



Medium-Term Business Plan 2025

Rolling Update of the plan shown on Aug 12, 2022

May 15th, 2023

Living Platform, Ltd.

(TSE Growth: 7091)





Medium-Term Business Plan 2025

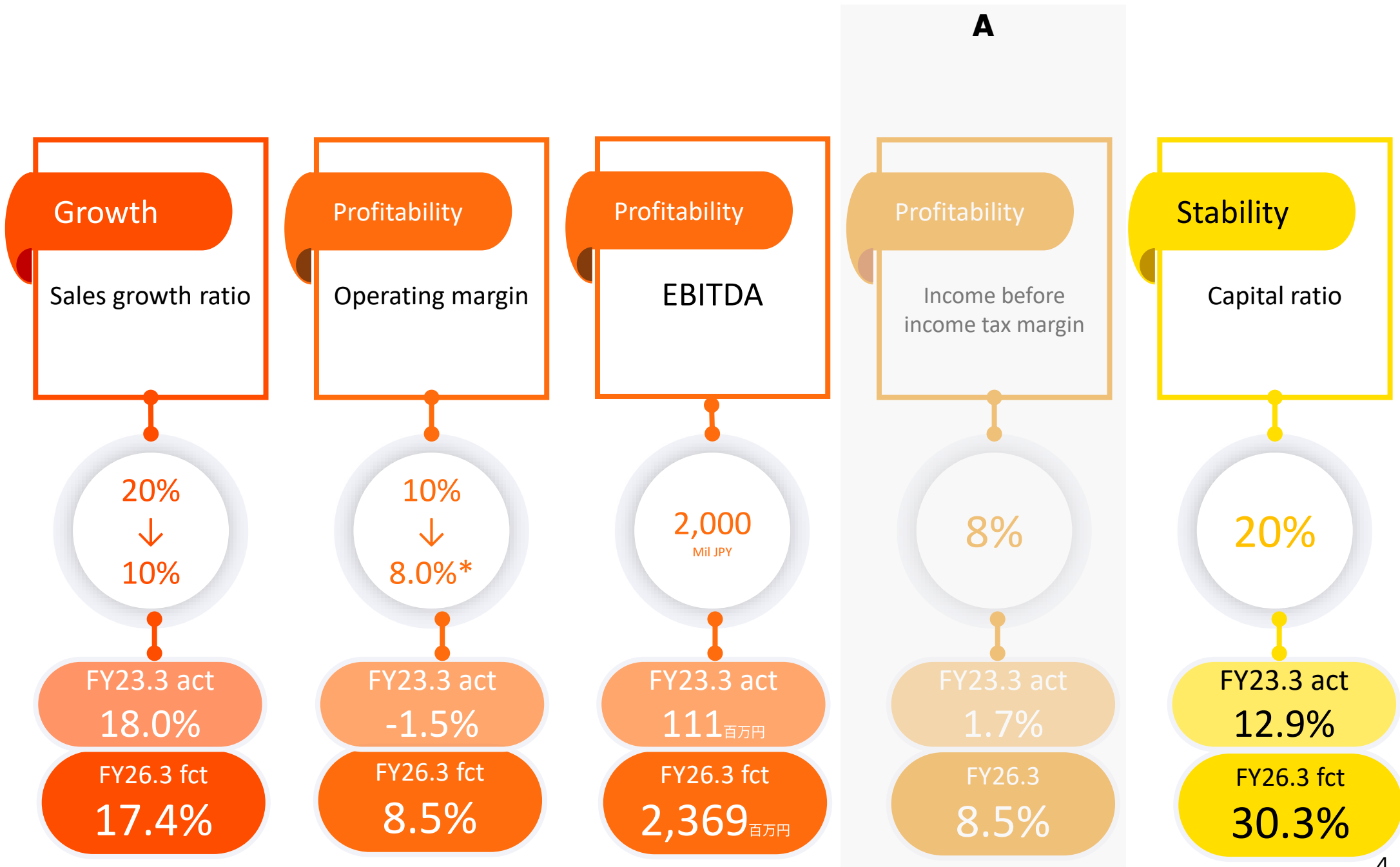
This presentation material is derived from the “[Medium-Term Business Plan 2024](#)” announced on Aug 12, 2022, and updated to reflect the latest situation.

There have been no recent updates regarding Market situation, Business Model and Competitive Advantage, and Business Driver. Please refer to the aforementioned presentation for more information.

Executive Summary

- ✓ Our business had substantial impact of COVID-19. In addition, due to having large number of facilities based on cold area like Hokkaido and Tohoku, the impact of hike of utilities costs, particularly electricity charges, became even more significant compared to other companies in the industry
- ✓ Due to changes in the profit and loss structure, reclassification of non-deductible consumption tax from non-operating expenses to selling, general, and administrative expenses. With this factor added, there is a significant deviation from the originally anticipated structure in terms of operating profit, although it does not affect ordinary profit or net profit for the period
- ✓ In terms of net profit for the period, there are no significant unforeseen circumstances as long as the impact of rising utility costs can be mitigated through price adjustments and the installation of solar panels
- ✓ The company aims to prioritize the realization of profits by restraining the pace of self-development (changing the target for sales growth to 10% from FY26.3) from FY26.3 onwards. The company also hopes for positive effects on performance through changes in legal classifications related to infectious diseases and management improvement activities.
- ✓ Regarding the childcare business, it is not expected to open new facilities in the near future, and the focus will be on differentiating the business and nurturing talent. In the disability support business, the focus will be on developing group home services and aiming to establish a leading position in the industry. As for the elderly care business, due to the high construction costs, emphasis will be placed on M&A activities
- ✓ Other future growth strategies include advancing in REIT (Real Estate Investment Trust), paid elderly care homes focusing on specific diseases, and SaaS (Software as a Service). Further details will be announced as these plans are solidified

🌿 KPI Status (FY23.3 - FY26.3)



*Decreased 2% of non-deductible consumption tax



Medium-term Business Plan

Balance sheet

- ✓ In order to establish a system where we can repay borrowings at any desired timing, considering the possibility of interest rate hikes, we are accelerating the accumulation of profits, aiming for the total amount of land, buildings, and current deposits to exceed the amount of borrowings

	FY23.3			FY24.3			FY25.3			FY26.3		
	Plan (2022.08)	Act	Difference	Plan (2022.08)	Updated Plan	Difference	Plan (2022.08)	Updated Plan	Difference	Plan (2022.08)	Updated Plan	Difference
Current assets	4,467	4,413	▲54	4,810	4,351	▲459	6,215	6,190	▲25	-	8,006	-
(Cash and deposits)	2,057	1,882	▲175	2,122	3,006	884	3,275	4,651	1,376	-	5,754	-
Non-current assets	7,077	6,989	▲88	6,828	7,139	311	6,680	6,919	239	-	6,565	-
(Land and buildings, etc.)	3,158	3,574	416	3,037	2,780	▲257	3,060	2,600	▲460	-	2,433	-
Total assets	11,548	11,402	▲146	11,642	11,746	104	12,899	13,332	433	-	14,928	-
Current liabilities	2,110	3,989	1,879	2,070	2,579	509	2,393	2,920	527	-	3,051	-
Non-current liabilities	7,764	5,941	▲1,823	7,296	7,029	▲267	7,017	7,302	285	-	7,349	-
Total liabilities	9,875	9,930	55	9,367	9,608	241	9,410	10,222	812	-	10,399	-
Net assets	1,673	1,471	▲202	2,275	2,138	▲137	3,489	3,109	▲380	-	4,529	-
Total liabilities and net assets	11,548	11,402	▲146	11,642	11,746	104	12,899	13,332	433	-	14,928	-
Equity ratio	14.4%	12.9%	▲1.3%	19.5%	18.2%	▲1.3%	27.0%	23.3%	▲3.7%	-	30.3%	-
Borrowings, etc.	6,241	6,337	96	5824	5,911	87	5,703	6,321	618	-	6.356	-



Medium-term Business Plan

PROFIT AND LOSS STATEMENT

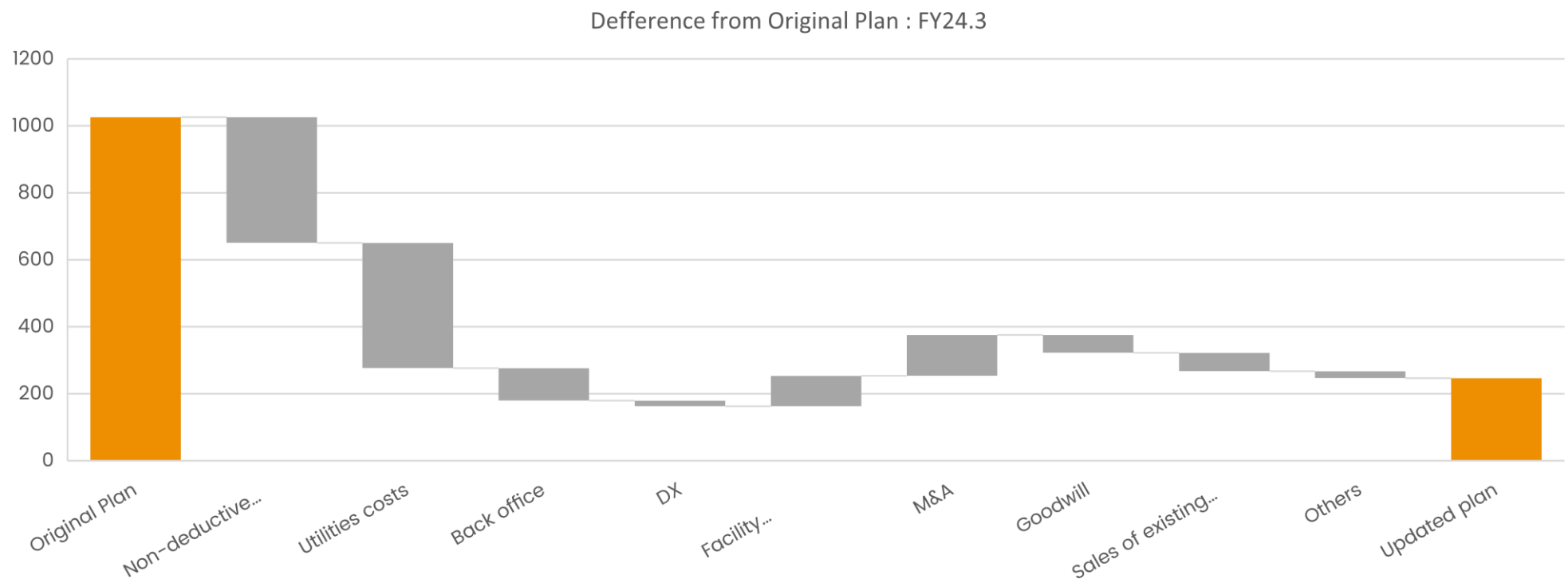
- ✓ The main cause of the decrease in operating income for FY24.3 is the rise in non-deductible consumption tax and utilities expenses, and there is a possibility of exceeding the performance forecast due to additional price increases in the future that were not anticipated in the plan
- ✓ The development grant for the nursery, which was anticipated as non-operating income for the fiscal year ending March 2024 (approximately 140 million yen), has already been recognized in FY23.3
- ✓ We anticipate that the impact of the rise in utilities expenses will be mitigated by FY25.3

	FY23.3			FY24.3			FY25.3			FY26.3		
	Plan (2022.08)	Act	Difference	Plan (2022.08)	Updated Plan	Difference	Plan (2022.08)	Updated Plan	Difference	Plan (2022.08)	Updated Plan	Difference
Net sales	13,951	13,694	▲257	17,093	16,928	▲165	20,747	20,337	▲410	-	23,871	-
Operating profit	595	▲234	▲829	1,026	246	▲779	2,092	1,332	▲760	-	2,037	-
%	4.3%	▲1.7%	-	6.0%	1.5%	▲4.5%	10.1%	6.5%	▲3.5%	-	8.5%	-
Ordinary profit	262	35	▲227	809	266	▲543	1,712	1,379	▲333	-	2,032	-
%	1.9%	0.3%	-	4.7%	1.6%	▲3.2%	8.3%	6.8%	▲1.5%	-	8.5%	-
Profit before income taxes	427	218	▲209	809	266	▲543	1,712	1,379	▲333	-	2,032	-
%	3.1%	1.6%	-	4.7%	1.6%	▲3.2%	8.3%	6.8%	▲1.5%	-	8.5%	-
Profit attributable to owners of parent	261	91	▲170	602	182	▲420	1,214	971	▲242	-	1,420	-
%	1.9%	0.7%	-	3.5%	1.1%	▲2.4%	5.9%	4.8%	▲1.1%	-	5.9%	-

Original plan: [Medium term Business plan announced in Aug 2022](#), which doesn't include non deductible consumption tax within operating profit

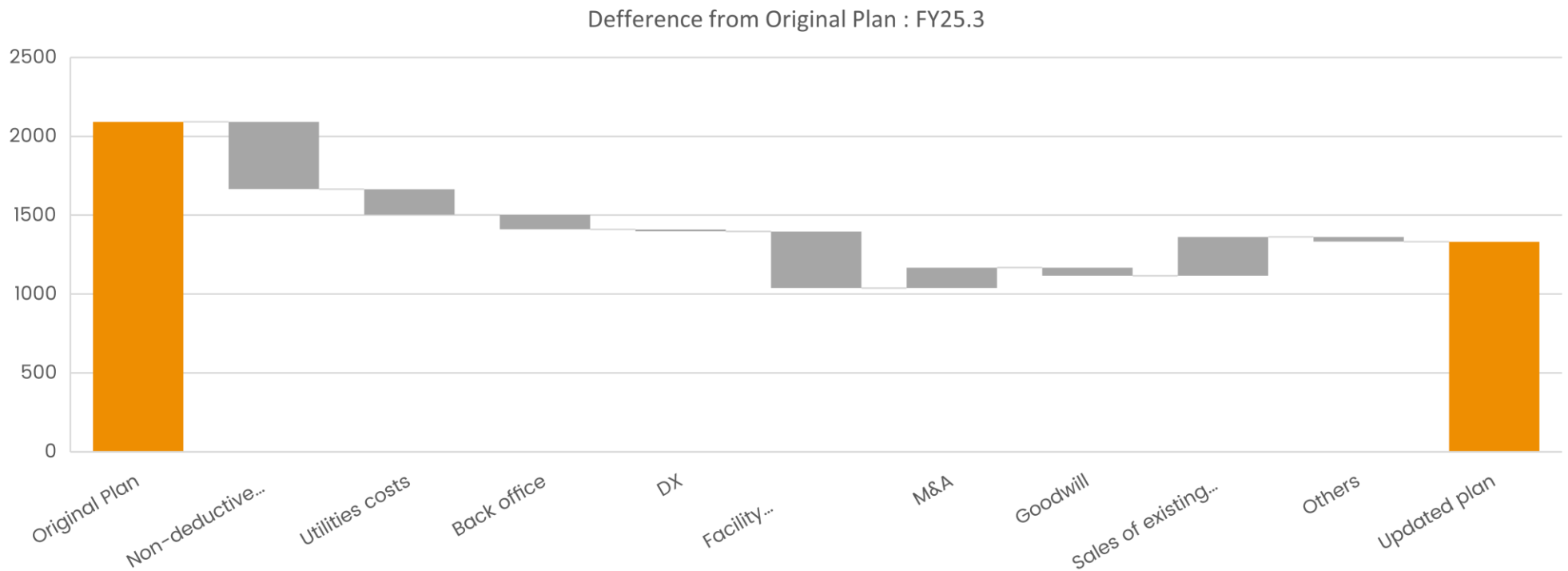
Factors of decreasing operating profit from original plan FY24.3

- ✓ A decrease in operating profit of approximately 780 million yen is expected in FY24.3. However, excluding non-deductible consumption tax, about 90% of the decrease is attributed to the soaring cost of utilities, particularly water and electricity expenses
- ✓ The estimate for the increase in water and electricity expenses is around 30% based on the results of FY23.3. The plan is to proceed with the necessary price adjustments
- ✓ The cost for DX has temporarily resulted in higher headquarters expenses. However, it is anticipated that in the medium term, this will contribute to controlling headquarters expenses
- ✓ Blue Care and Challenge Platform, significant organizational will accelerate the early operation and improve the occupancy rate of the new business, Living Platform Care
- ✓ Subsidies for new opened facility in FY24.3 is already accounted in FY23.3



Factors of decreasing operating profit from original plan FY25.3

- ✓ Anticipate a decrease in operating income of approximately 345 million yen. However, excluding the non-deductible consumption tax, almost the entire decrease is attributed to changes in our business development plan. We are focusing our efforts on compensating for this through M&A activities and other means
- ✓ Regarding utilities costs, we expect to return them to the FY23.3 level with the resumption of nuclear power plants. We plan to offset the increase through price adjustments passed on to users
- ✓ By overcoming the impact of the COVID-19 pandemic and achieve a stable occupancy rate, we anticipate a significant increase in revenue from our existing facilities





Initiatives for Achieving KPIs

Governance

Strengthen governance through the delegation of authority

Productivity

Enhancing productivity of back office through DX

Expanding category

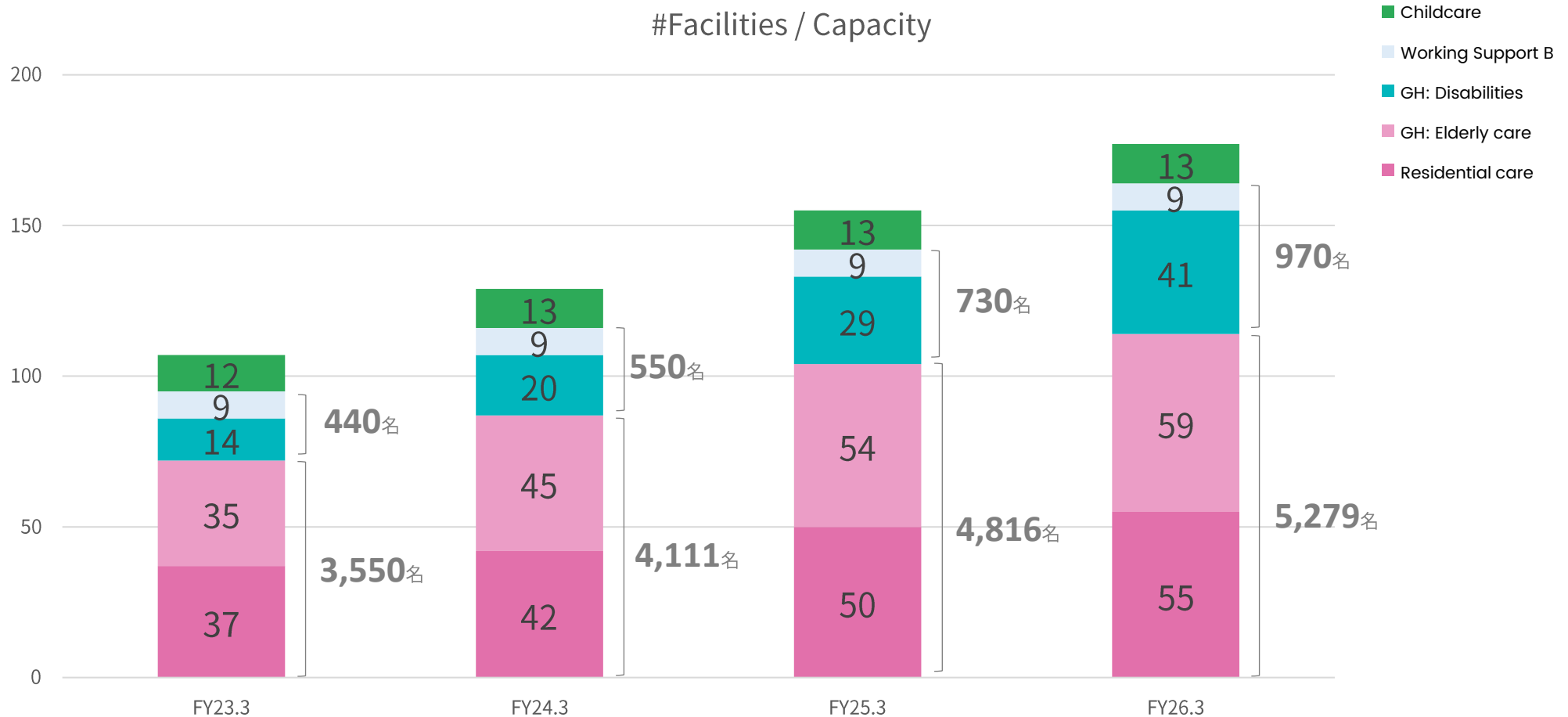
Entering business of the facility focused on specific disease

Growth

Developing REIT for the continuous business development

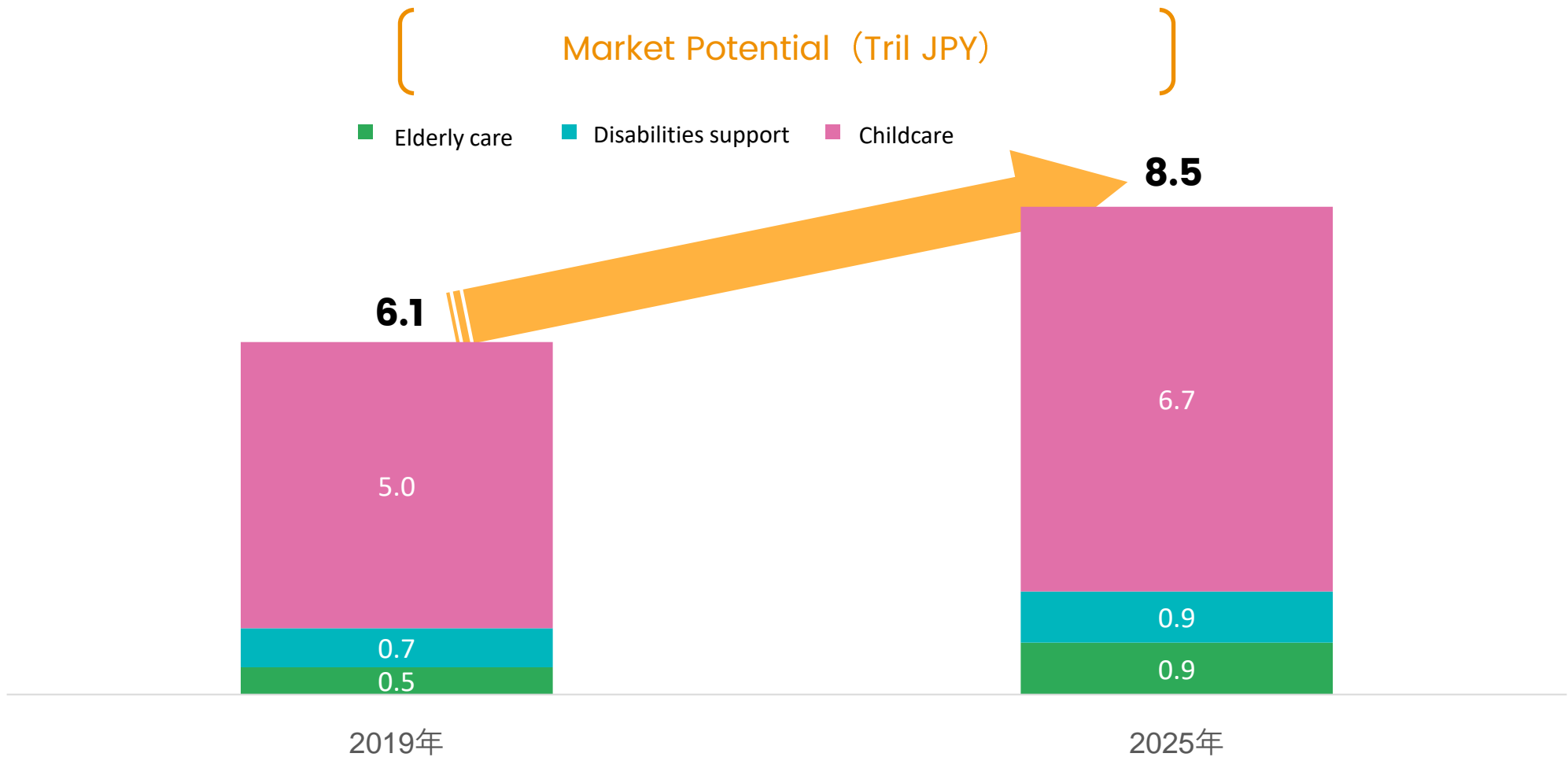
Development Plan(Including M&A)

- ✓ Elderly care: Add 42 facilities/ 1,729 capacities by the end of FY26.3, **+58.3%**
- ✓ Disabilities support: Focus on development of group home. Add 27 group homes/ 530 capacities, **+17.4%**
- ✓ Child care: No plan for new development, focus on improving programs and raising eNPS



Market Size and Potential

- ✓ Targeted market will be expanded towards 98.5 tril JPY
- ✓ We are aim to become a leaders within Japanese and global market



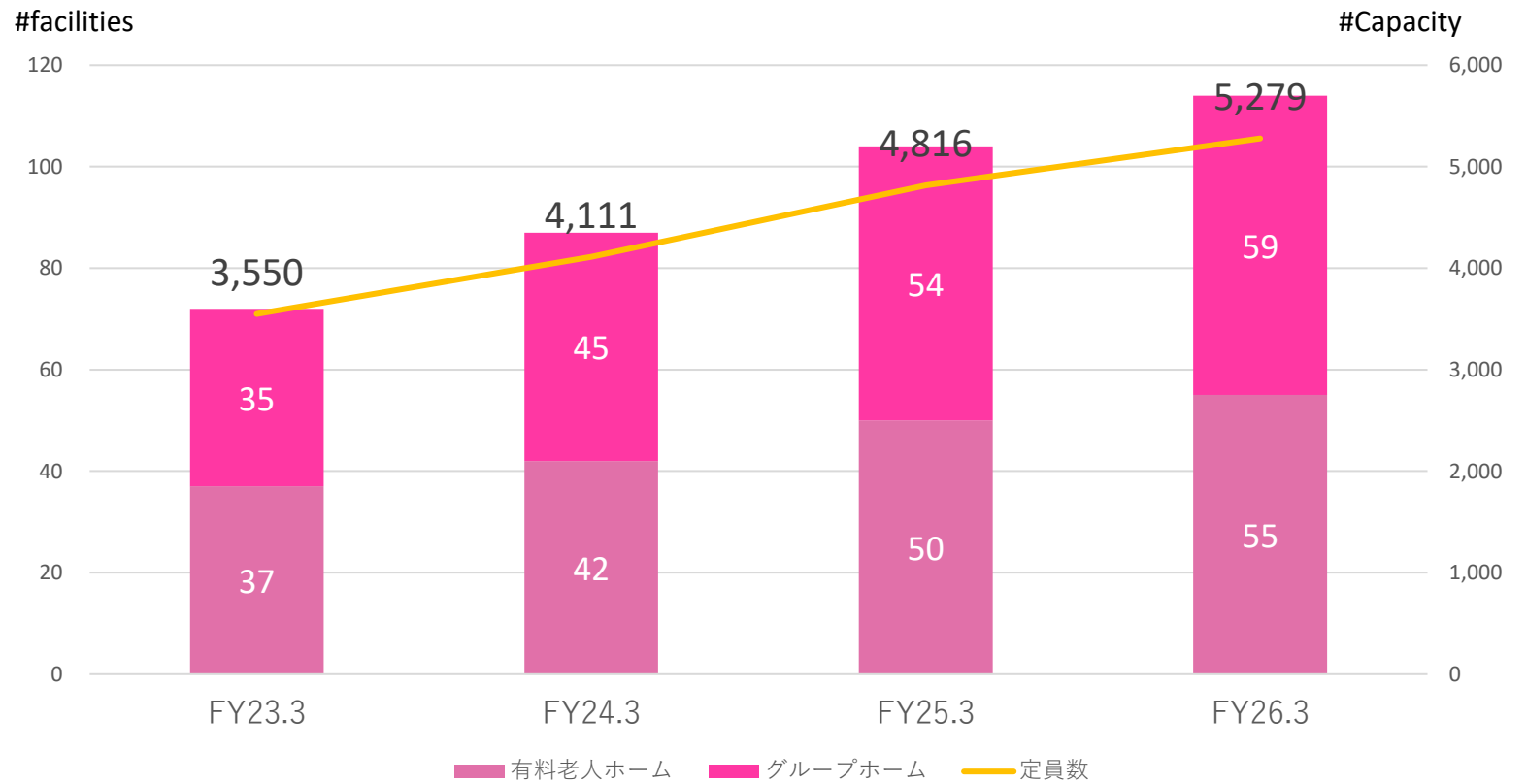
Source: Estimated by the Company based on “Survey of Social Welfare Facilities,” “Overview of Survey of Actual Nursing Care Benefit Expenses,” “Report on the Status of Long-Term Care Insurance Business,” etc. by the Ministry of Health, Labour and Welfare

Elderly care : Development plan

Strategy

From FY26.3 onwards, restrain the pace of in-house development and focus on realizing profits

Act / Plan

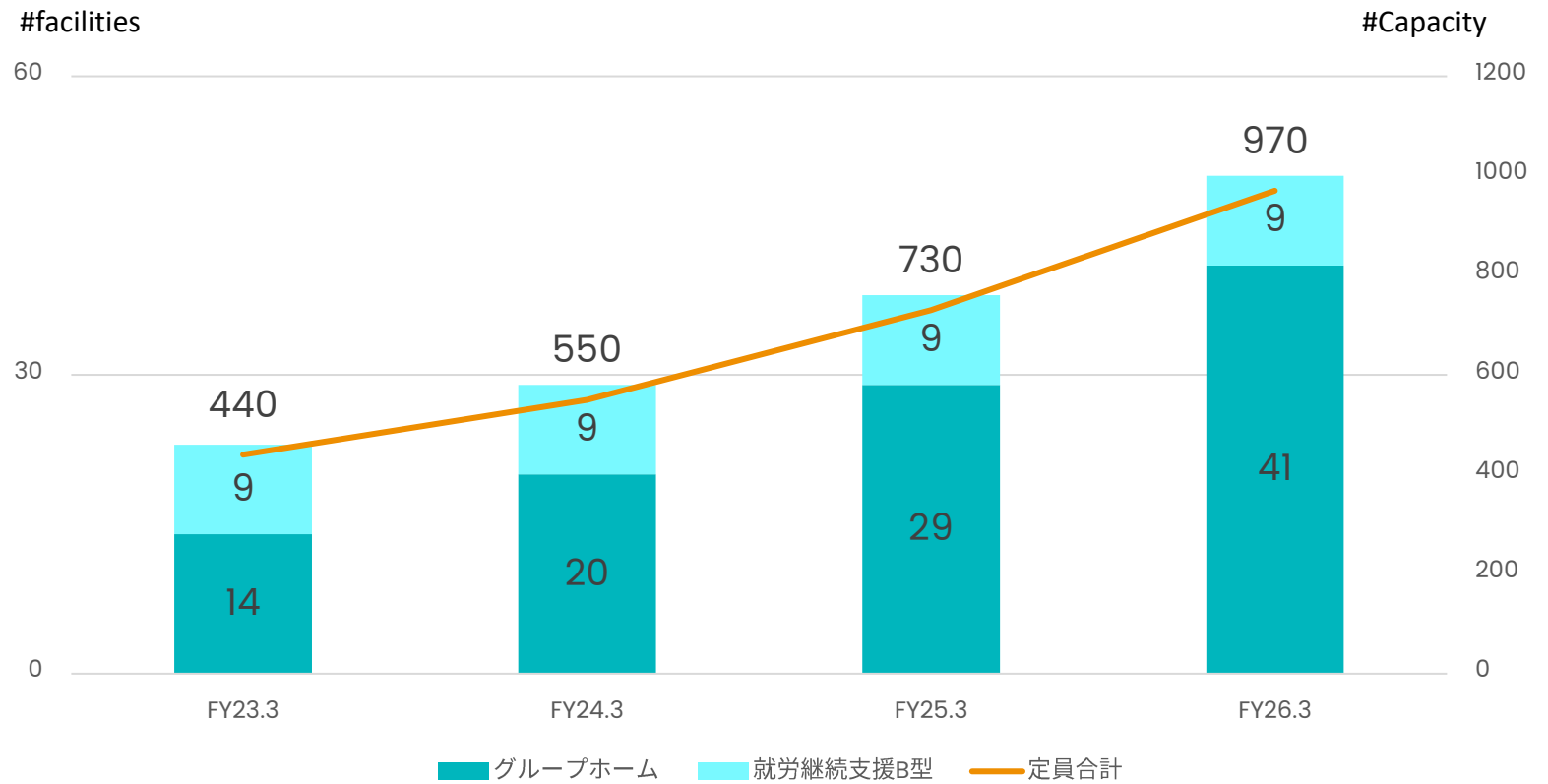


Disabilities Support : Development plan

Strategy

● Focus on developing group homes to raise occupancy/ profit

Act / Plan

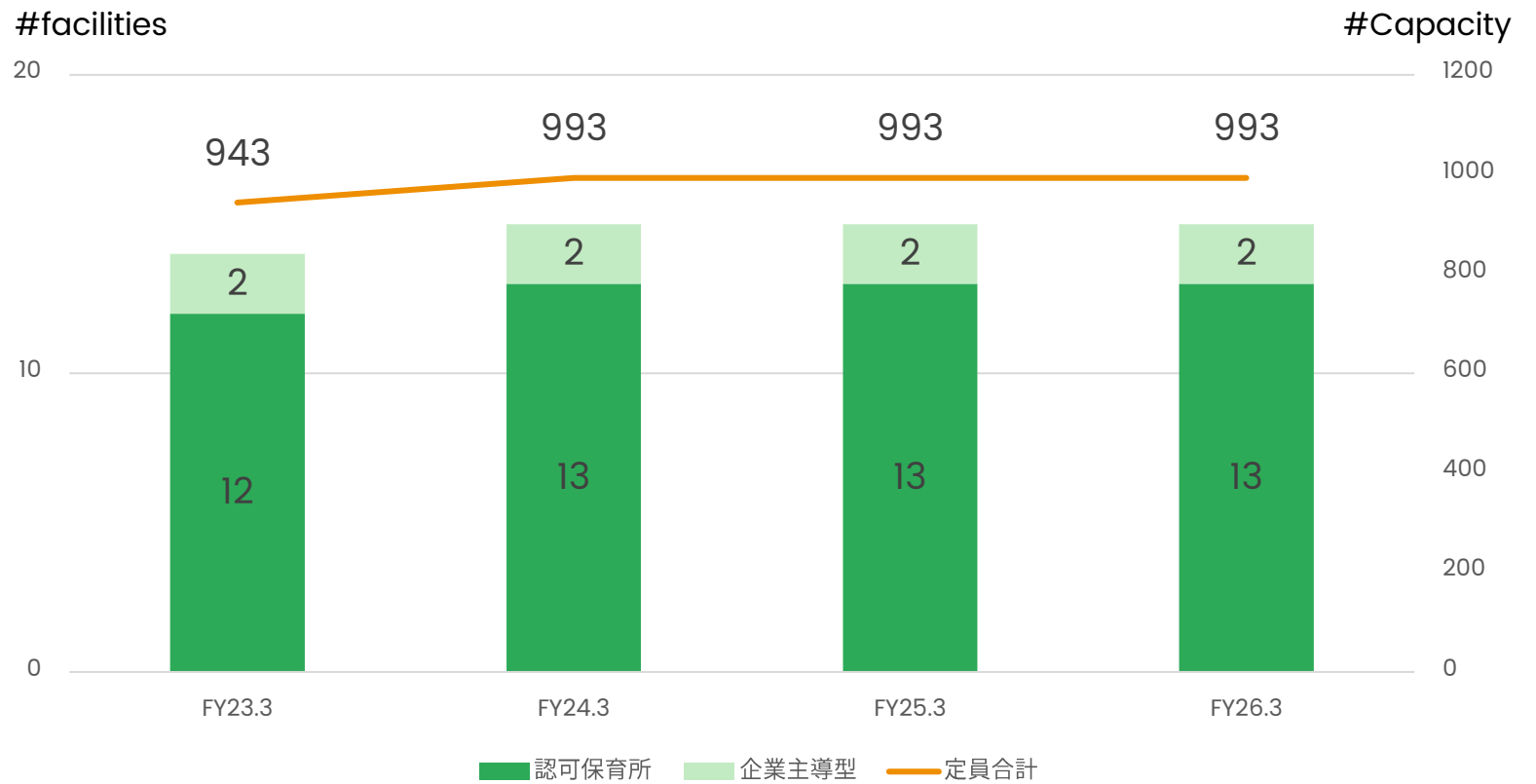


Child care : Development plan

Strategy

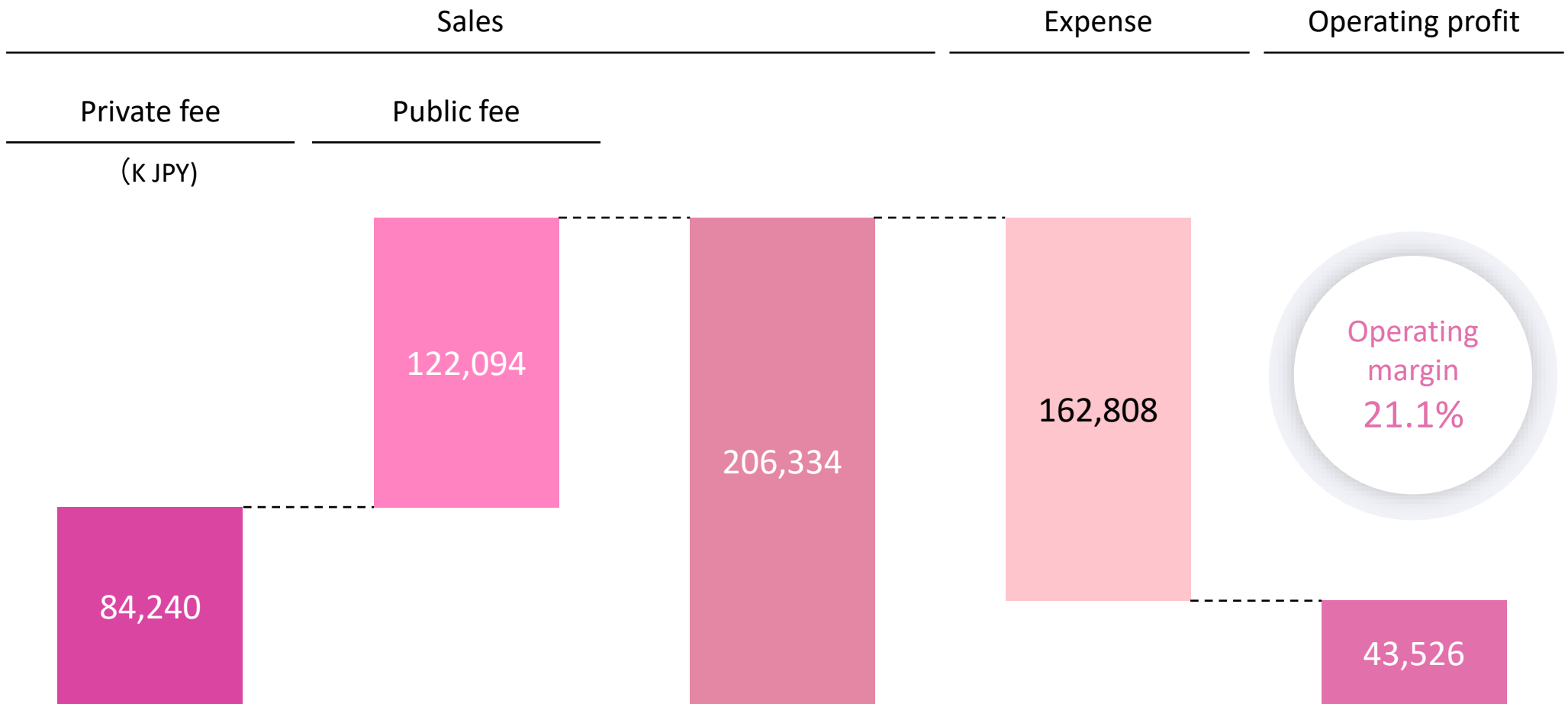
● Focus on improvement of programs and raising eNPS to raise profit

Act / Plan



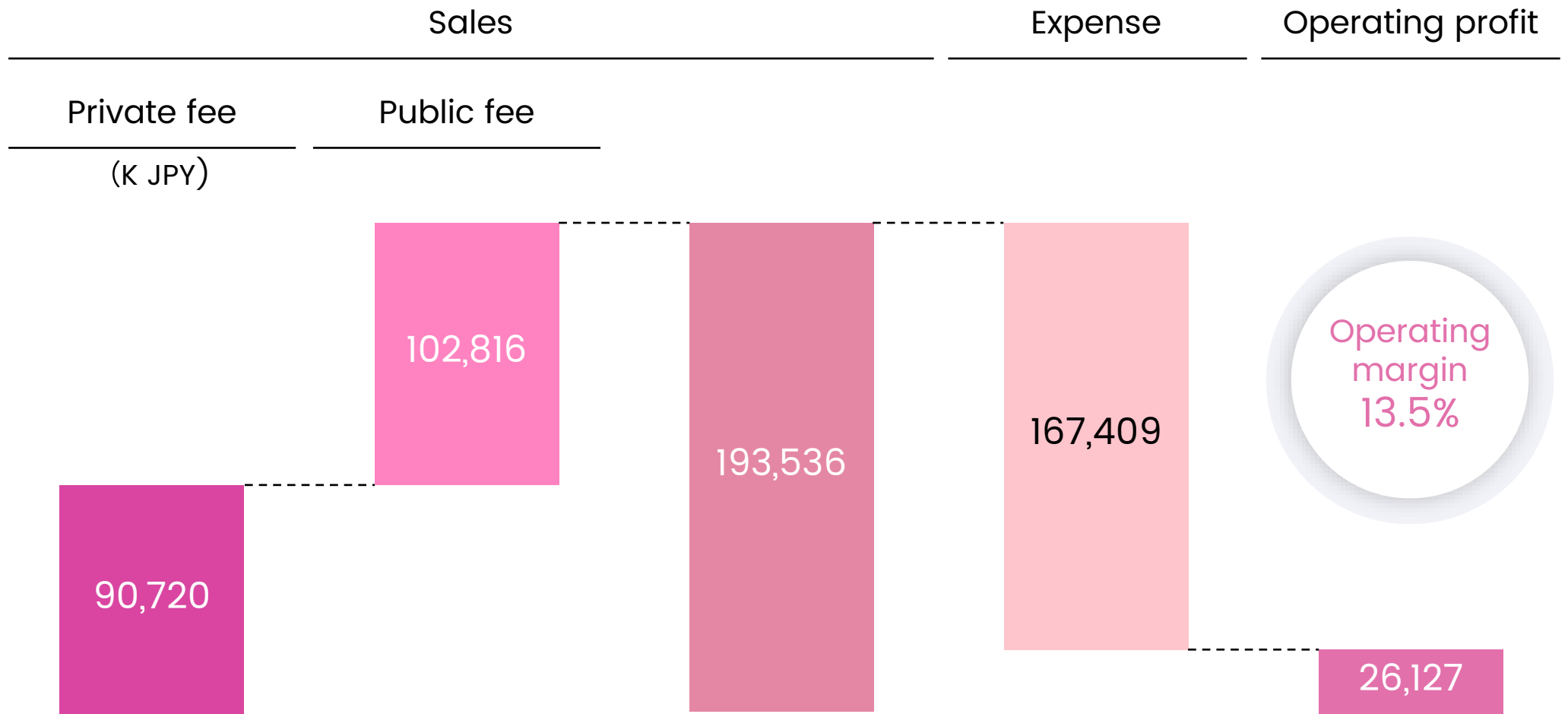
Profit Model : Elderly Care

Tokutei (In case of 90 occupancy of 60 capacity facility)



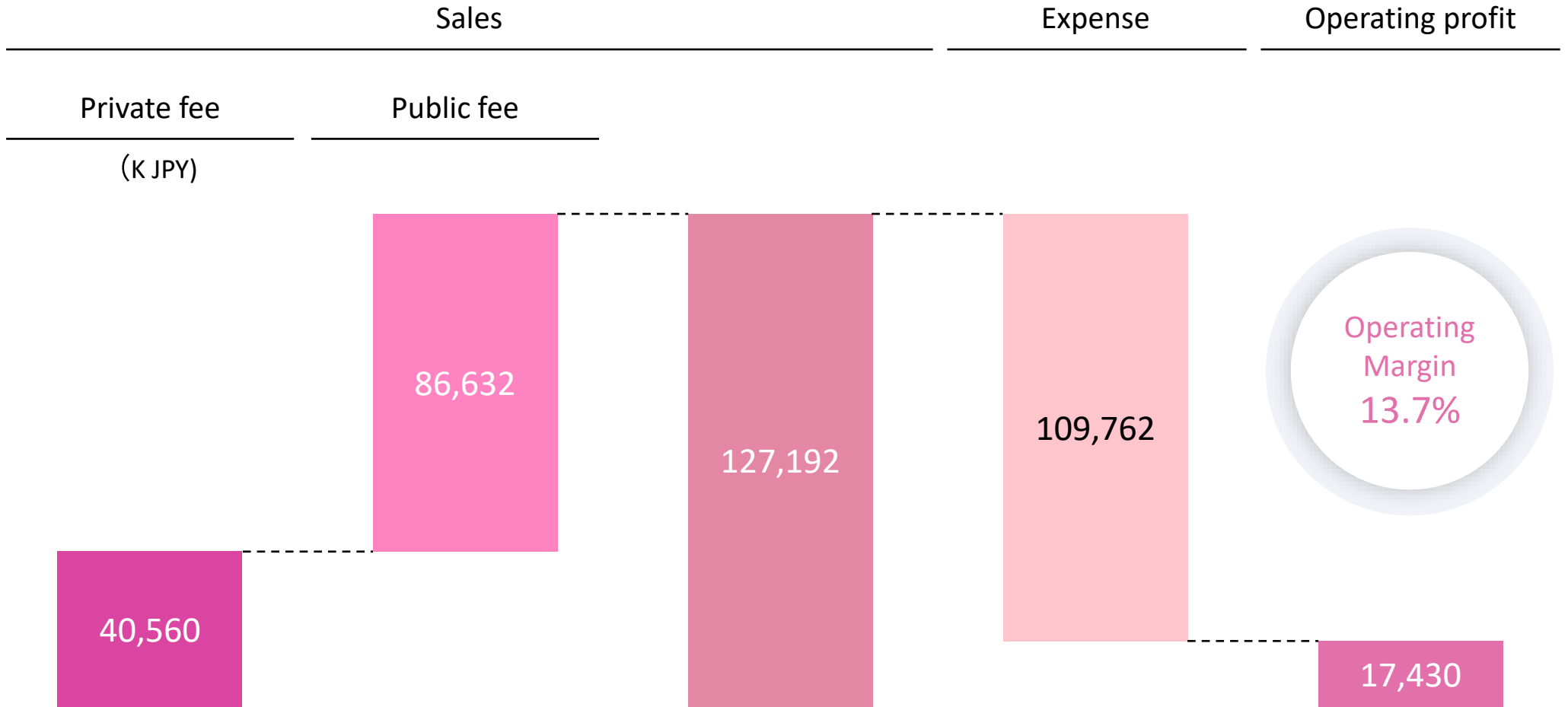
Profit Model : Elderly Care

Residential care (in case of 90 occupancy of 60 capacity facility)



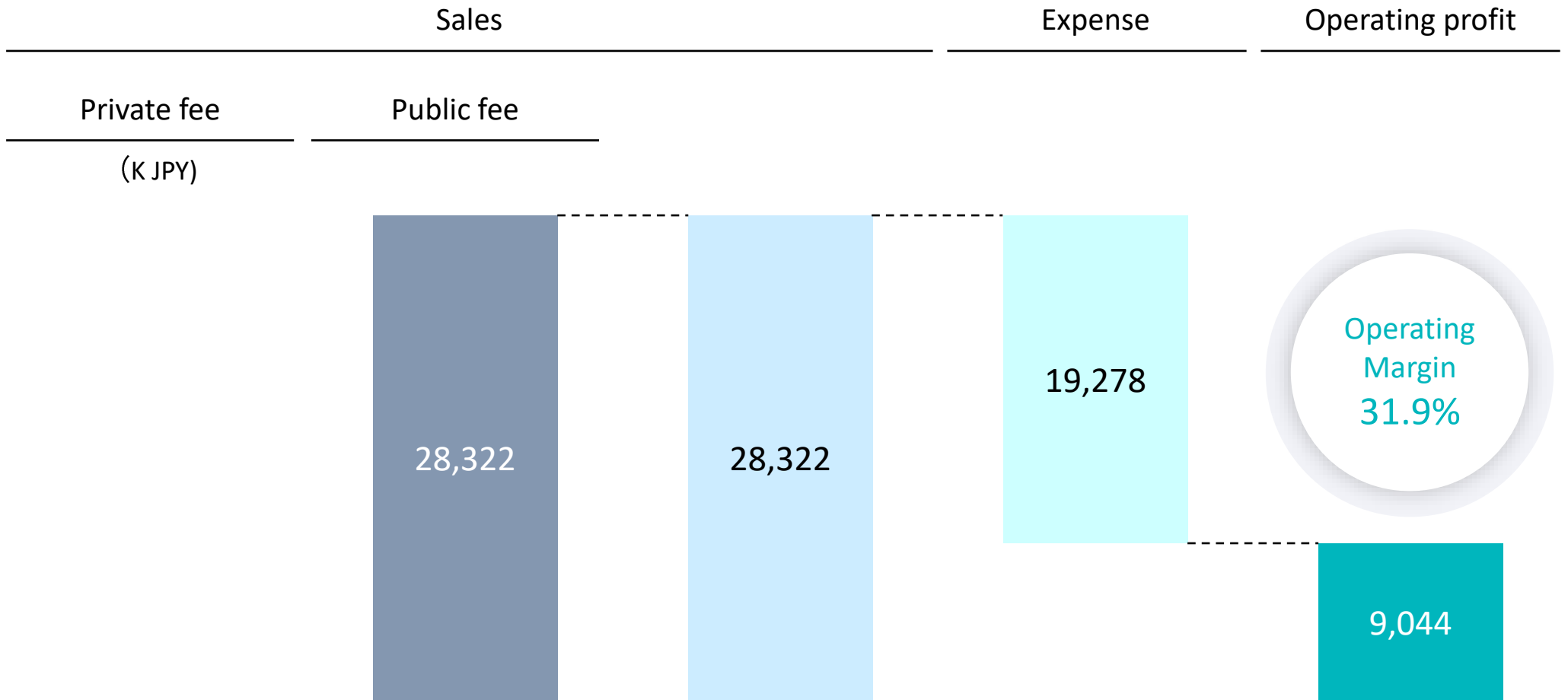
Profit Model : Elderly Care

Group home (In case of 96% occupancy of 27 capacity facility)



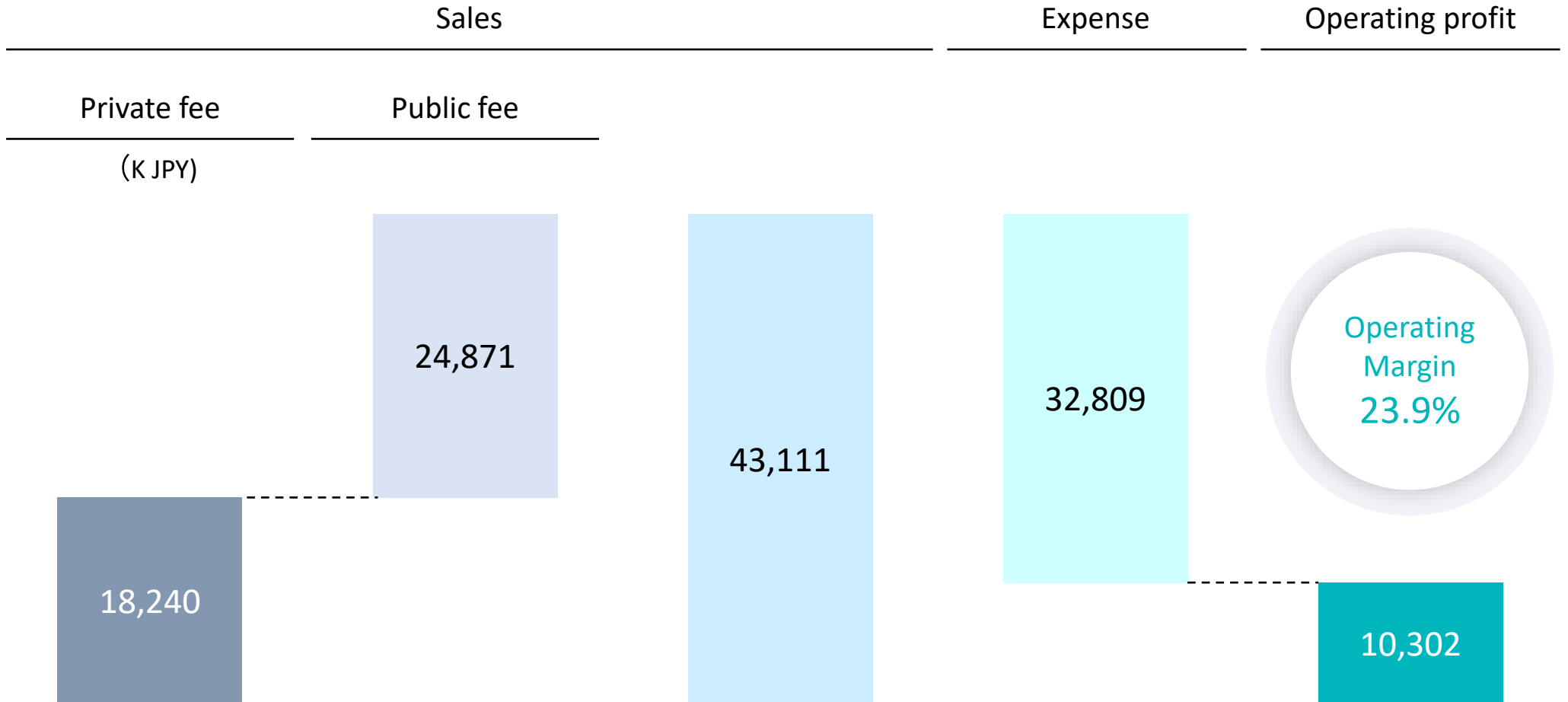
Profit Model : Disabilities Support

Support to work, Type B (In case of 70% occupancy of 20 capacity facility)



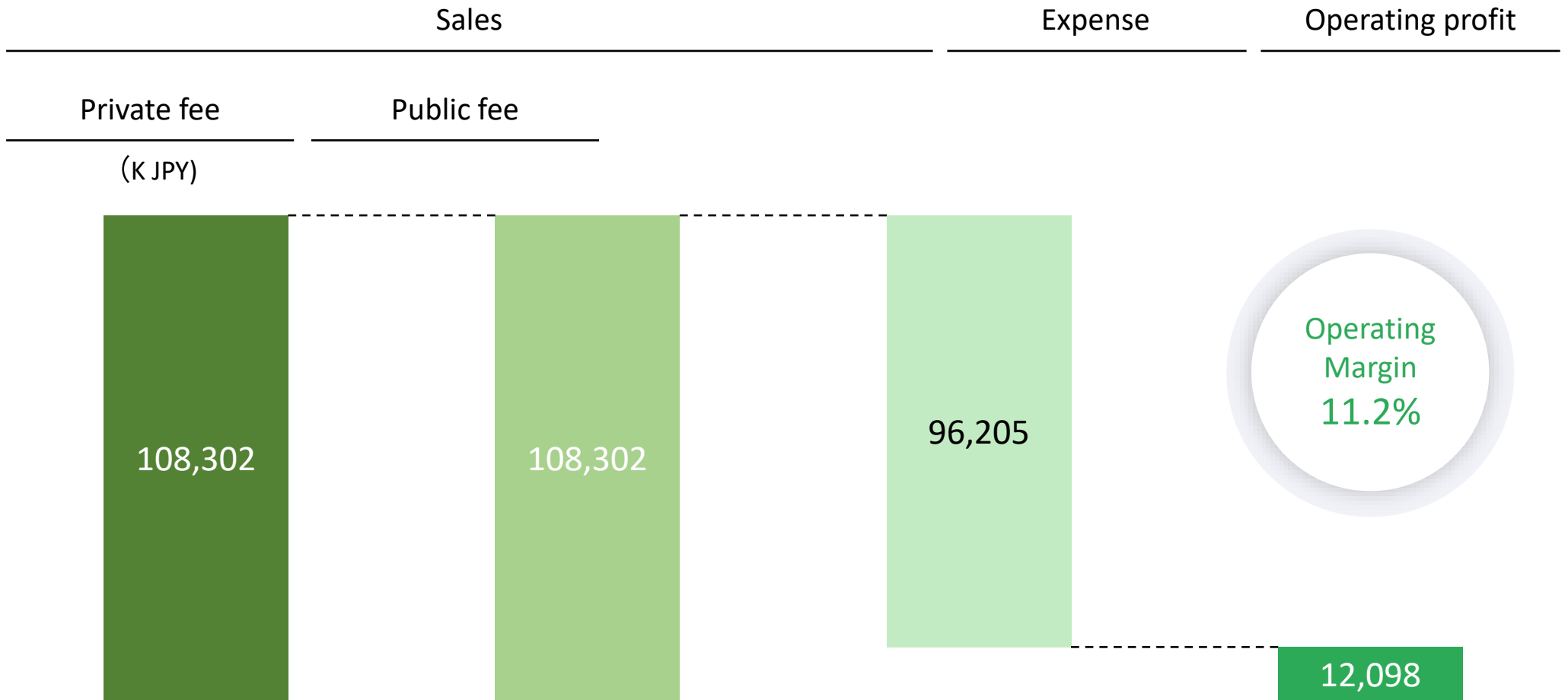
Profit Model : Disability Support

Group home (In case of 95% occupancy of 20 capacity facility)



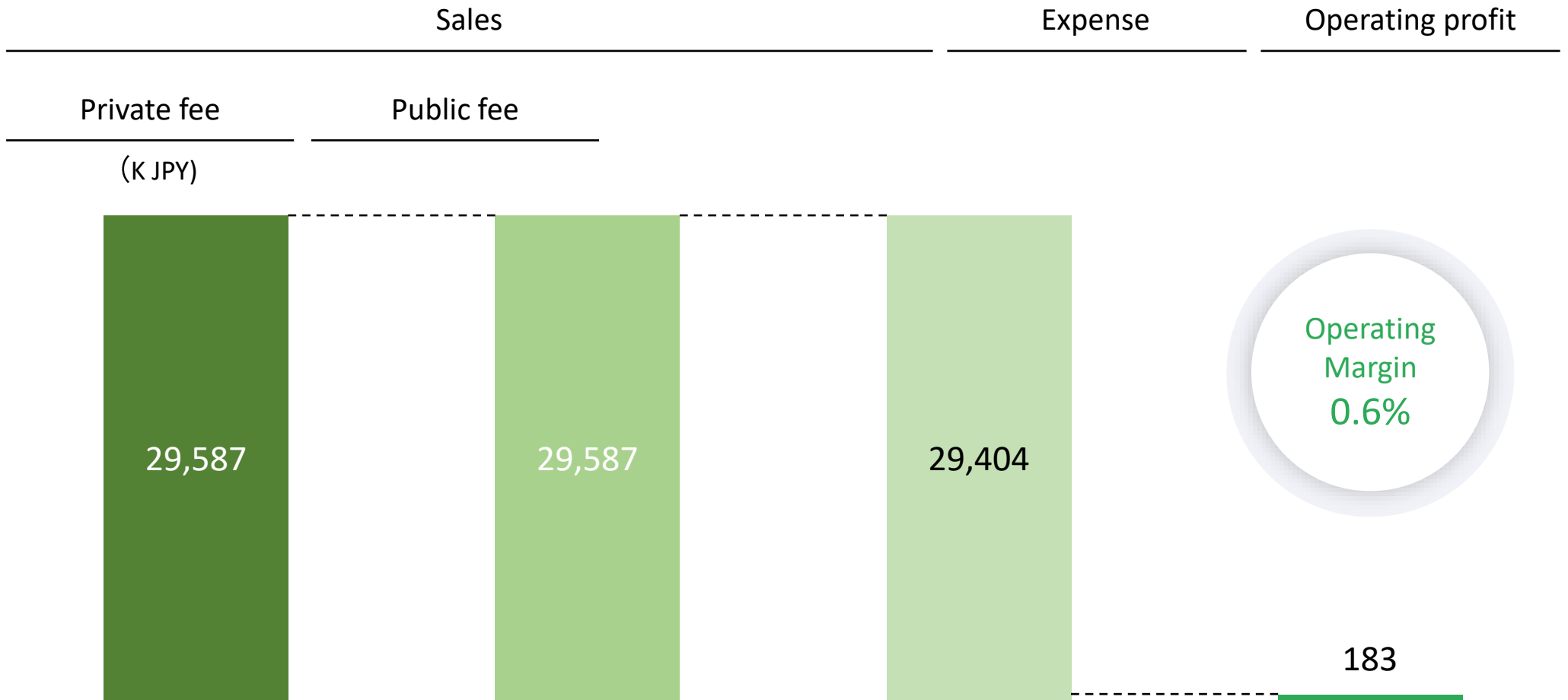
Profit Model : Child Care

Approved care (In case of 98% occupancy of 80 capacity facility)



Profit Model : Child Care

Corporate in-house service (In case of 92% occupancy of 12 capacity facility)



Disclaimer and Disclosure Policy

This document contains forward-looking statements, expectations, judgement, plans and strategies for the future.

These statements include such risks and uncertainty factors as fluctuations in business demand, fluctuations in business development schedules, changes in various systems, changes in the guidelines by municipalities, and performance of affiliate companies.

These statements should not be construed as a guarantee of achieving future results, either. Note that actual operating results may differ in substance from the Company's current expectations.

Such a difference may be caused by a number of factors and risks. Please refer to the descriptions on such factors and risks presented in the Company's continuous disclosure and timely disclosure materials.

Contact

Living Platform, Ltd.

Corporate Communication Office

 E-mail: ir@living-platform.com