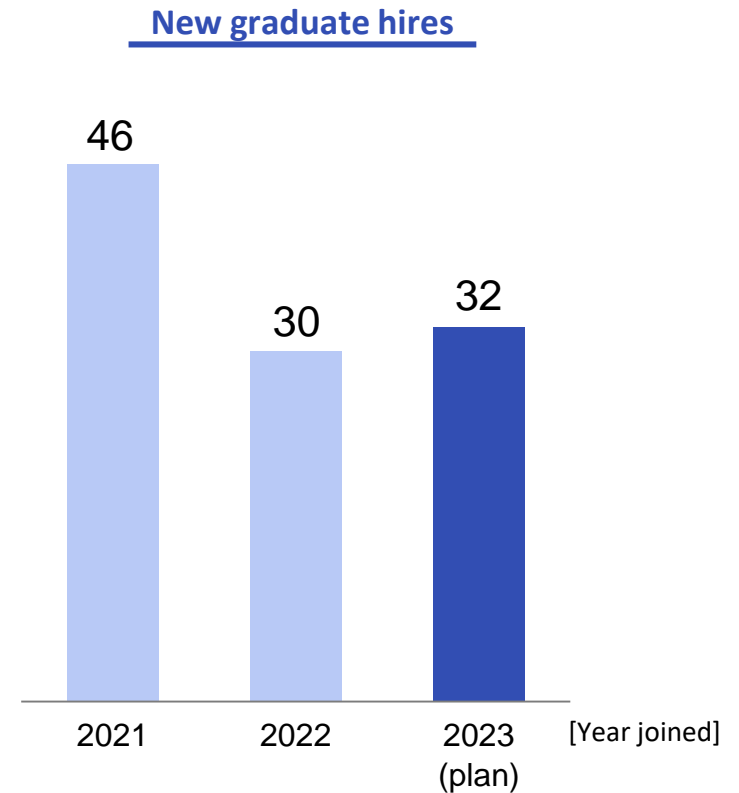
### Fukuoka Branch

Opened: August 1, 2022  
Address: City 17 Building 8F, 2-1 Gionmachi,  
Hakata-ku, Fukuoka, Fukuoka Prefecture

- In 2023, Elan will hold the first **face-to-face** welcome ceremony and social gathering for new graduate hires in three years
- Elan's policy is to continue recruiting 30–40 new graduate hires annually
- Going forward, Elan will strengthen local employment to improve retention rates



Welcome ceremony for new graduate hires



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

1. Ongoing high utilization rates at existing facilities.
2. Although restrictions on sales activities (seventh wave of COVID-19) have eased, new business development efforts remain restricted due to efforts to pass on higher purchase prices driven by inflation.
3. Price increases for CS Sets have not kept pace with some of the purchase price hikes due to inflation, and the situation is unpredictable.

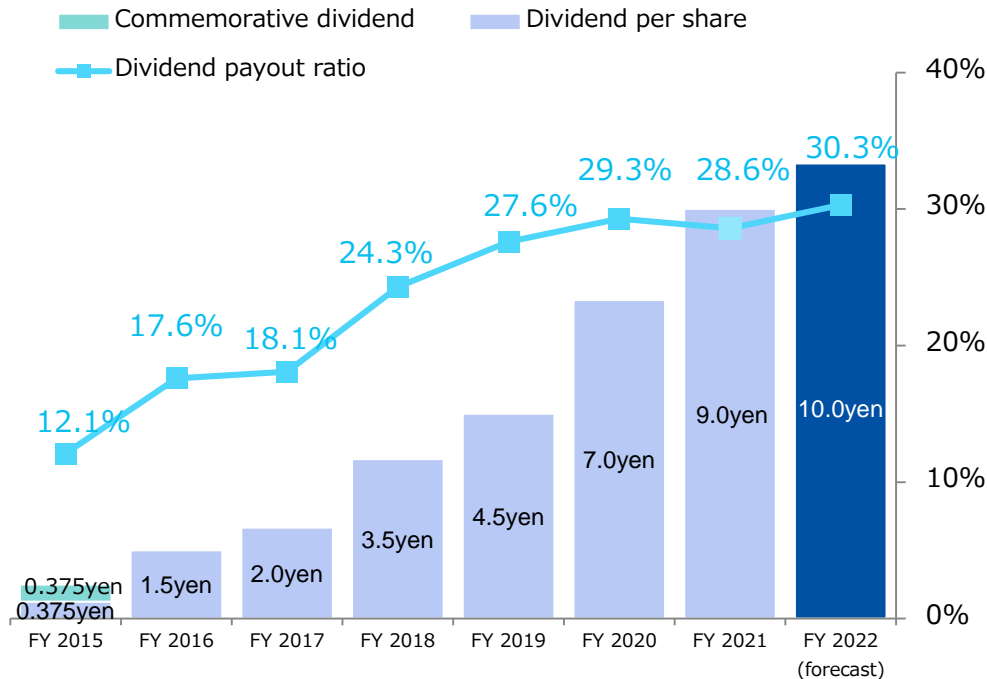
(Millions of yen)

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

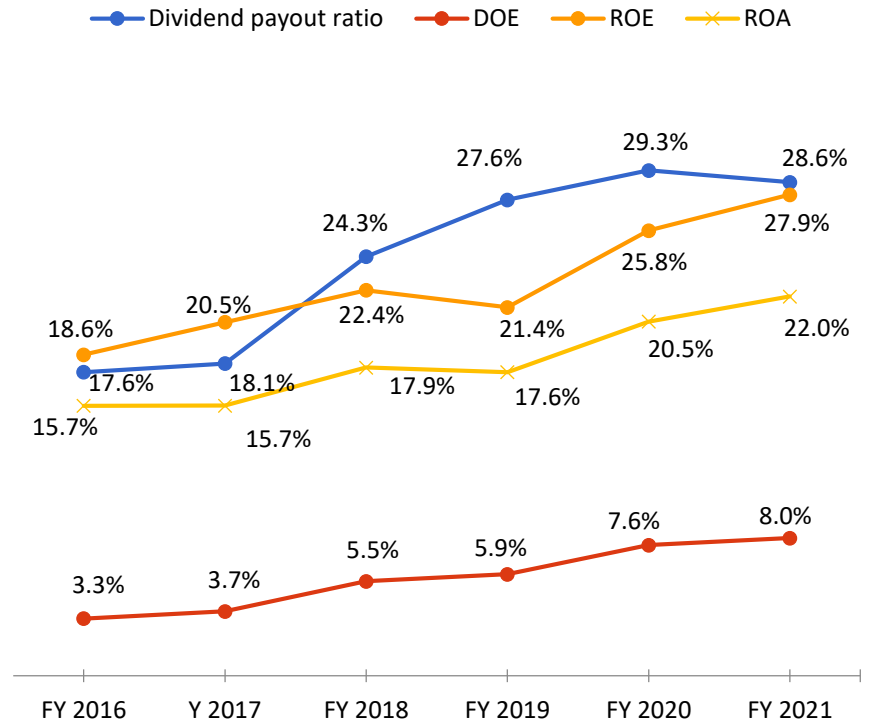


- The year-end dividend forecast for fiscal 2022 is **10.0 yen** per share
- The consolidated payout ratio for fiscal 2022 is projected to be **30.3%**, +1.7 points YoY

## 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.

## 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	<b>68.0 billion yen</b> (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%



## 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

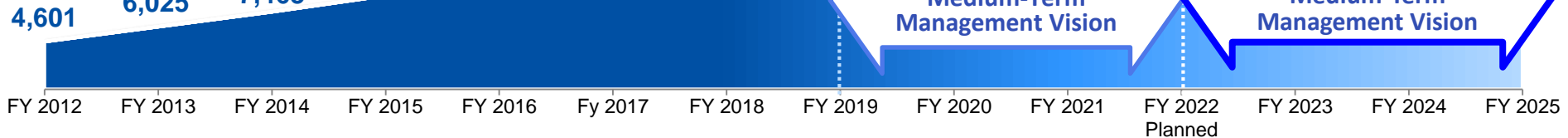


Overseas expansion

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.

### 3. Reference Materials

Bringing smiles to your  
hospital/elderly facility stay

The logo for ELAN features a blue circle with a white play button icon on the left, followed by the letters 'E', 'L', 'A', and 'N' in a blue, serif font.



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

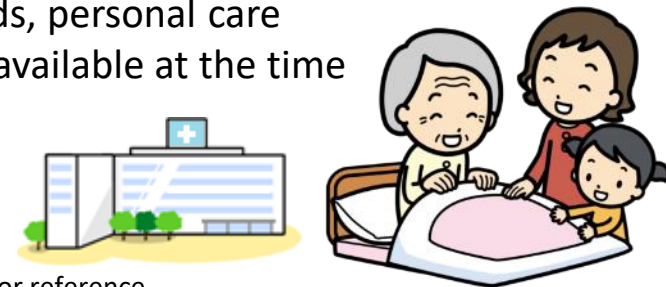
Tomohiro Minezaki,  
COO



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/Takamatsu/Matsuyama 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

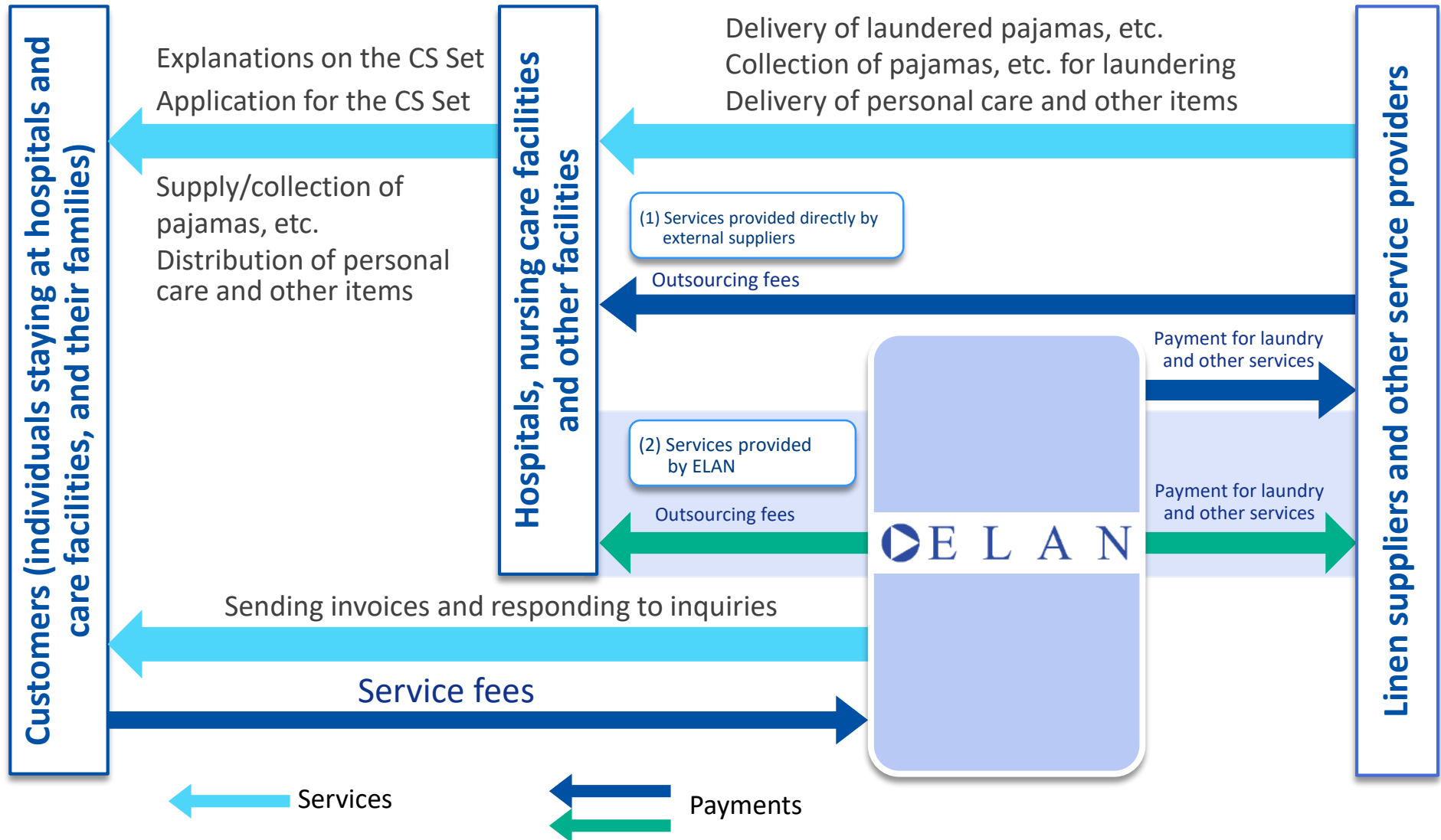
Note: The daily fees shown below are for reference.

	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  
 $500 \text{ yen} \times 7 \text{ days} = 3,500 \text{ yen}$

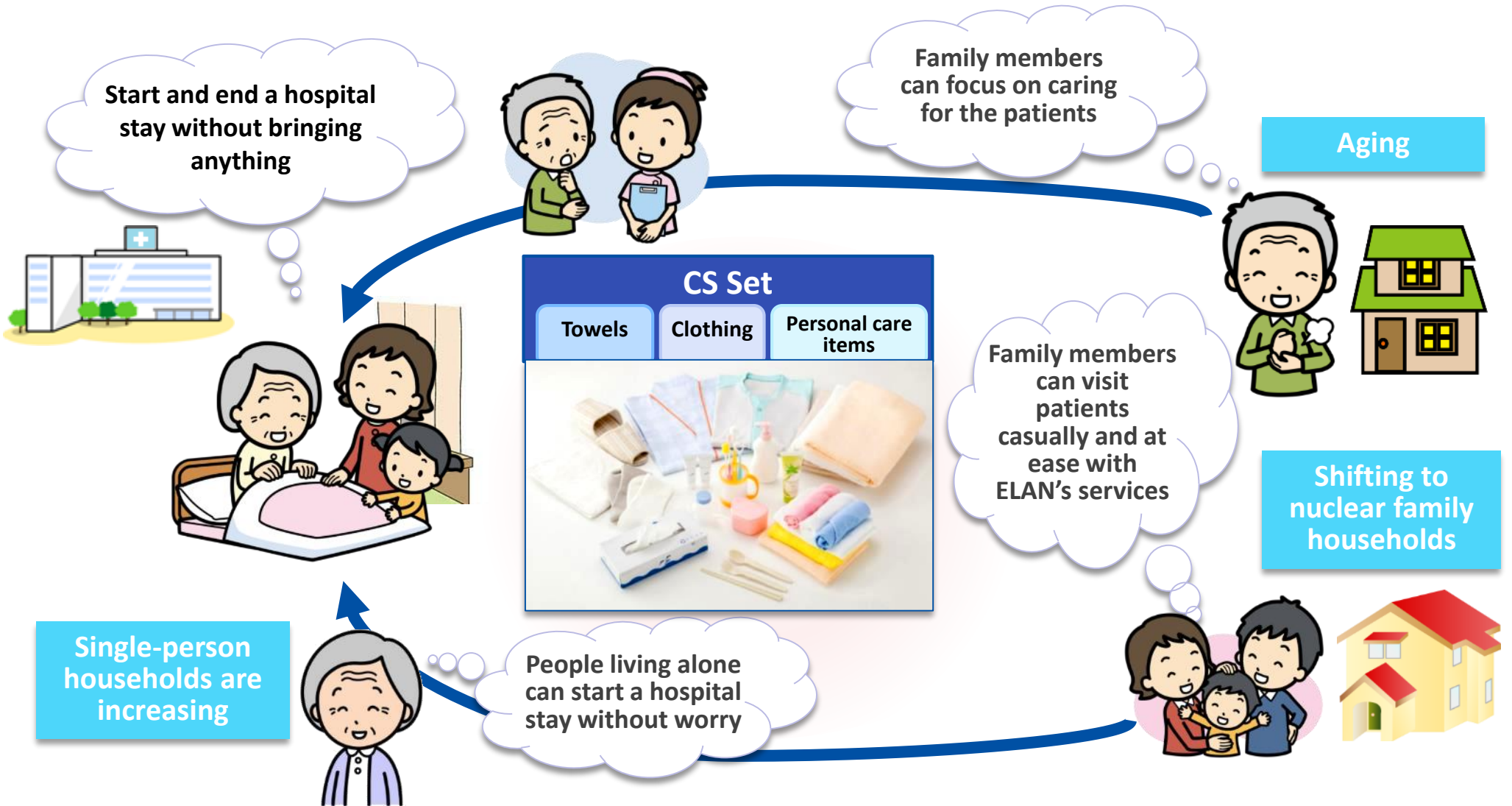


For (1) services provided directly by external suppliers and (2) services provided by ELAN, the roles of all parties involved are the same; only the contract format is different.





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



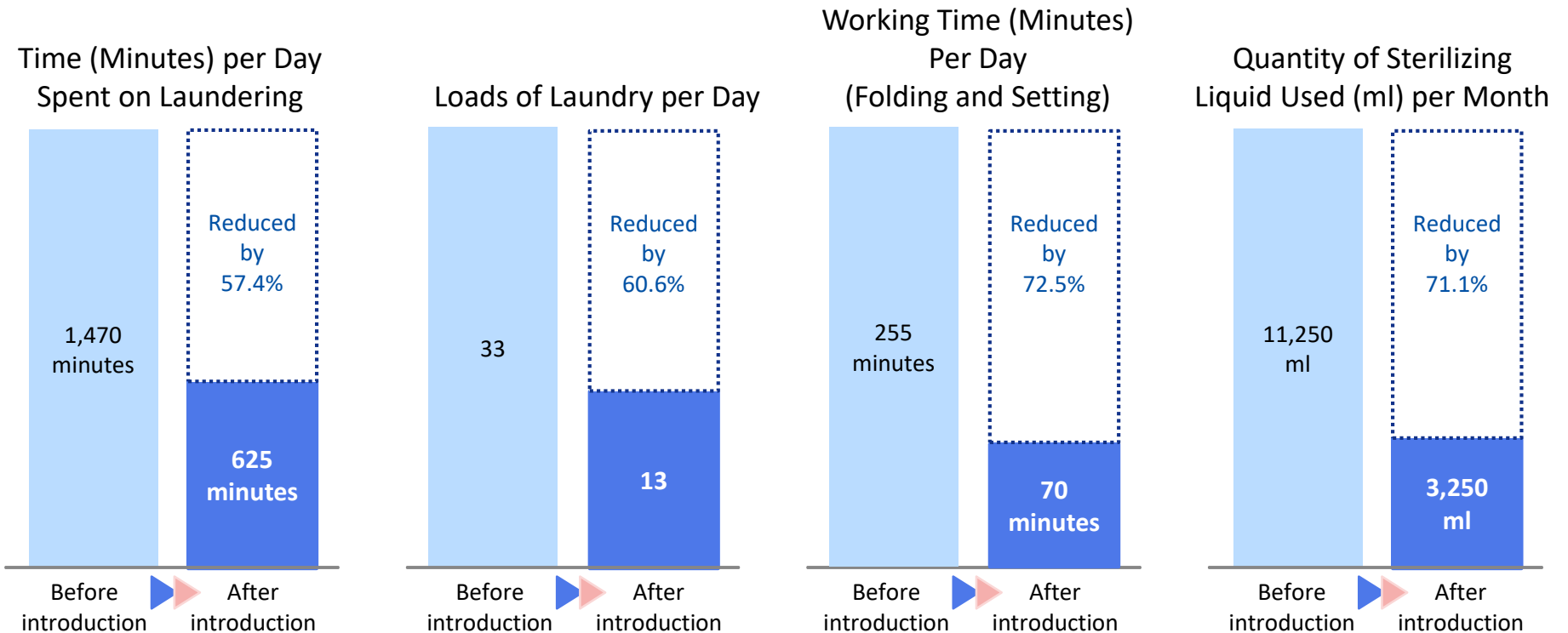
**Goods were moved by staff**

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

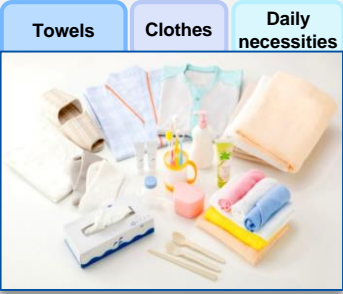




### Effects of Introducing the CS Set: A Case Example

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



Note: Figures represent total values for six hospital wards.

New R/LC services can be added to CS Sets

CS Sets	New services	Merits
	<p><b>Compensation for unpaid hospitalization expense</b></p>  	<p><b>Users and their families</b></p> <ul style="list-style-type: none"> <li>• No need for co-guarantors or lump sum hospital payments</li> <li>• Peace of mind even during emergency hospitalizations</li> </ul> <p><b>Hospitals and nursing care facilities</b></p> <ul style="list-style-type: none"> <li>• Avoids risk of unpaid hospitalization expenses</li> <li>• Reduces payment demand and collection efforts when bills are unpaid</li> </ul>
	<p><b>Compensation for damages or accidents during hospitalization</b></p>  	<p><b>Users and their families</b></p> <ul style="list-style-type: none"> <li>• Compensation for expenses incurred as a result of damage to facility equipment or injuries to staff</li> </ul> <p><b>Hospitals and nursing care facilities</b></p> <ul style="list-style-type: none"> <li>• Helps reduce administrative costs and psychological stress related to property damage claim procedures</li> </ul>

- 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

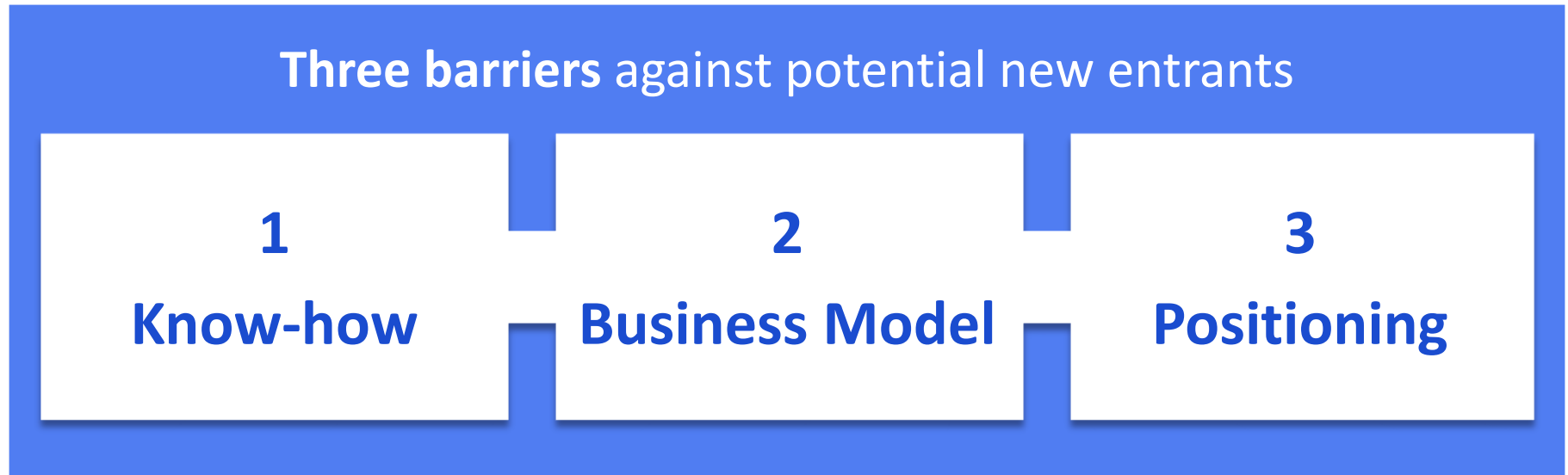
- A business model built on ongoing business relationships with partners to **achieve mutual success**

3

### Positioning

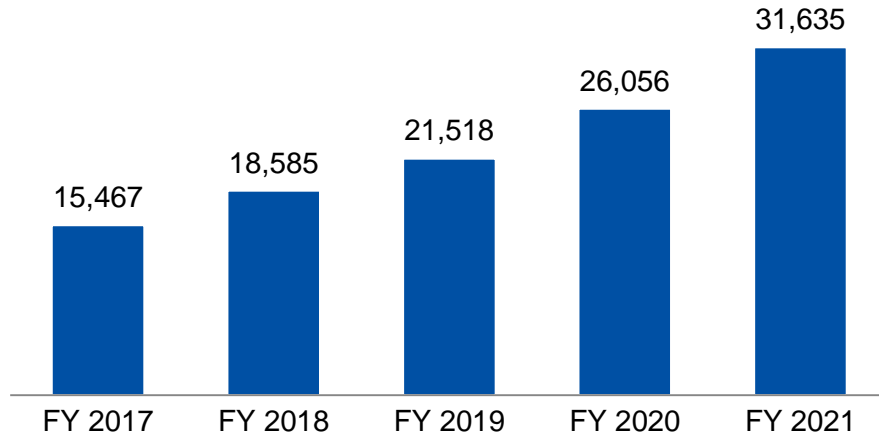
- ELAN is independent and **open**, being unaffiliated with any other corporate group

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

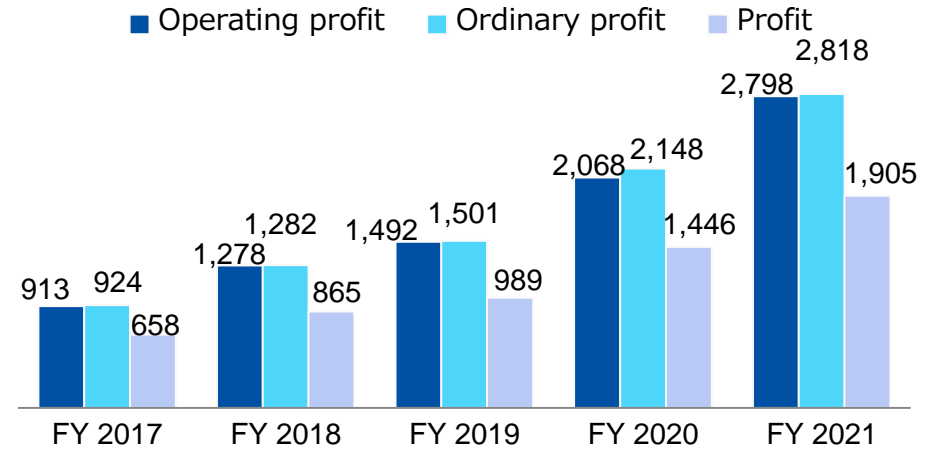


We are building **even higher barriers** to entry by accumulating know-how and firmly establishing our position in the industry.

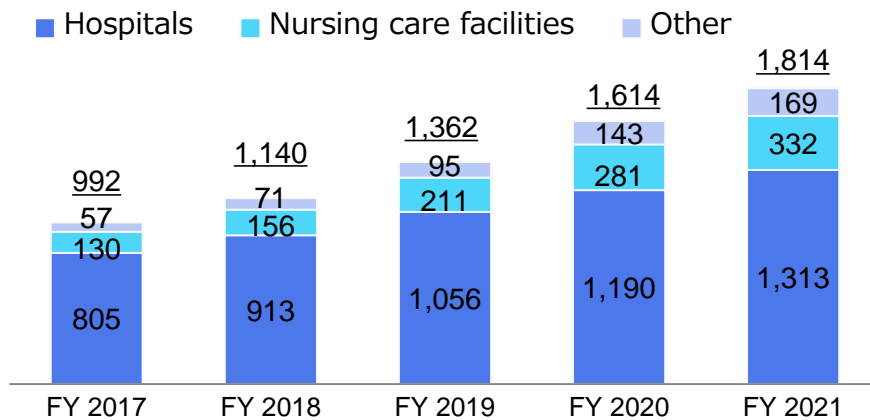
## Net Sales (Millions of Yen)



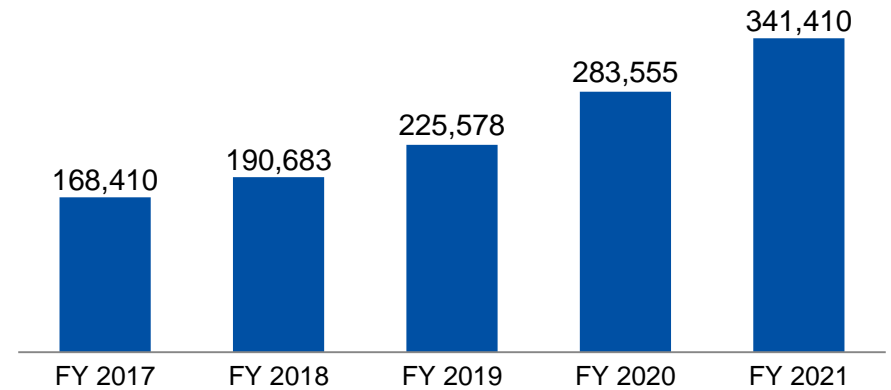
## Profits (Millions of Yen)



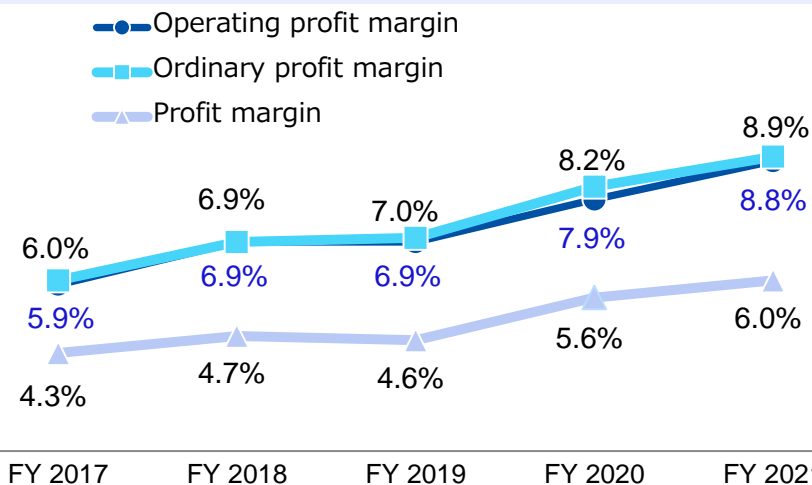
## Number of Contracted Facilities



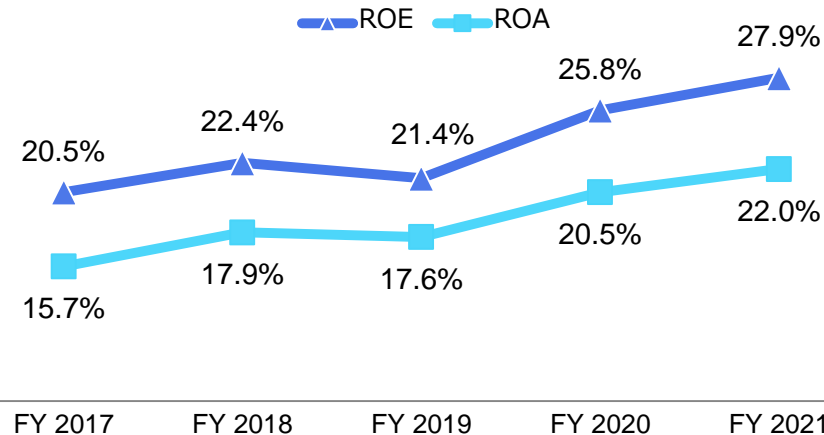
## Number of Monthly Users (People)



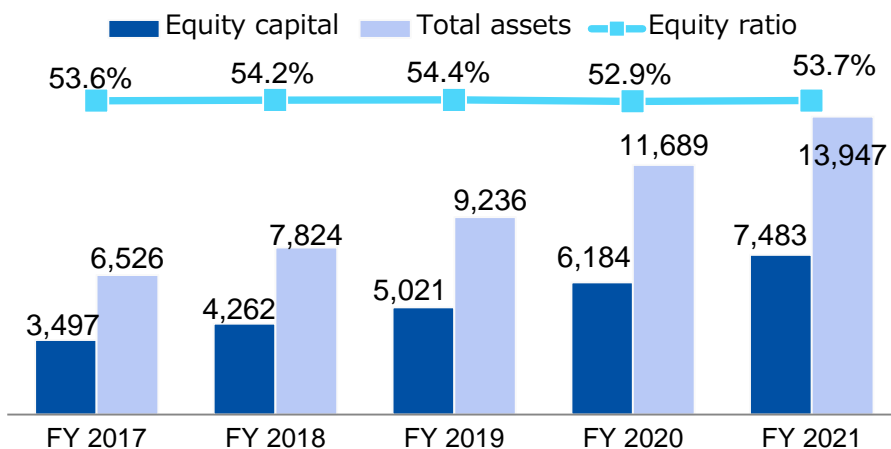
### Profit Margins



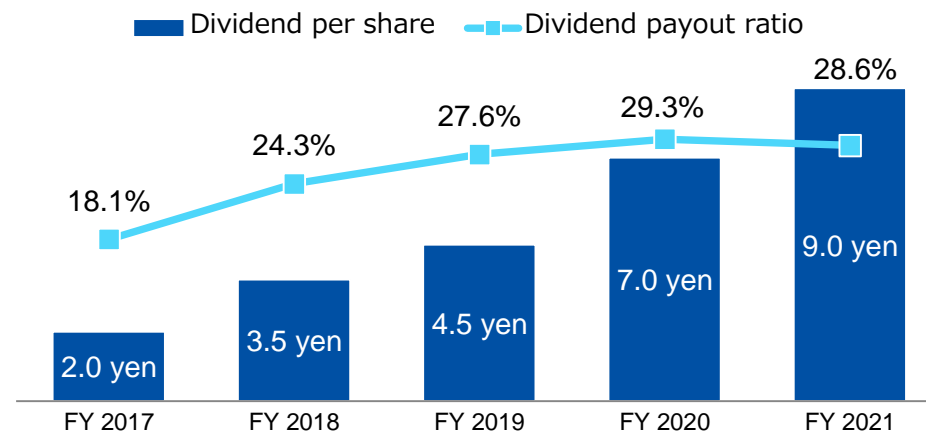
### ROE and ROA



### 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 (November 11, 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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