



Fiscal Year Ending March 2024

Presentation on Business Plan and Growth Potential

Jun. 28th, 2023

Living Platform, Ltd.
(TSE Growth : 7091)

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Company Profile



Company Profile

Name	Living Platform, Ltd.	
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Officers	CEO	Hirofumi KANEKO
	Board Director	Ryusuke HAYASHI
	Board Director	Shinichi YANAGI
	Outside Board Director	Hiroaki TANAKA, attorney
	Outside Board Director	Kenji KAWAE, certified public accountant
	Outside Board Director	Yoshiaki HIRAO
	Auditor	Mitsuhiro GOTOH
	Outside Auditor	Hidetsugu KATAKURA, attorney
	Outside Auditor	Rina SUMINO, certified public accountant

Established	June 28, 2011	
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Listed	March 17, 2020 (Tokyo Stock Exchange Mothers market (currently Growth market)) Securities code: 7091	
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Number of Employees	2,809 (including part-time workers)	
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Group Companies	Silver Heights Sapporo	Living Platform Care
	OS Platform	Challenge Platform
	Nursery Platform	BS Platform
	Truth	Blue Care
	Tokasha	ID Arman

(as of March 31, 2023)

Business Domains

With the corporate philosophy of “establishing a sustainable social security system,” Living Platform, Ltd. as a private-sector company offers facilities and services to promote the three pillars of elderly care, disabilities support and childcare throughout Japan.



Major Business Domains



Elderly care

Focus on facility care services that are efficient and advantageous for hiring staff

Facility care

Care and cure

Healthcare facilities for the elderly (Roken)

Residential intensive-care facilities (Tokuyo)

Group homes for the elderly

Residential care facilities^{*1}

Others

Home care^{*2}

Visiting care

Visiting nursing

Support for bathing

Support for rehabilitation

Regular and on-demand visiting care and nursing

Day care at home

Day care at facilities

Others

Our business domains

*1 Residential care facilities are divided into “specified facilities (with care)” and “serviced care residences/assisted living residences.” “Serviced care residences/assisted living residences” include part of the services of visiting care, visiting nursing, regular and on-demand visiting care and nursing, and home care support.

*2 Home care conducted by the Company is offered at residential care facilities, which are thus care facilities in practice.

Major Business Domains



Disabilities support

Focus on less competitive areas of “living support” and “working support at the initial stage”

Visiting care

- Daily assistance at home
- Intensive daily assistance at home
- Outing assistance for the blind
- Outing assistance for the disabled
- Others

Facility care

- Assistance at facilities

Daytime assistance

- Living assistance
- Others

Training and working support

- Functional training
- Life training
- Working support at companies
- Type A working support
- Type B working support**
- Support for continuous working

Living support

- Home assistance
- Group home**

Our business domains

Major Business Domains



Childcare

Operate approved childcare facilities and private in-house childcare facilities that offer services for sick children

Entire municipalities

Facility service

Approved childcare facilities

Kindergartens

Certified child facilities

Community-based service

Small-scale childcare

Homelike childcare

Visiting childcare

In-house childcare

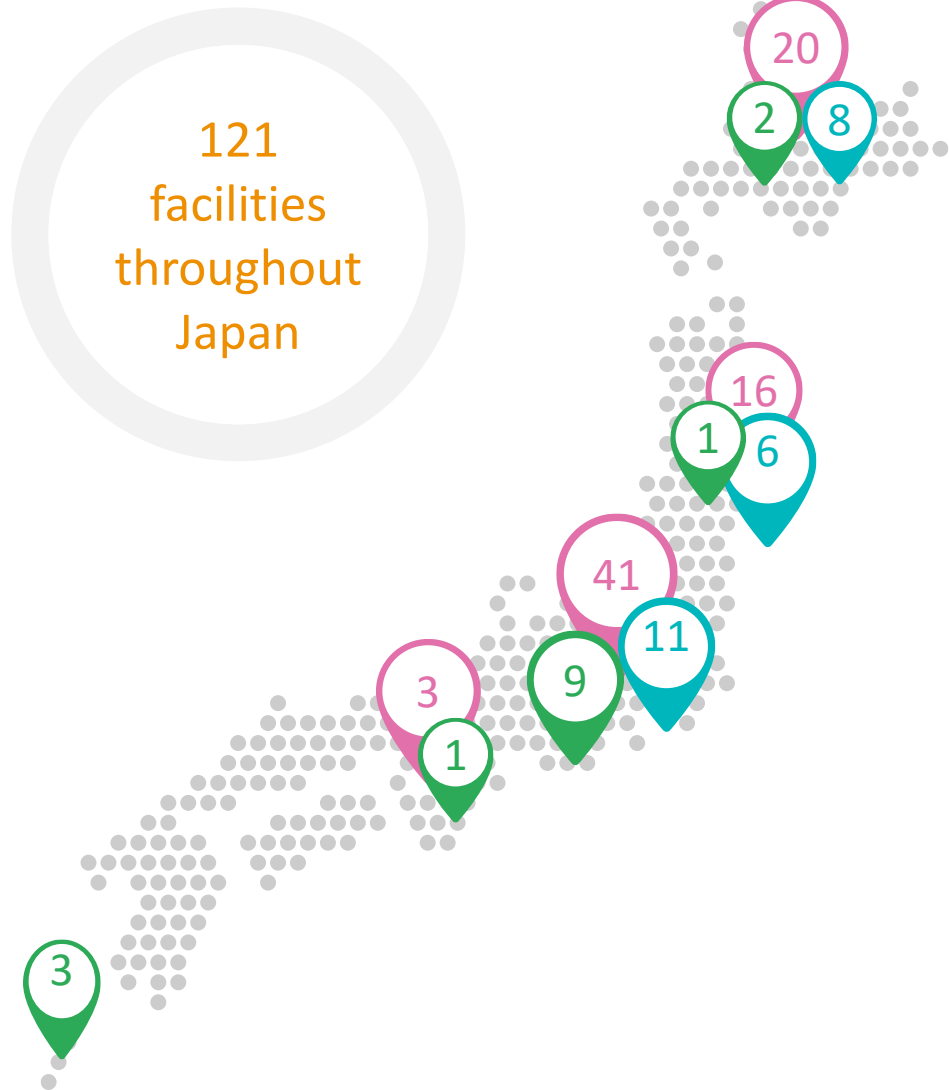
Government-led




Private in-house childcare

Others

Our business domains

Number of Operating Facilities



	Elderly care	
	Residential care facilities, etc.	37
	Group homes	43
	Disabilities support	
	Type B working support facilities	9
	Group homes	16
	Childcare	
	Approved childcare facilities	13
	Private in-house childcare facilities	2
	Non-approved childcare facilities	1

Our Value Creation Process

Human capital

Skilled staff with experiences

Financial capital

Stable financial foundation

Social relation capital

Investment for growth

Intellectual capital

Sound facility operation techniques
Investment in cutting-edge technologies

INPUT

Make operations profitable

Stabilize facility operations in a year since opening as a target to generate stable revenue.

Identify issues in social welfare

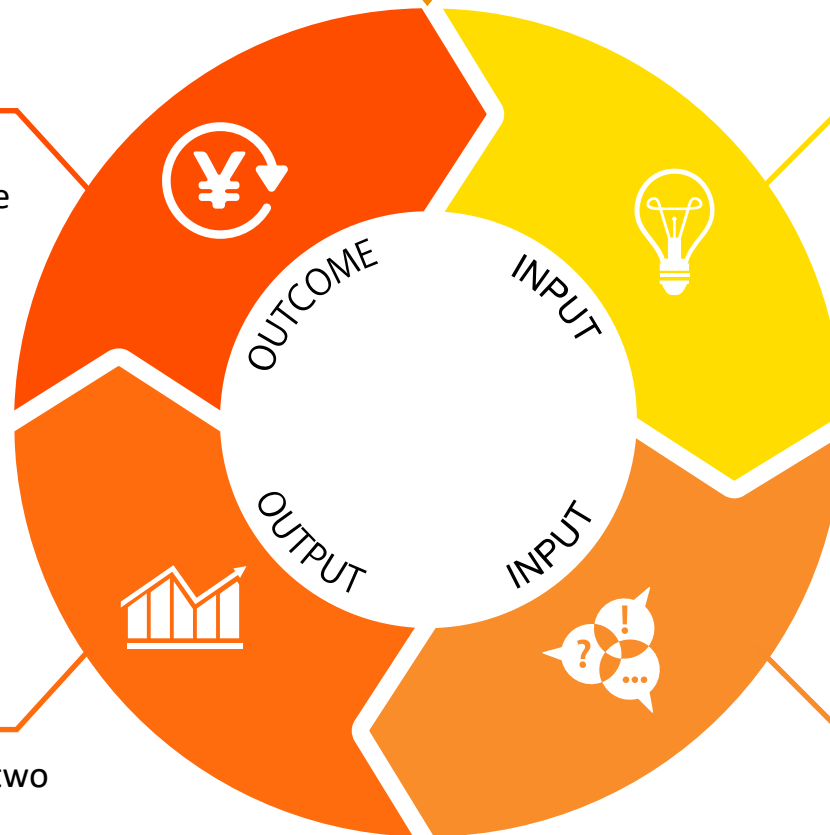
Identify issues for which we can contribute as a private-sector company in establishing a foundation for a sustainable social security system.

Facility development

Promote development through the two pillars of in-house development and M&As, based on our development rationale.

Create services

Create services in a sustainable approach to solve issues.

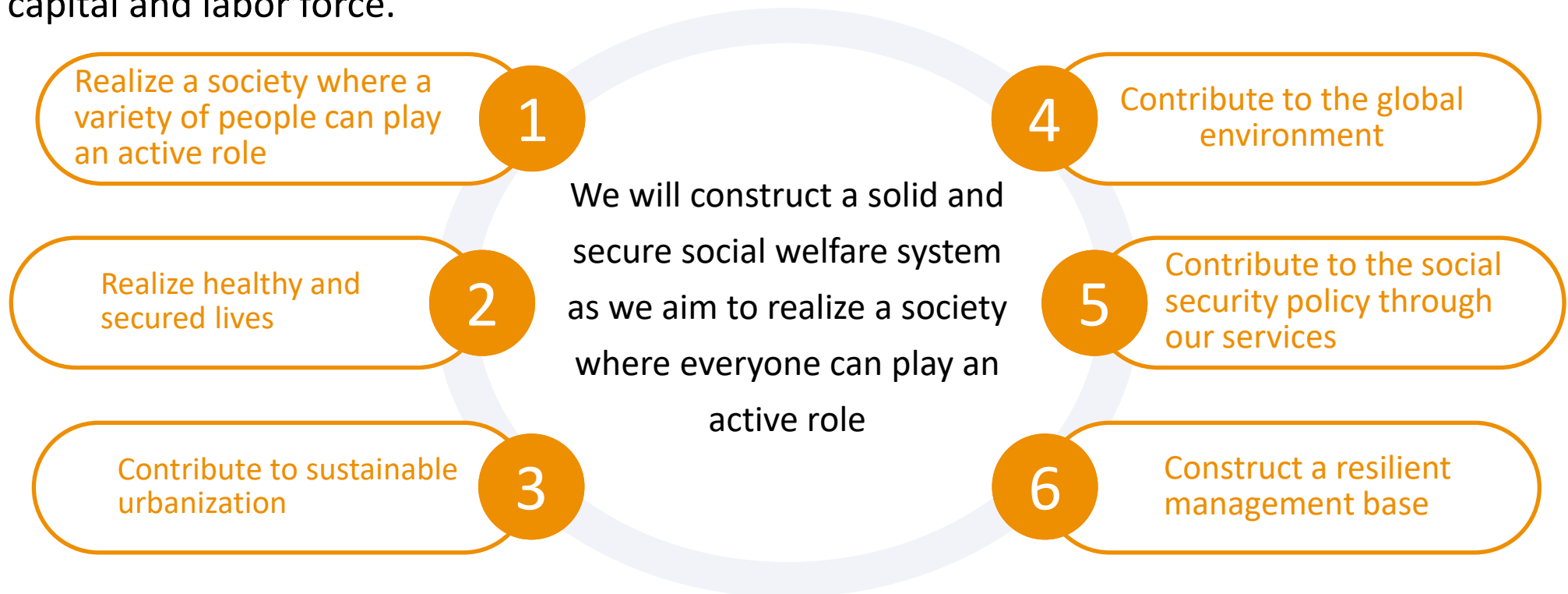


Sustainability Initiatives

“Creating a society where everyone can play an active role”

Create a sustainable society and achieve continuous business growth

Amid various social issues becoming increasingly serious, companies are required to address SDGs, a globally common theme for realizing a peaceful, prosperous and sustainable society. The Company has identified six themes as its materialities, under the concept of “creating a society where everyone can play an active role.” We aim to construct a sustainable social security system from the private sector by considering social welfare in terms of productivity, capital and labor force.



Sustainability Initiatives

Realize a society where a variety of people can play an active role



1. Maximize opportunities for people to work through provision of elderly care, childcare and disabilities support services
2. Create education opportunities to develop human resources driving growth
3. Promote diversity and inclusion of employees and users

Realize healthy and secured lives



1. Provide social welfare facilities that enable everyone to use them easily and maintain and improve their living standards
2. Provide social welfare facilities to prevent people from leaving jobs for the purpose of elderly care or childcare of their families

Contribute to sustainable urbanization



1. Develop facilities in line with the “Compact City” concept
2. Enhance productivity by realizing an advanced work environment

Contribute to the global environment



1. Realize a prosperous society through popularization of clean energy
2. Recycle water at owned facilities

Contribute to the social security policy through our services



1. Build sustainable social security infrastructures
2. Improve the working conditions through achieving an advanced workplace environment

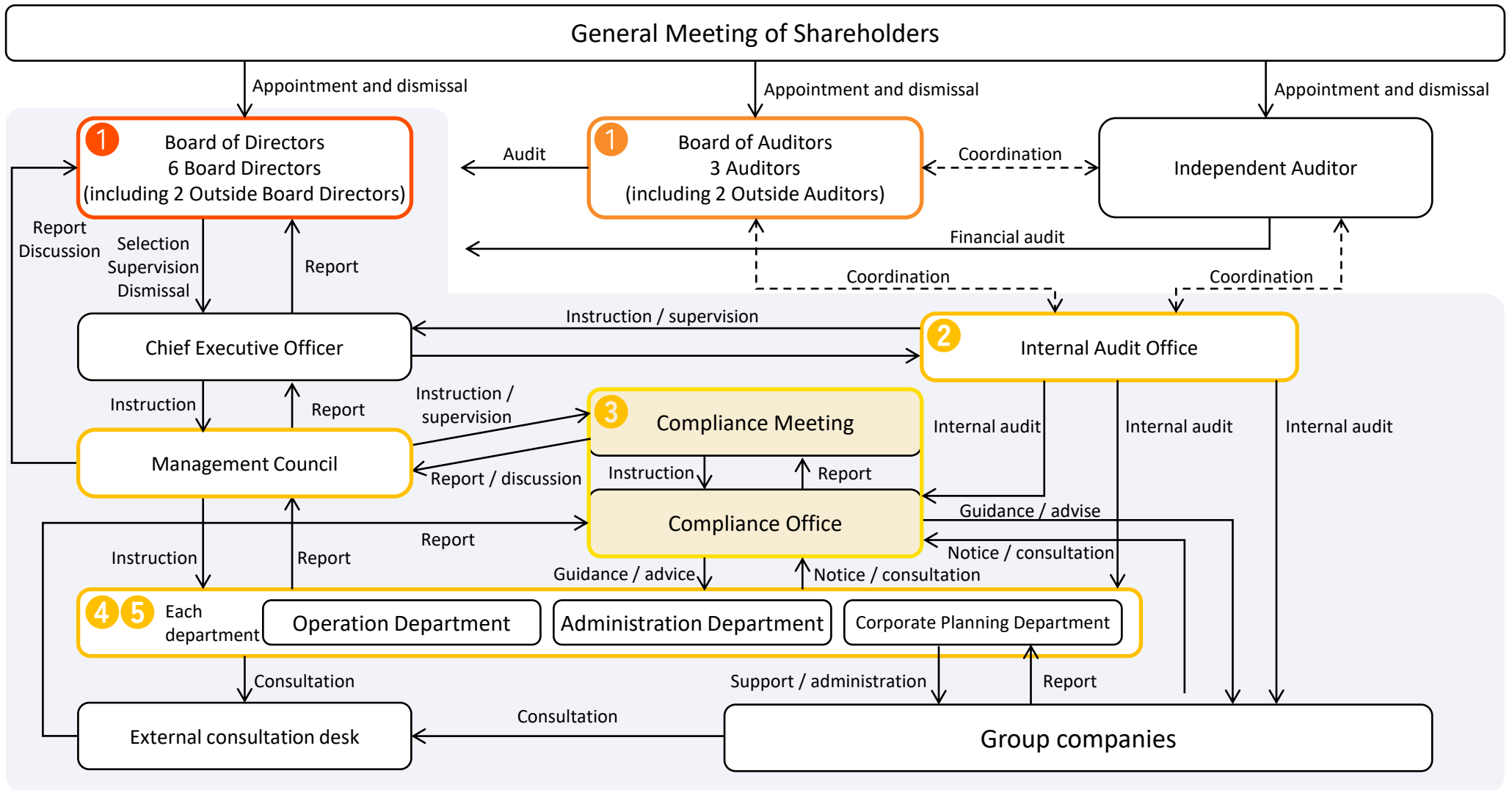
Construct a resilient management base



1. Secure solid corporate governance
2. Promote continuous business enhancement
3. Improve employees’ well-being

Strengthening Governance

Established a governance structure, including the establishment of Management Council and Internal Audit Office.



Strengthening Governance

Board of Directors

- 1 Appointment of five Board Directors
 1. Of which, three are Outside Board Directors (at least one-third)
 2. Already filed as independent officers
 3. Hold a Board of Directors meeting once a month as a rule

Board of Auditors

- 1 Appointment of three Auditors
 - Hold a Board of Auditors meeting once a month as a rule

Execution

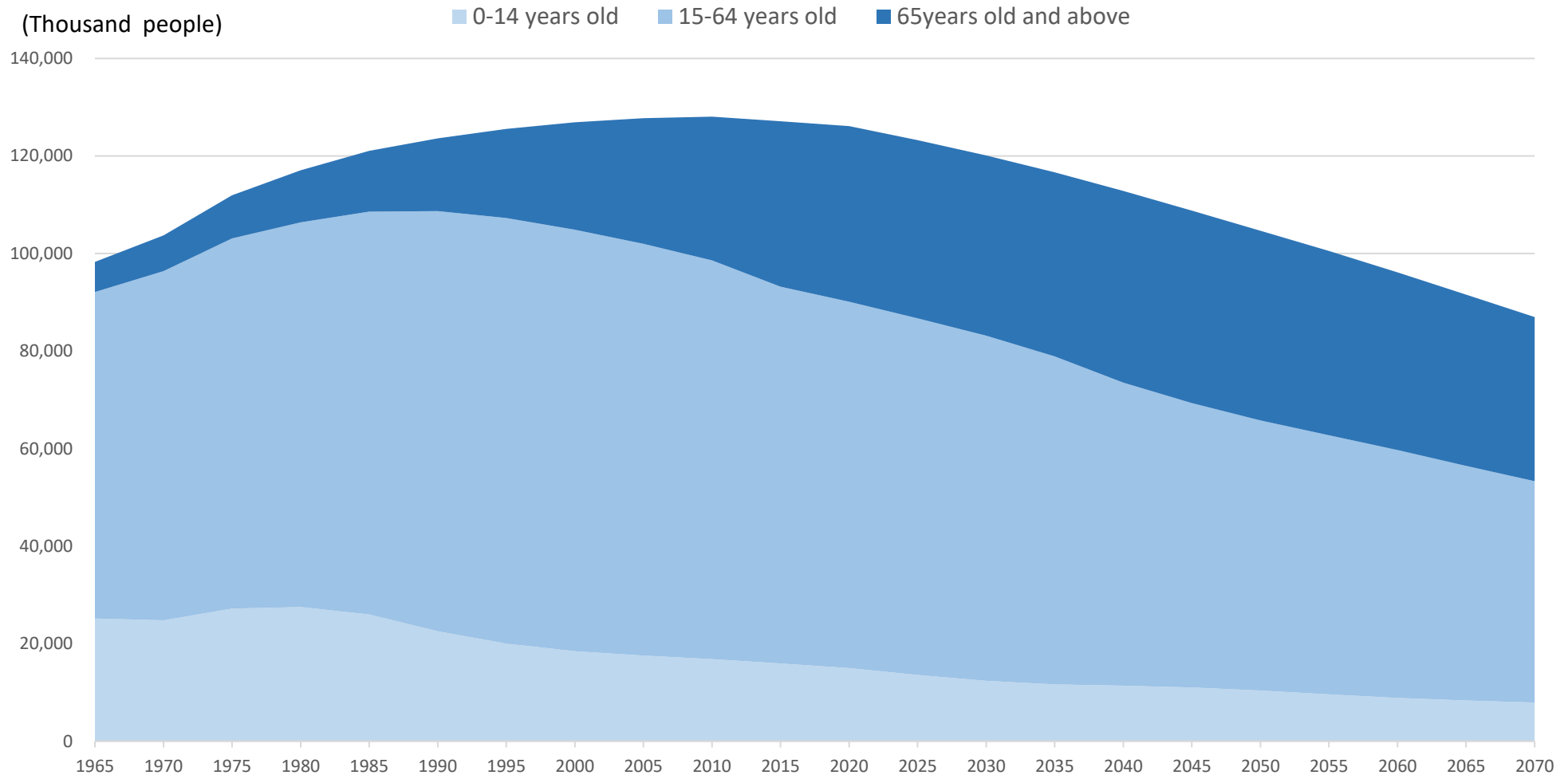
- 1 Establishment of Management Council
- 2 Establishment of Internal Audit Office
 - Hold a risk management meeting each week
- 3 Establishment and strengthening of Compliance Office
 1. Hold a Compliance Meeting each week
 2. Establishment of a whistleblower hotline/unification of handling workflow
- 4 Preparation of administrator manuals
- 5 Establishment of blocks/areas and appointment of area managers
 - Conduct cross-checking among area managers



Market Environment

Demographics of Japan

Japan's population is shrinking due to declining birthrate and aging population.

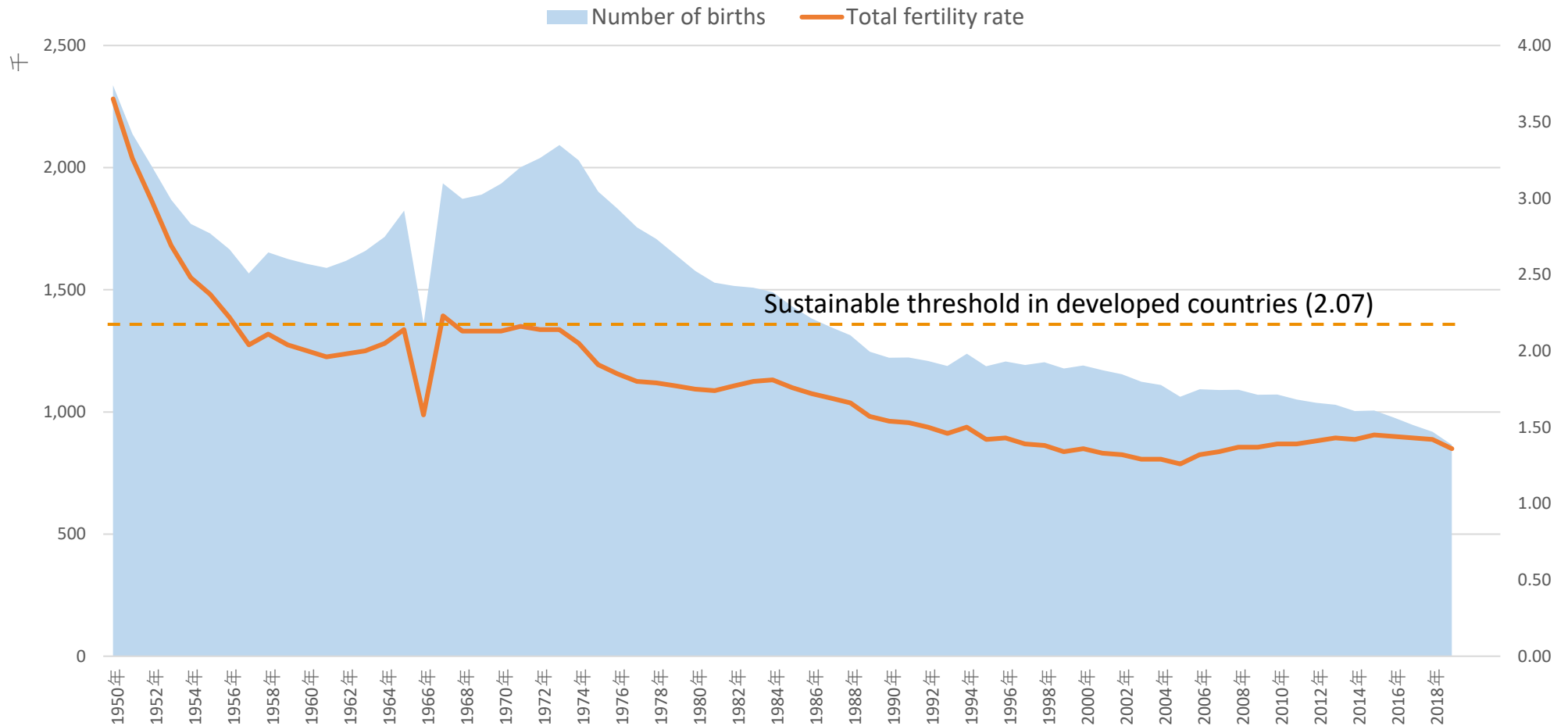


Source: Population estimate materials (“Population Estimates of Japan” and “Annual Report of Population Estimates”) by Population Census Division, Statistical Survey Department, Statistics Bureau, Ministry of Internal Affairs and Communications



Number of Births and Total Fertility Rate

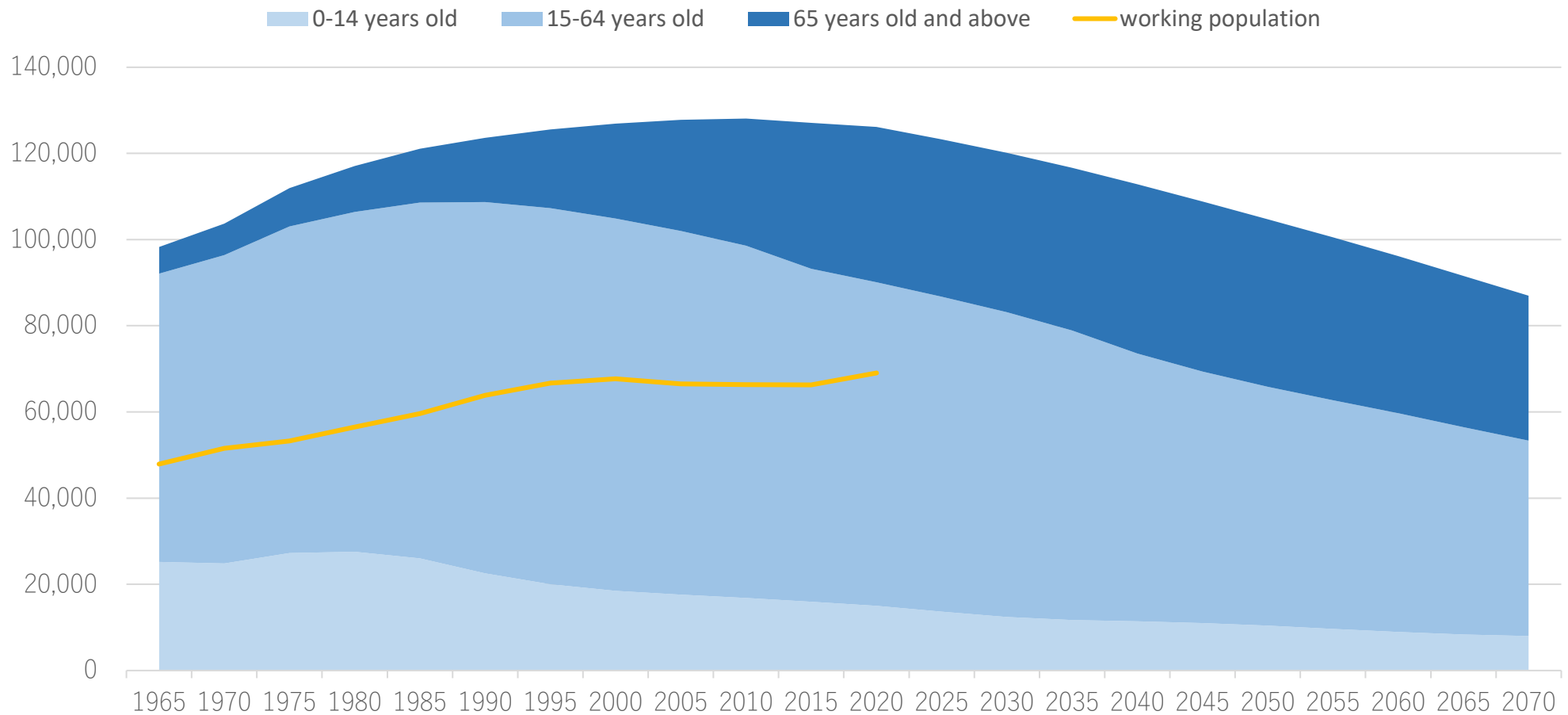
Number of births fell below one million in 2016, with total fertility rate remaining at a low level.



Source: "Summary Report of Annual Vital Statistics for 2022," by the Ministry of Health, Labour and Welfare

Japan's Population and Labor Force

Japan's labor force population is also declining rapidly.

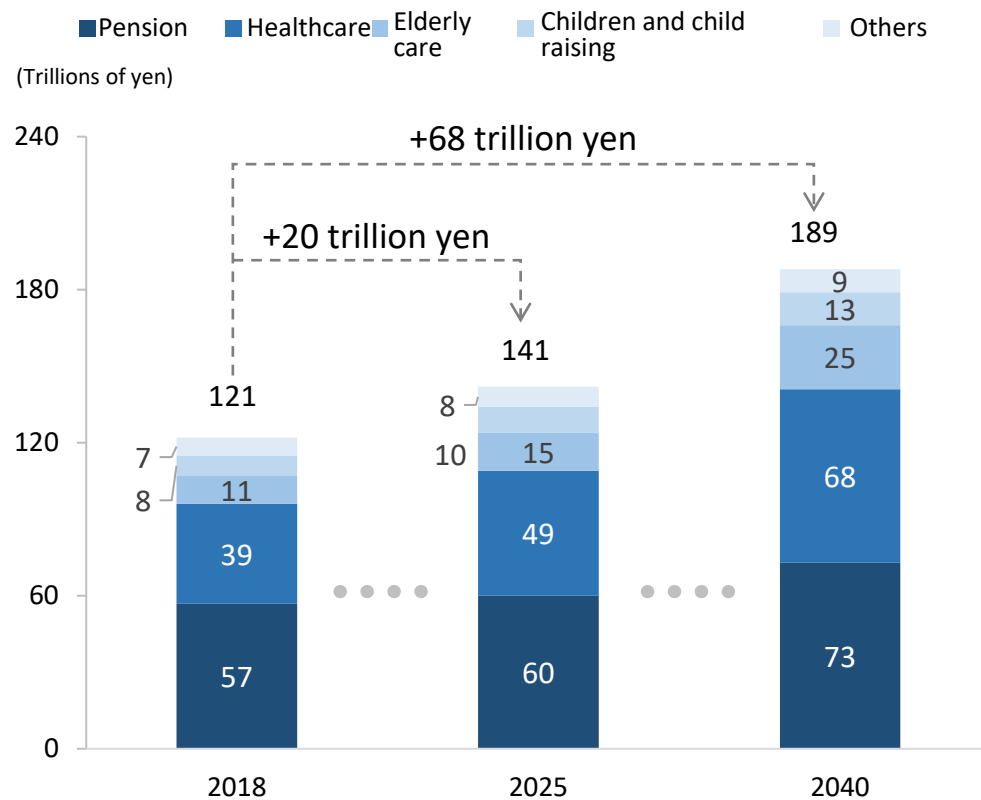


Source: Population estimate materials (“Population Estimates of Japan” and “Annual Report of Population Estimates”) by Population Census Division, Statistical Survey Department, Statistics Bureau, Ministry of Internal Affairs and Communications

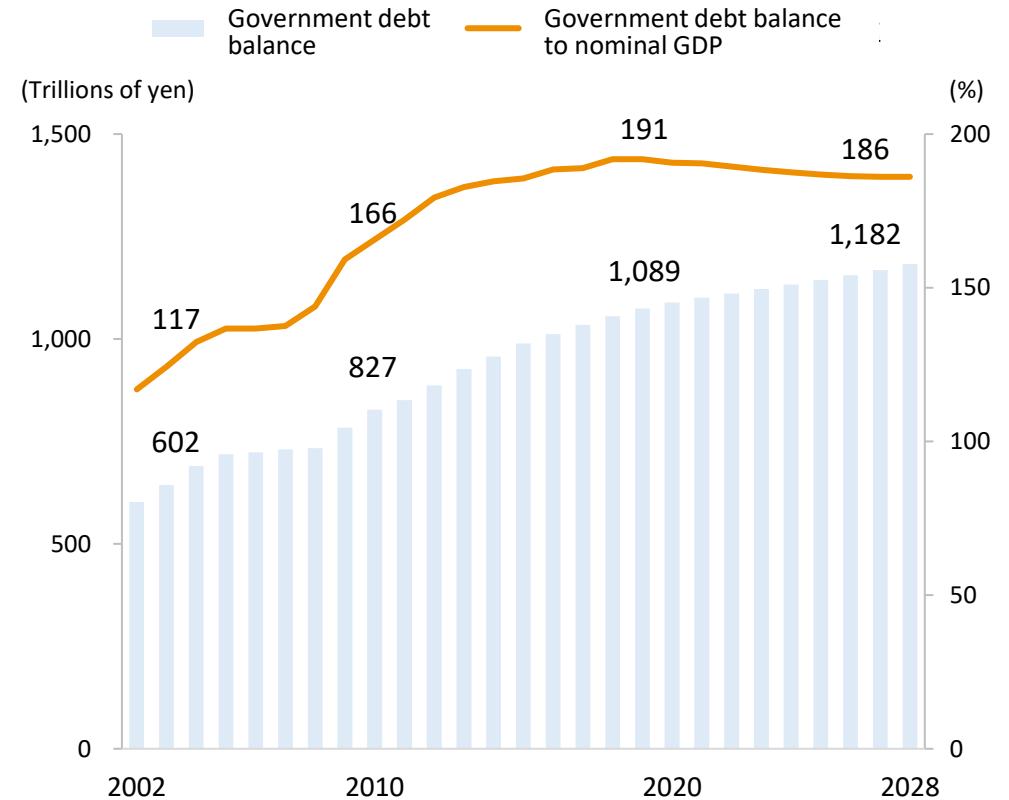
Expanding Social Security Costs and Sustainability of National Finances

Social security costs will continue to grow in line with demographic changes = National finances will become unsustainable

Outlook of social security benefits



Government debt balance to nominal GDP

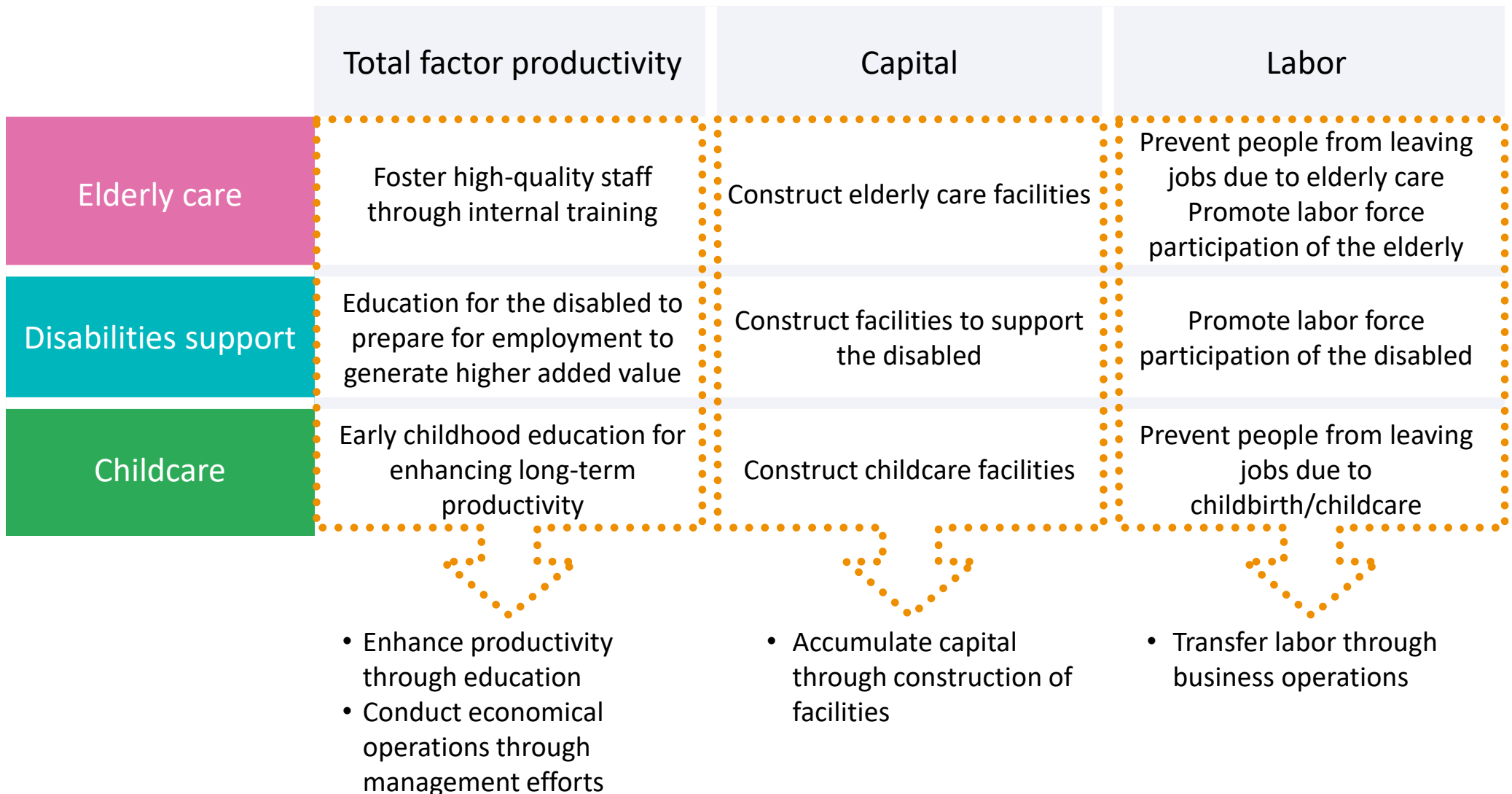


Source: "Future Outlook of Social Security Towards 2040 (Materials for Discussion) - Overview (Cabinet Secretariat, Cabinet Office, Ministry of Finance and Ministry of Health, Labour and Welfare, May 21, 2018)" by Cabinet Secretariat, Cabinet Office, Ministry of Finance and Ministry of Health, Labour and Welfare

Source: "Estimates on Economy and Finance over the Medium to Long Term (July 31, 2019, submitted by the Council on Economic and Fiscal Policy), Shape of National and Local Finance (Excluding the Amount of Expenses and Financial Resources for Reconstruction and Restoration Measures), Balance of Public Debts, Etc., Baseline Cases" by Cabinet Office

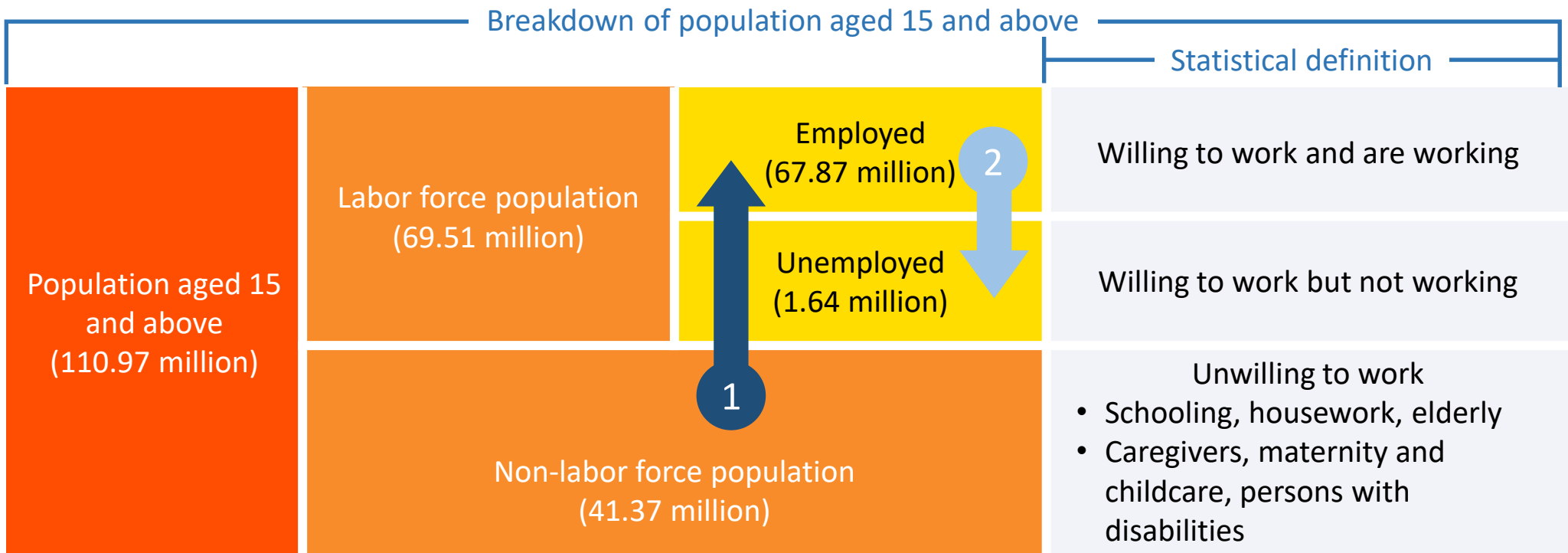
Concepts Underlying Our Business

Grow the overall pie through improvements on the supply side to reduce burdens and realize sustainable social security systems.



Transfer of Labor through Business Operations

Provide a working environment in which people with disabilities and the elderly can play an active role, and help reduce unwanted job turnover by expanding facilities for nursing care, disabilities support and childcare.



Our approach

1

Facilitate labor force participation of those who are willing but have not been working

2

Enable those are forced to leave their jobs due to elderly care or childcare to stay at jobs



Business Model and Competitive Advantages



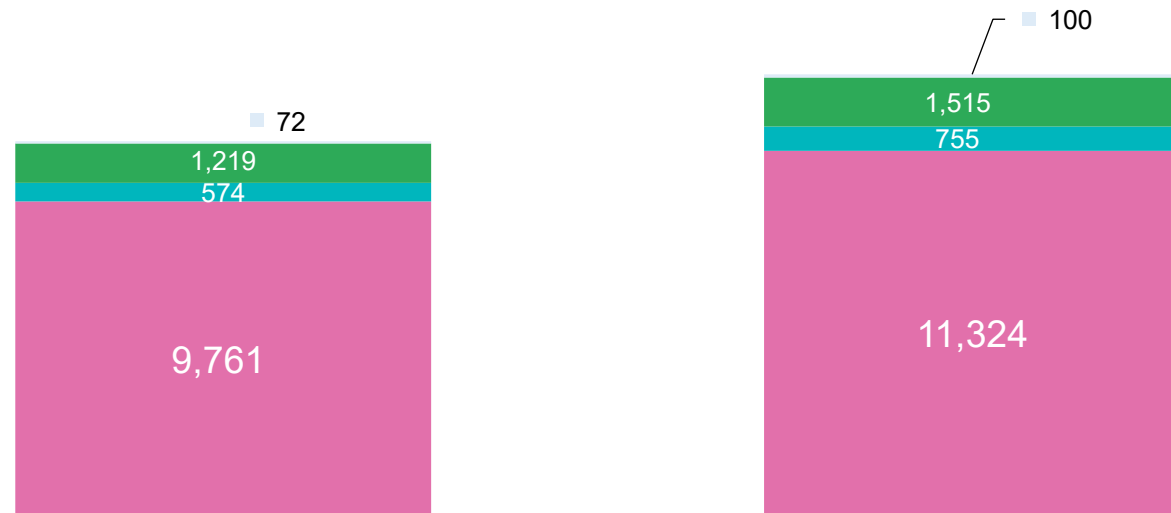
Trends in Net Sales by Business Domain

■ Elderly care ■ Disabilities support ■ Childcare ■ Others

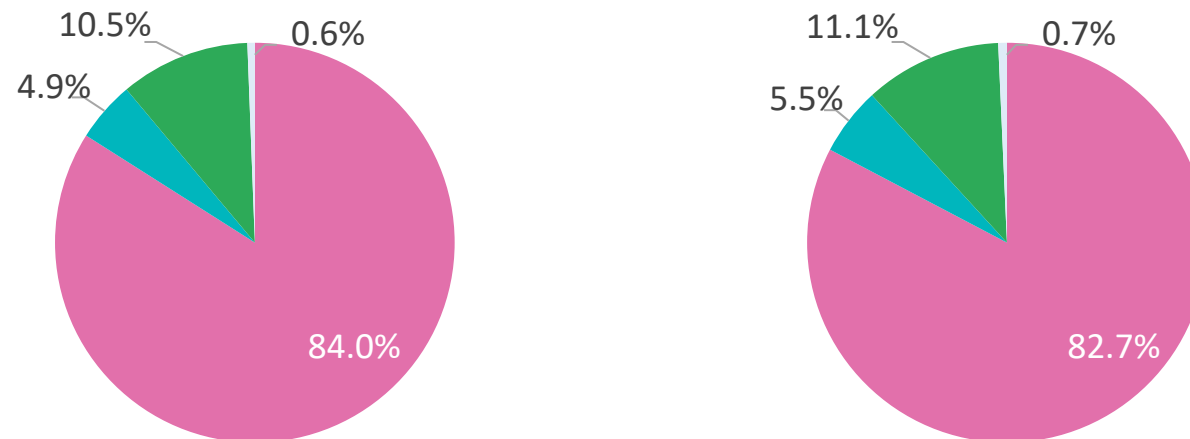
FY22.3

FY23.3

Net Sales
(million yen)



Composition ratio
(million yen)



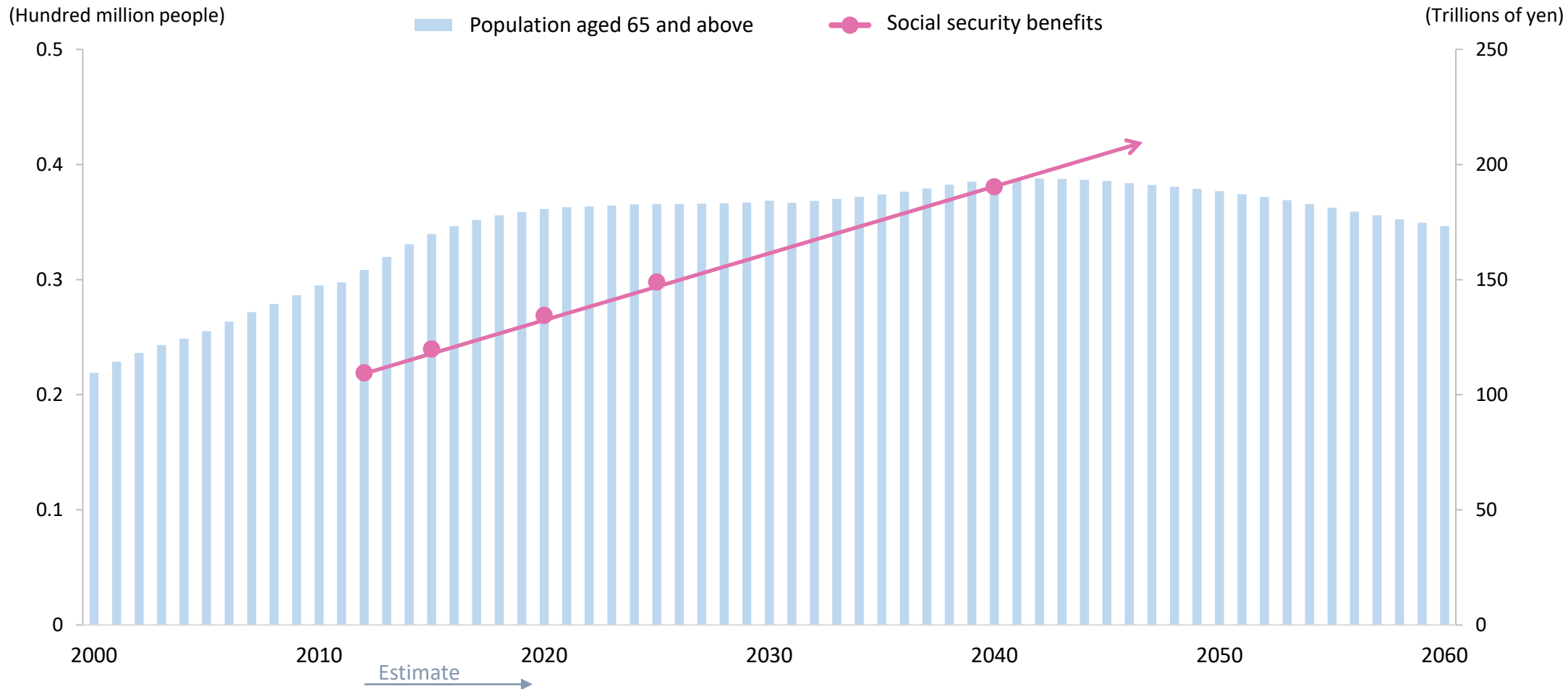


Elderly Care



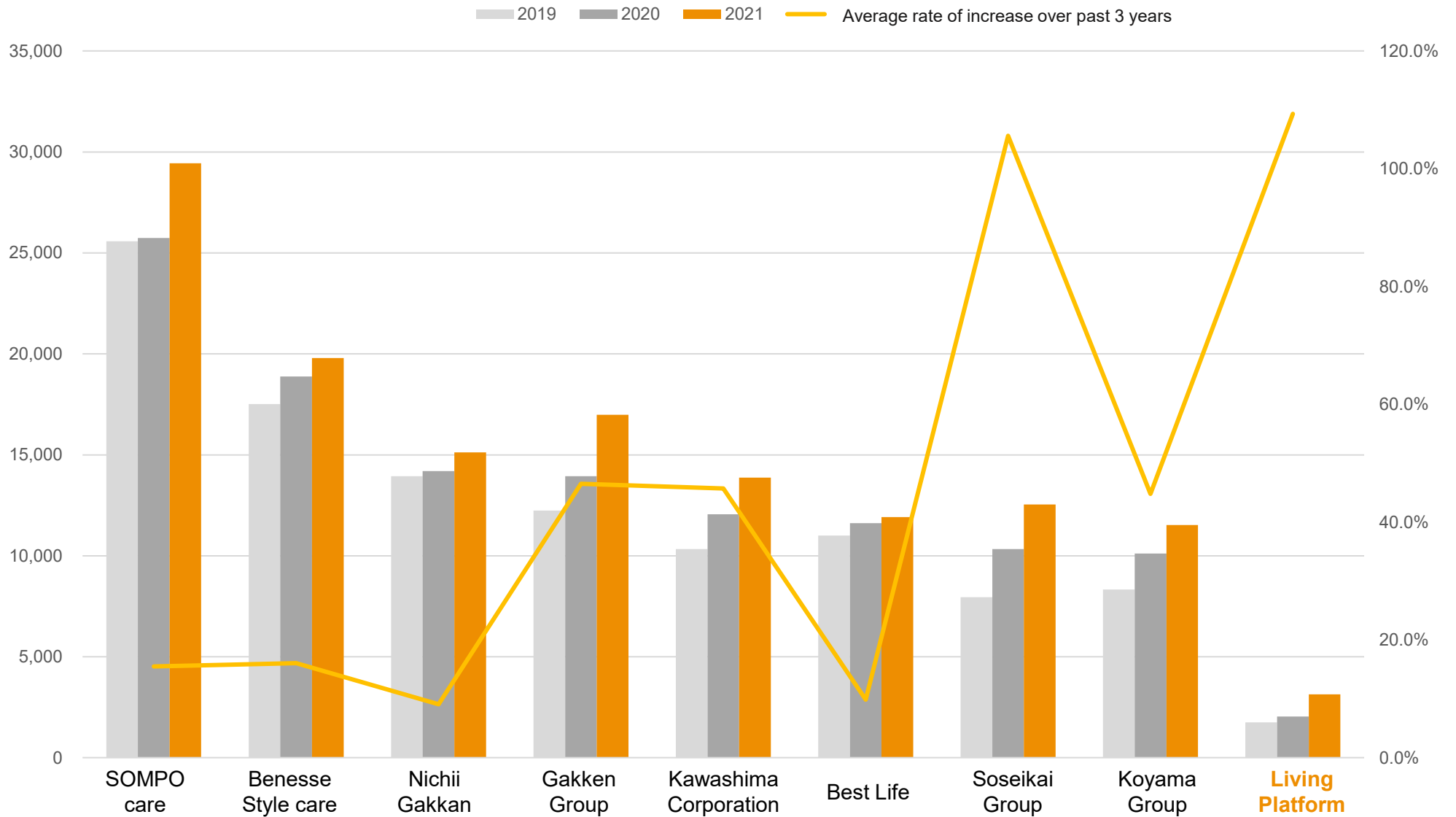
For the “Sustainable Social Security System”

Build a sustainable system by expanding services offered by the private sector, before the government fully establishes a system that utilizes more subsidies, etc. and thus commands high financial costs.



Source: Population estimate materials (“Population Estimates of Japan” and “Annual Report of Population Estimates”) by Population Census Division, Statistical Survey Department, Statistics Bureau, Ministry of Internal Affairs and Communications, and “Future Outlook of Social Security Towards 2040 ” by Cabinet Secretariat, Cabinet Office, Ministry of Finance and Ministry of Health, Labour and Welfare

Number of Rooms and Rate of increase among Top operators



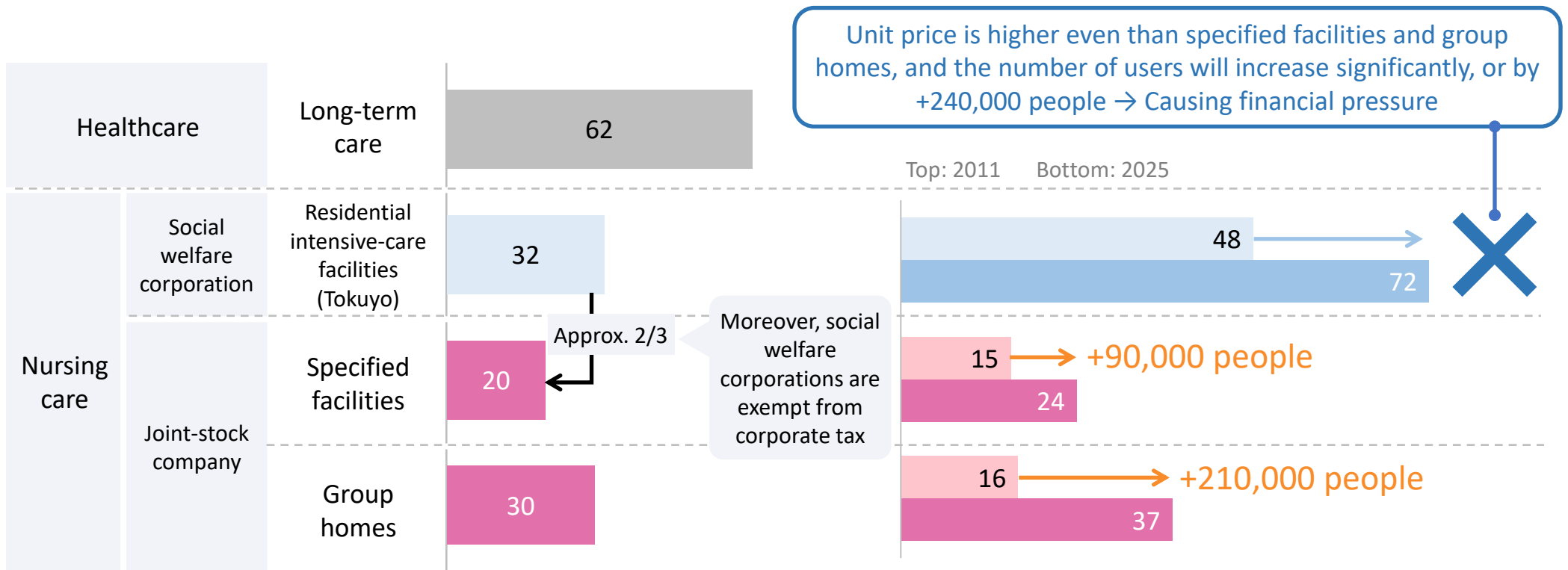
🌿 Taking on the Challenges Faced by the Elderly Care Industry

Reduce financial burdens by shifting the weight from healthcare to elderly care and from social welfare corporations to joint-stock companies, with an aim to help develop a sustainable elderly care market

An increase in the number institutional healthcare and cure facilities and residential intensive-care facilities (Tokuyo), which command higher unit price (larger social security burdens) in the facility care services, will result in larger financial burdens. We will work to expand sound facility operations by joint-stock companies so as to let the private sector become the major players in the elderly care market and achieve sustainable development of the market.

Estimated unit price per healthcare/elderly care service
 Estimate for 2025 (reform scenario) X0,000 yen/month

Increase in the number of elderly care facility users
 Estimates for FY2011 and FY2025 (reform scenario) X0,000 people



Source: Long-term estimates on healthcare and elderly care in “Estimates of Future Social Security Benefits, etc. (reference materials for the 10th meeting of the Intensive Study Council on Social Security Reform held on June 2, 2011)” by the Ministry of Health, Labour and Welfare

Elderly Care: Our Business Domain

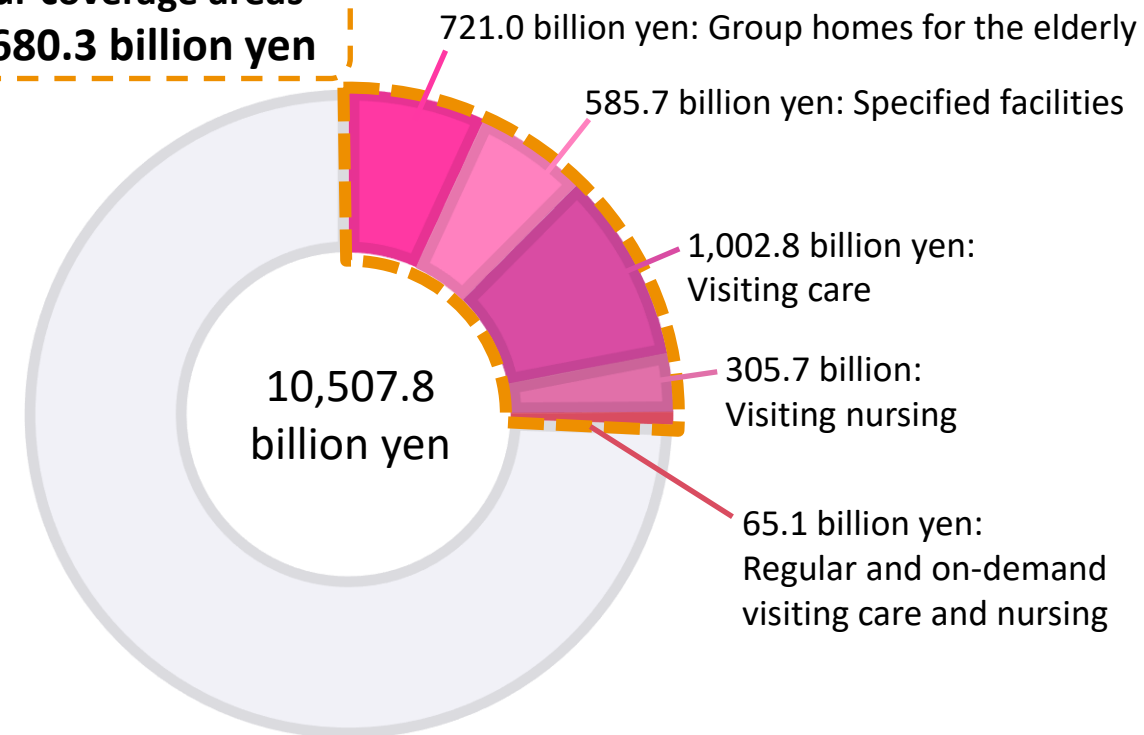
- Facility care is an efficient way to develop an elderly care infrastructure under financial restrictions
- Facility care also has a relative advantage over home care in terms of staff recruitment
- Facility care can lead to creation of new communities and contribute to better health

Our coverage areas in the entire elderly care market

Cumulative costs by type of elderly care services (FY2020)

Facility care	Care and cure
	Healthcare facilities for the elderly (Roken)
	Residential intensive-care facilities (Tokuyo)
	Group homes for the elderly
	Residential care facilities
	Others
Home care	Visiting care
	Visiting nursing
	Support for bathing
	Support for rehabilitation
	Regular and on-demand visiting care and nursing
	Day care at home*
	Day care at facilities
	Others

Our coverage areas
2,680.3 billion yen



* Home care conducted by the Company is offered at residential care facilities, etc., which are thus facility care in practice.

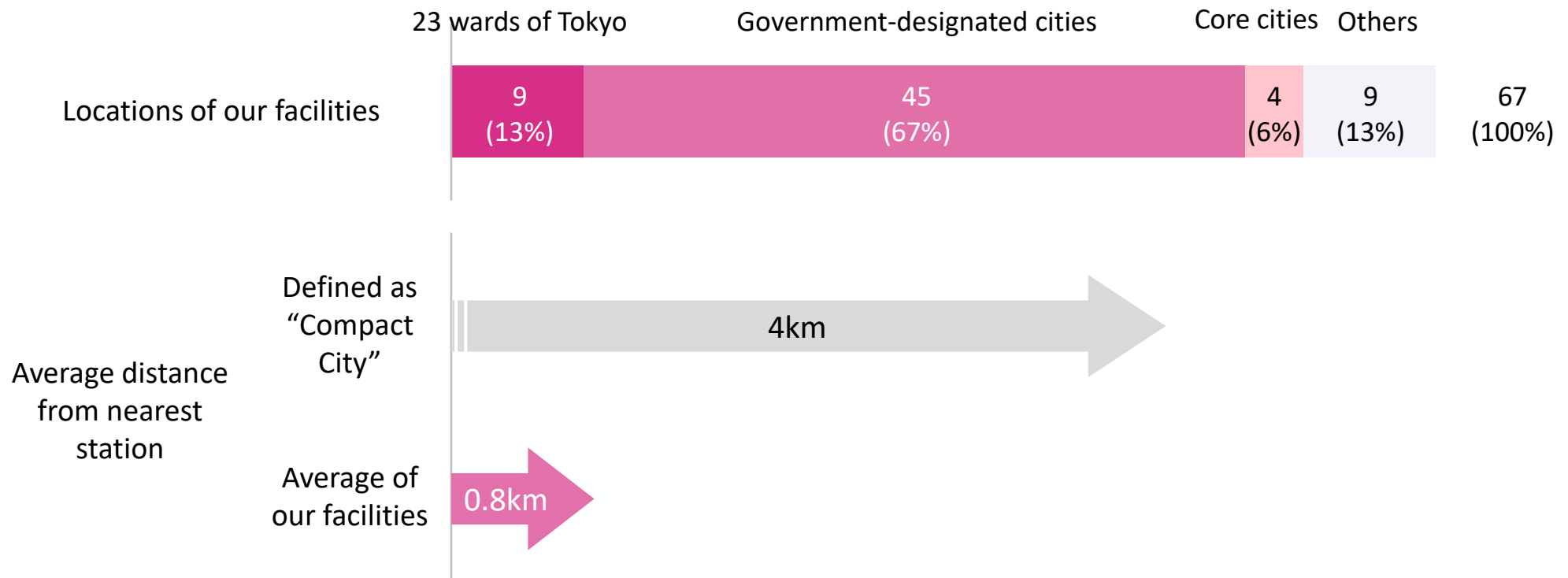
Source: "Overview of Actual Statistics on Nursing Care Benefit Expenses, etc. FY2020" by the Ministry of Health, Labour and Welfare

Remarks: Residential care facilities are divided into "specified facilities (with care)" and "serviced care residences/assisted living residences." "Serviced care residences/assisted living residences" include part of the services of visiting care, visiting nursing, regular and on-demand visiting care and nursing, and home care support.

Elderly Care: Our Strengths

Focus on locations near stations in large cities

Secure facility residents and staff preferentially by focusing on locations near stations in the 23 wards of Tokyo, government-designated cities, core cities and surrounding cities

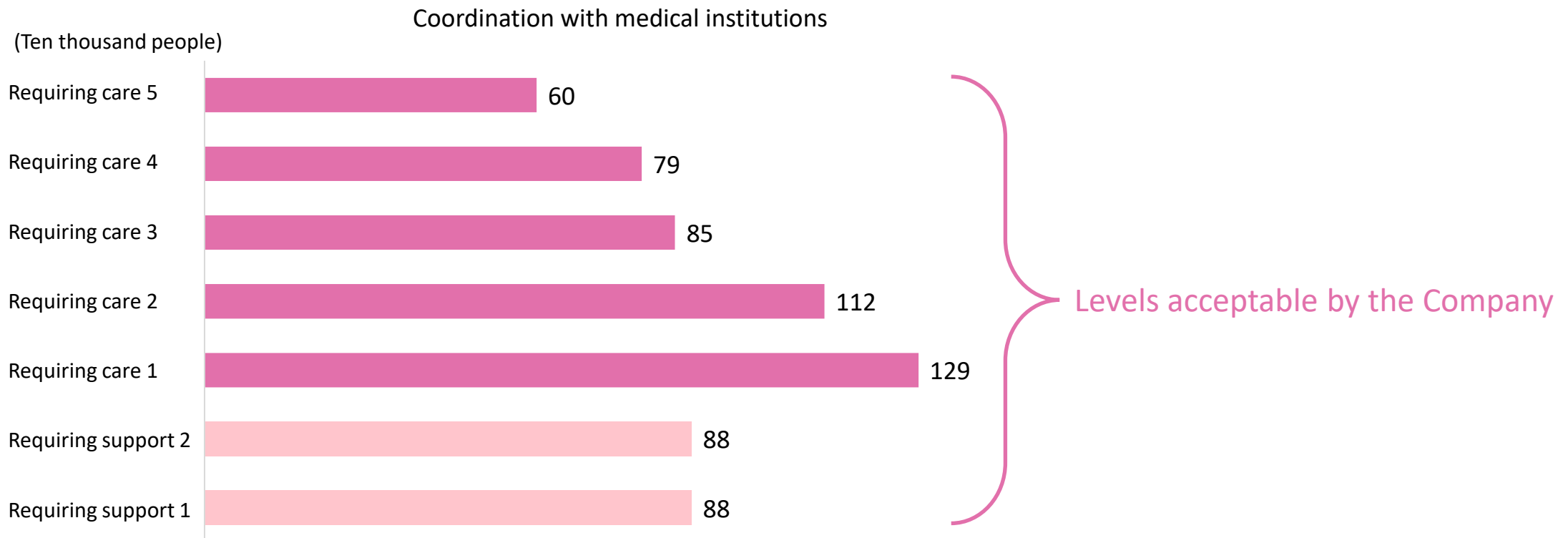


Sources: Internal data; "Report on Long-Term Care Insurance Program for Fiscal 2017" by the Ministry of Health, Labour and Welfare, and "Introduction of Compact City and Urban Policy" by The Japan Economic Research Institute

Elderly Care: Our Strengths

Accepting a wide range of people

Can accept a wide range of users and obtain high unit price per customer, as we can accept facility residents with high medical dependency and provide end-of-life care by closely coordinating with medical institutions and assigning nurses to all facilities



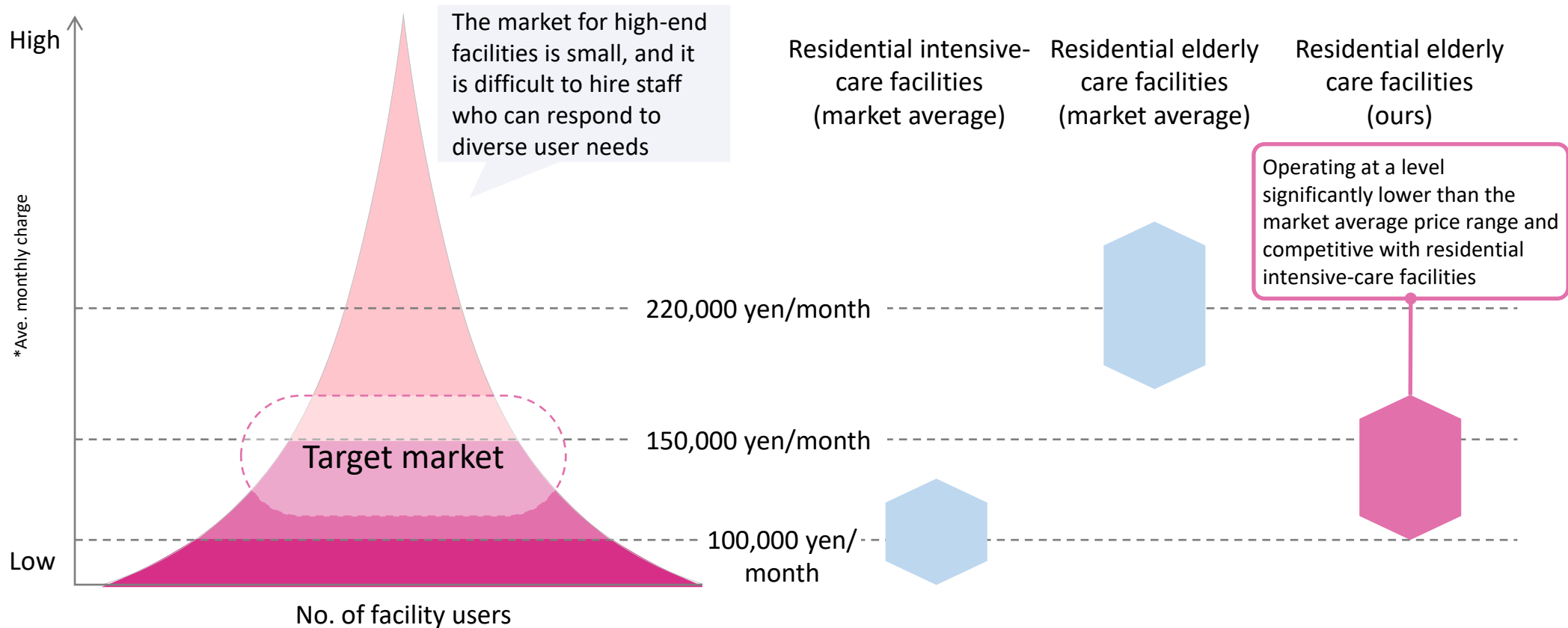
Sources: Internal data; “Report on Long-Term Care Insurance Program for Fiscal 2017” by the Ministry of Health, Labour and Welfare, and “Introduction of Compact City and Urban Policy” by The Japan Economic Research Institute

🌿 Elderly Care: Assumed Market Price • Demand and Competition

Pursue business scale and high occupancy rates, focusing on the market of 150,000 yen or less, which is a volume zone.

Expanding business in the price ranges that are close to those of residential intensive-care facilities (Tokuyo).

Illustrative composition of the elderly care facilities market Price range by type of facilities



Source: Internal data and Minna-no Kaigo website *Includes rent, utilities expenses and meals. The prices are examples of facilities in local core cities.

Facility Design

Create a higher-quality environment compared with similarly priced facilities

- Achieve both comfort of facility users and a high level of exterior design quality
- Designed for high operational efficiency

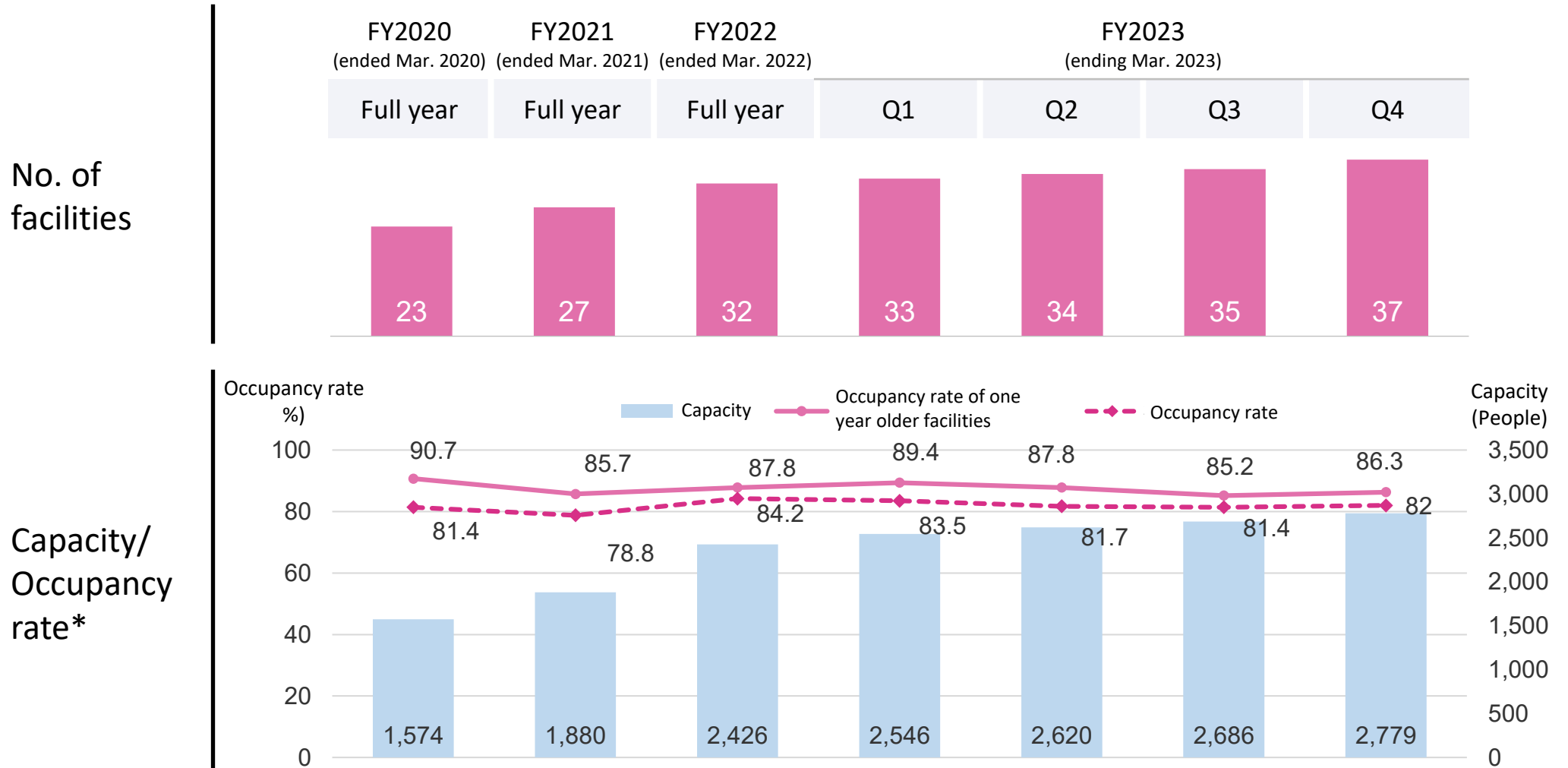




Number of Facilities, Their Capacity and Occupancy Rate

Elderly care: Residential care facilities, etc.

- ✓ The impact of the new coronavirus has led to an increase in the number of leaving and a decline in occupancy rates, but we expect improvement in the future with the decrease in the number of infections
- ✓ Due to an increase in the number of new facilities, but the number of residents is steadily increasing



• Occupancy rate is calculated at the end of each period using the formula to the right.
 (For short-term admission for daily life care, the number of facility residents shall be the average number of users obtained by dividing the total number of users by business days.)

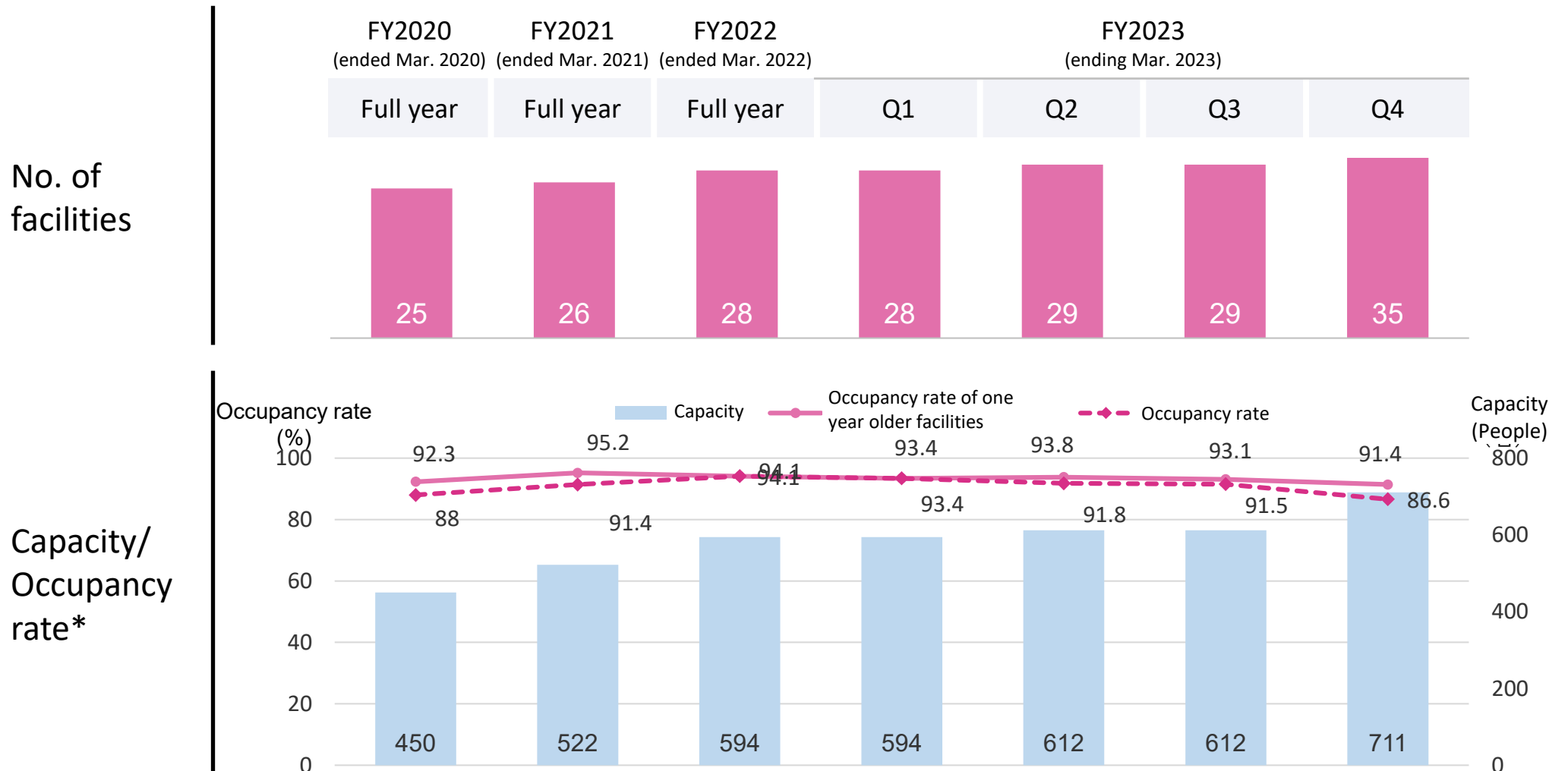
$$\text{Occupancy rate} = \frac{\text{Sum of residents of each facility at end of each month}}{\text{Sum of capacity of each facility}}$$



Number of Facilities, Their Capacity and Occupancy Rate

Elderly care: Group homes

- ✓ Increased number of facilities through new facility's opening and M&A
- ✓ Maintain 90% or higher occupancy rate for the facilities that have been open for more than a year



* Occupancy rate is calculated at the end of each period using the formula to the right.
$$\text{Occupancy rate} = \frac{\text{Sum of residents of each facility at end of each month}}{\text{Sum of capacity of each facility}}$$

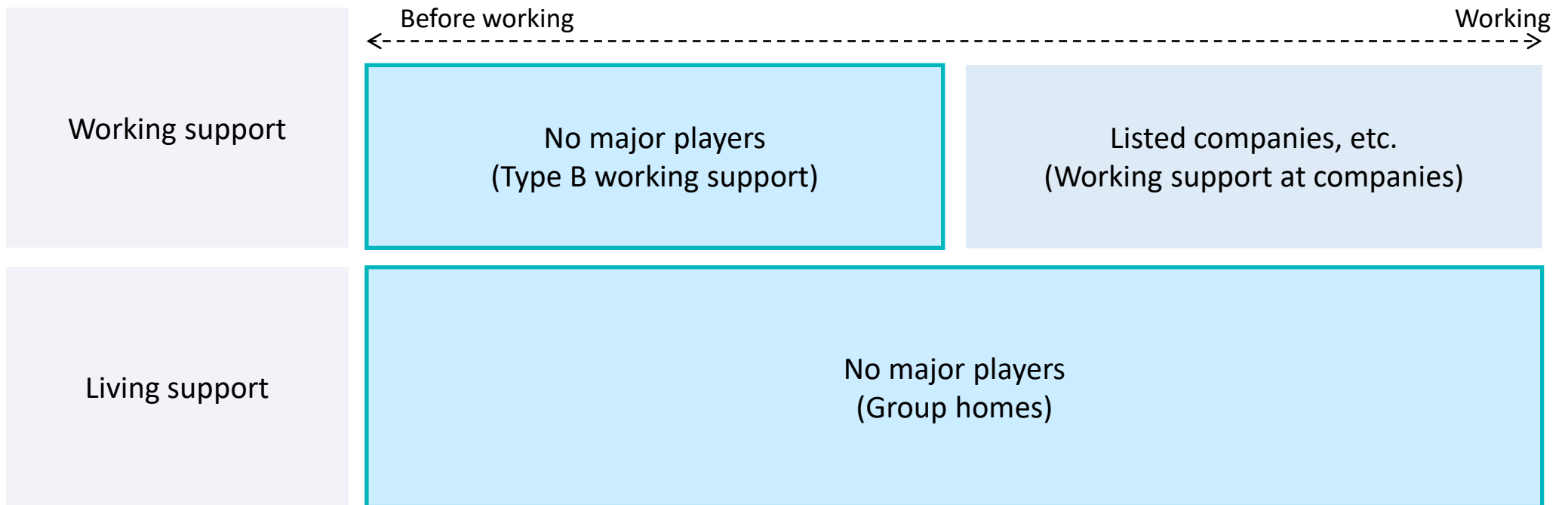


Disabilities Support

Taking on the Challenges Faced by the Disabilities Support Industry

While there are major players, such as listed companies, that provide “working support,” there are few entities that provide “living support.”

In addition, there are few dominant players that provide services (type B working support) for those in the initial stage of social adjustment rather than of working support at companies.



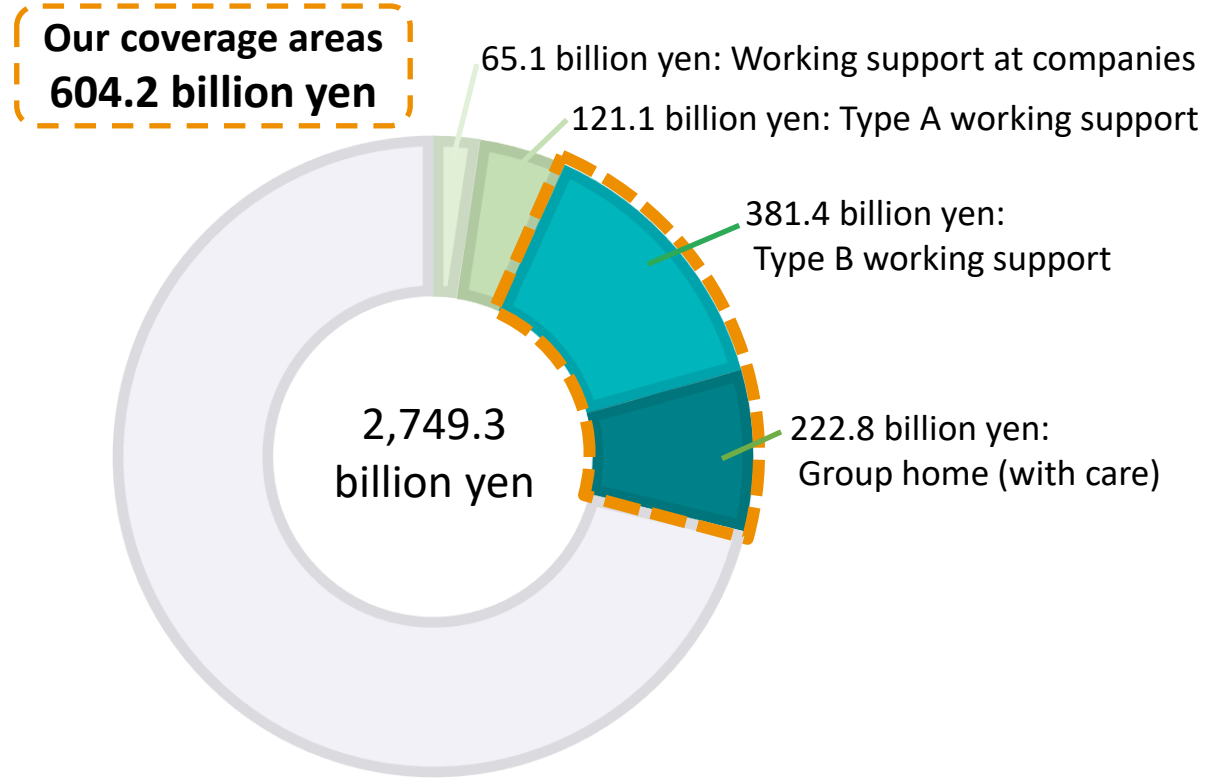
Disabilities Support: Our Business Domain

- Facility care is an efficient way to develop a disability care infrastructure under financial restrictions
- Facility care also has a relative advantage over home care in terms of staff recruitment
- Facility care can lead to creation of new communities and contribute to better health

Our coverage areas in the entire disabilities support market

Visiting care	Daily assistance at home
	Intensive daily assistance at home
	Outing assistance for the blind
	Outing assistance for the disabled
	Others
Facility care	Assistance at facilities
Daytime assistance	Living assistance
	Others
Living support	Home assistance
	Group homes
Training and working support	Functional training
	Life training
	Working support at companies
	Type A working support
	Type B working support
	Support for continuous working

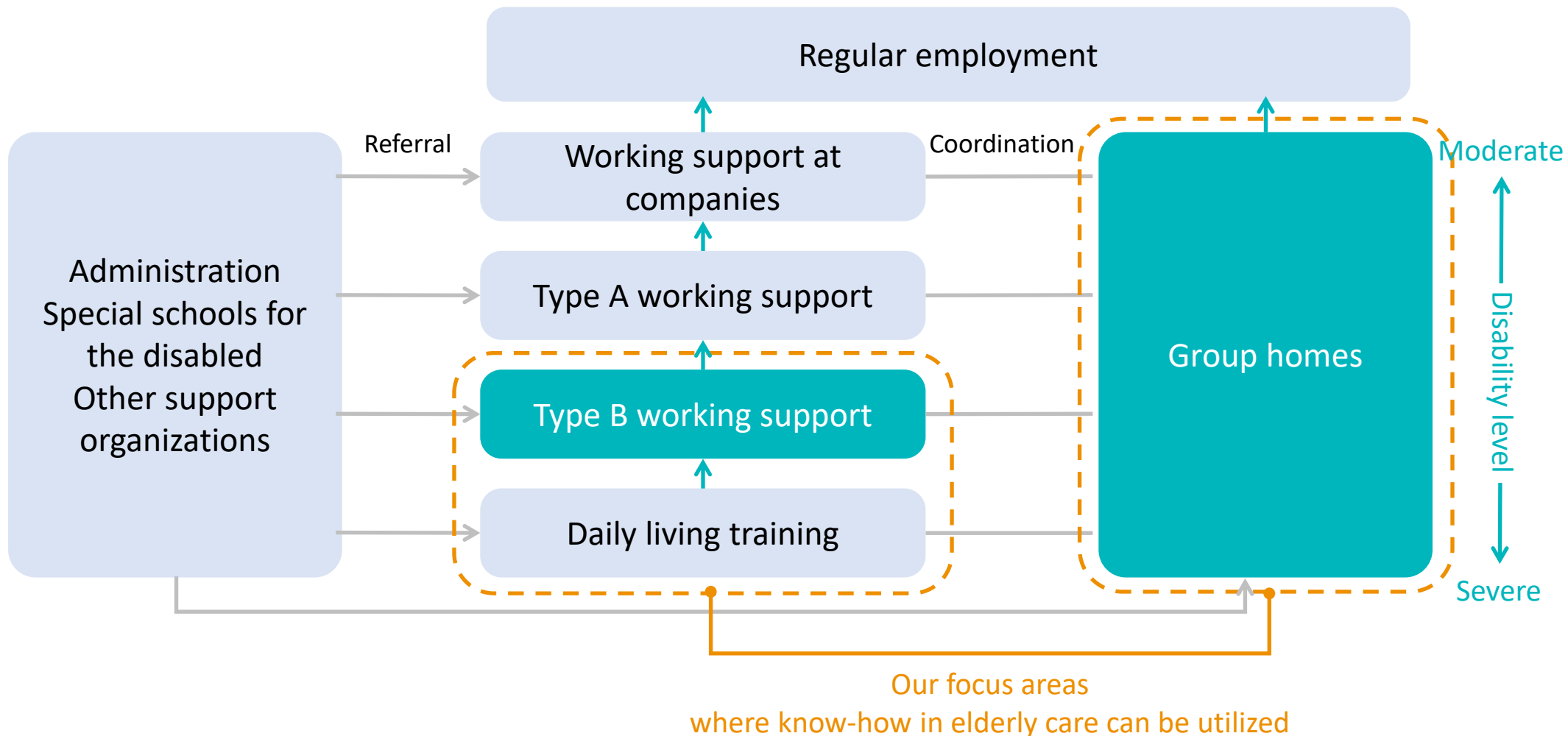
Cumulative costs by type of services (FY2019)



Source: "Materials for the 20th meeting of the Remuneration Revision Study Team for Welfare Services for People with Disabilities by the Remuneration Revision Study Team for Welfare Services for People with Disabilities," by the Ministry of Health, Labour and Welfare

Disabilities Support: Our Strengths

- The business form of both Type B working support and group homes is similar to that of elderly care, and our know-how in elderly care can be utilized
- As experiences in elderly care are applicable to the qualification requirements for management positions in the disabilities support business, staff can be exchanged between the elderly care and disabilities support businesses, meaning that we have ample human resources for business expansion

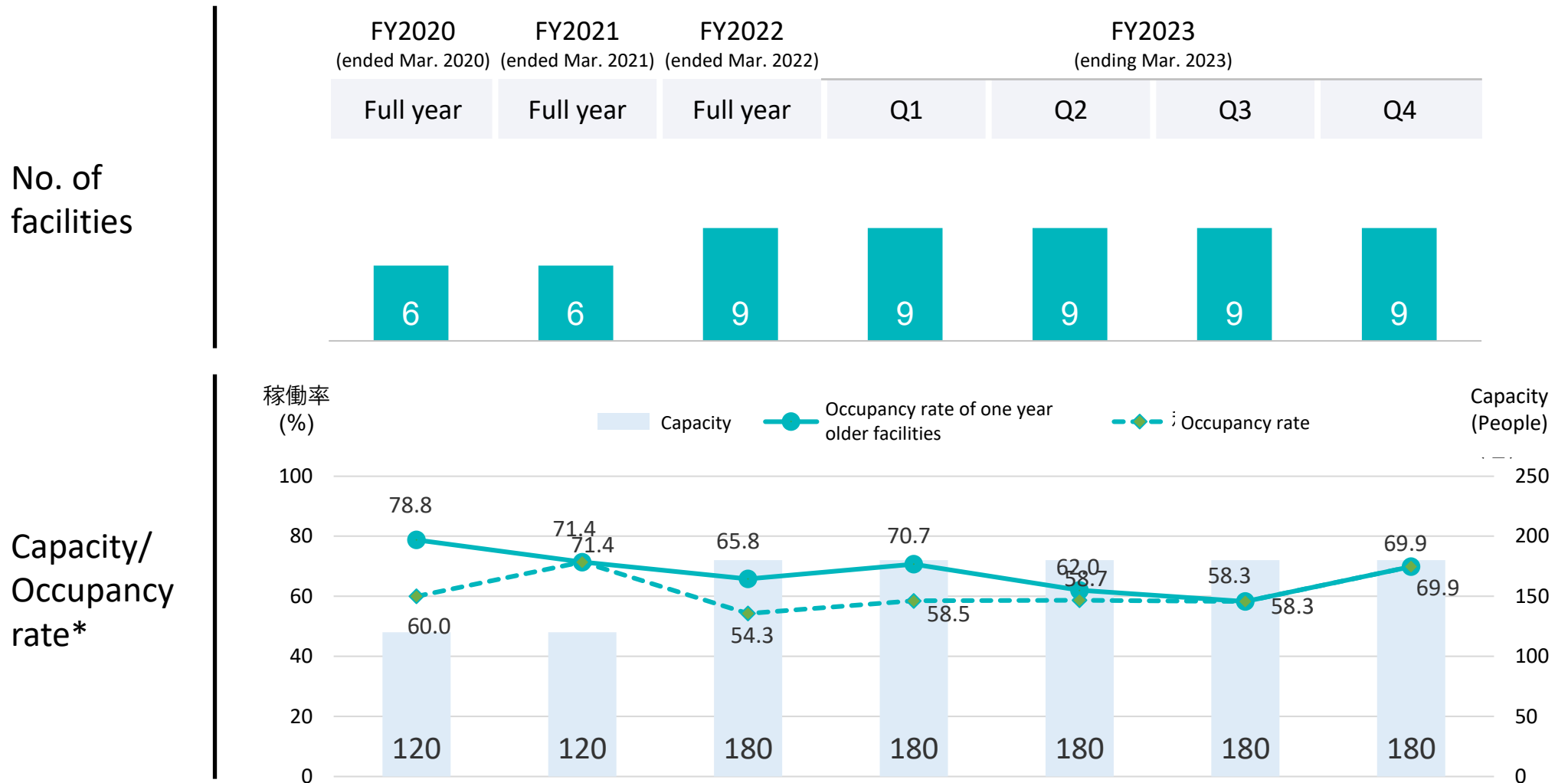




Number of Facilities, Their Capacity and Occupancy Rate

Disabilities support: Type B working support facilities

- ✓ occupancy rates of the facilities is getting recovered in line with the calming down of COVID-19 infections.



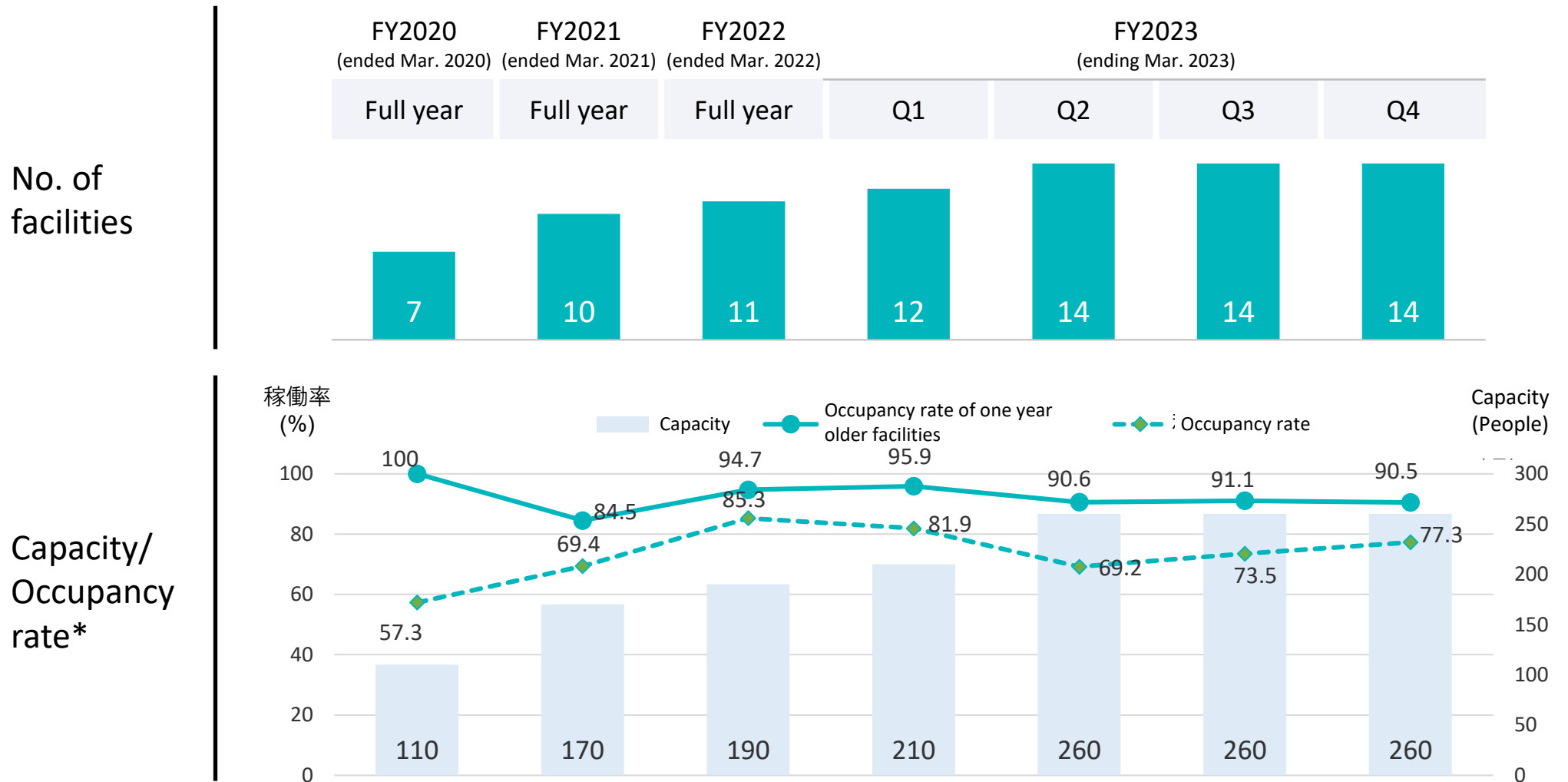
* Occupancy rate is calculated at the end of each period using the formula to the right.
$$\text{Occupancy rate} = \frac{\text{Sum of residents of each facility at end of each month}}{\text{Sum of capacity of each facility}}$$



Number of Facilities, Their Capacity and Occupancy Rate

Disabilities support: Group homes

- ✓ The occupancy rates of newly opened facilities are improving, and are expected to further increase going forward



* Occupancy rate is calculated at the end of each period using the formula to the right.
$$\text{Occupancy rate} = \frac{\text{Sum of residents of each facility at end of each month}}{\text{Sum of capacity of each facility}}$$



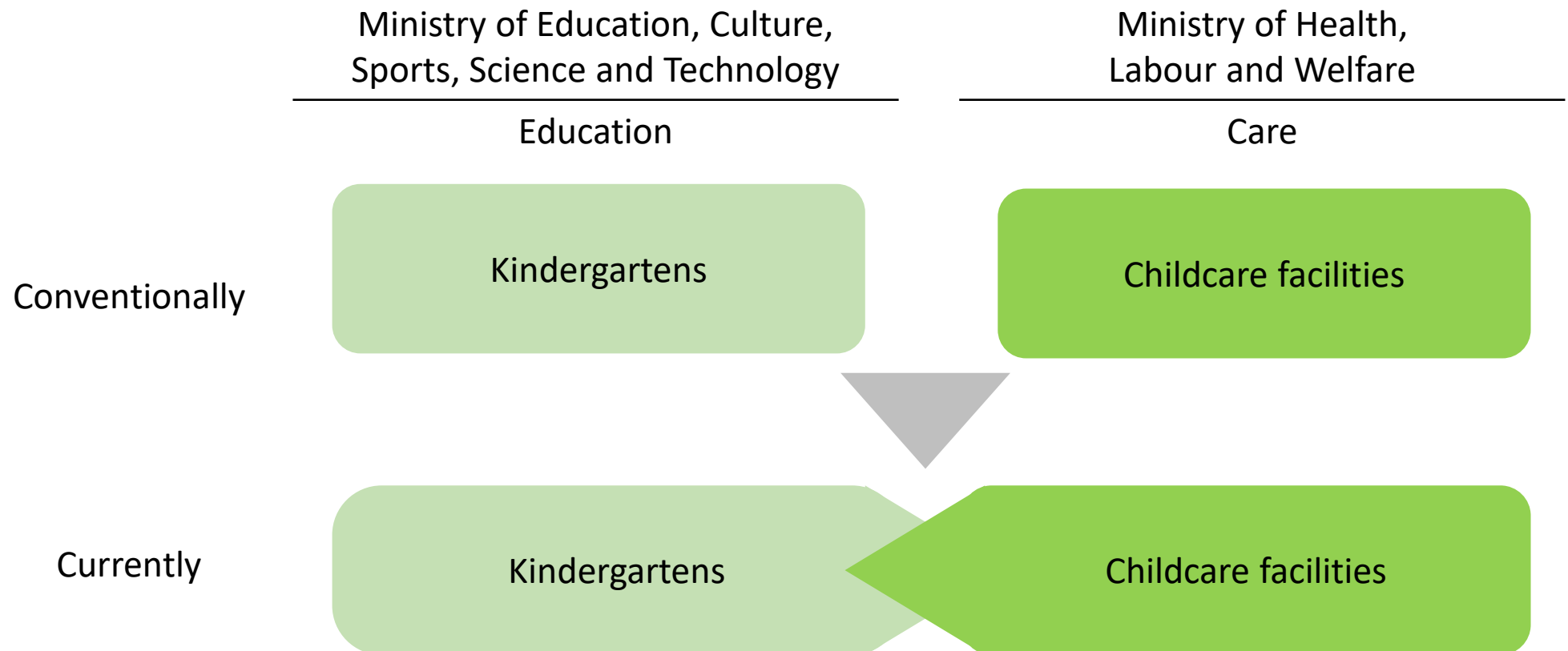
Childcare

Taking on the Challenges Faced by the Childcare Business

Conventionally, there was a clear division of roles between kindergartens and childcare facilities, as the Ministry of Education, Culture, Sports, Science and Technology was in charge of education while the Ministry of Health, Labour and Welfare was responsible for caring. In recent years, however, their roles have expanded mutually.

Meanwhile, childcare facilities in high demand may not emphasize the function of education, depending on the operators.

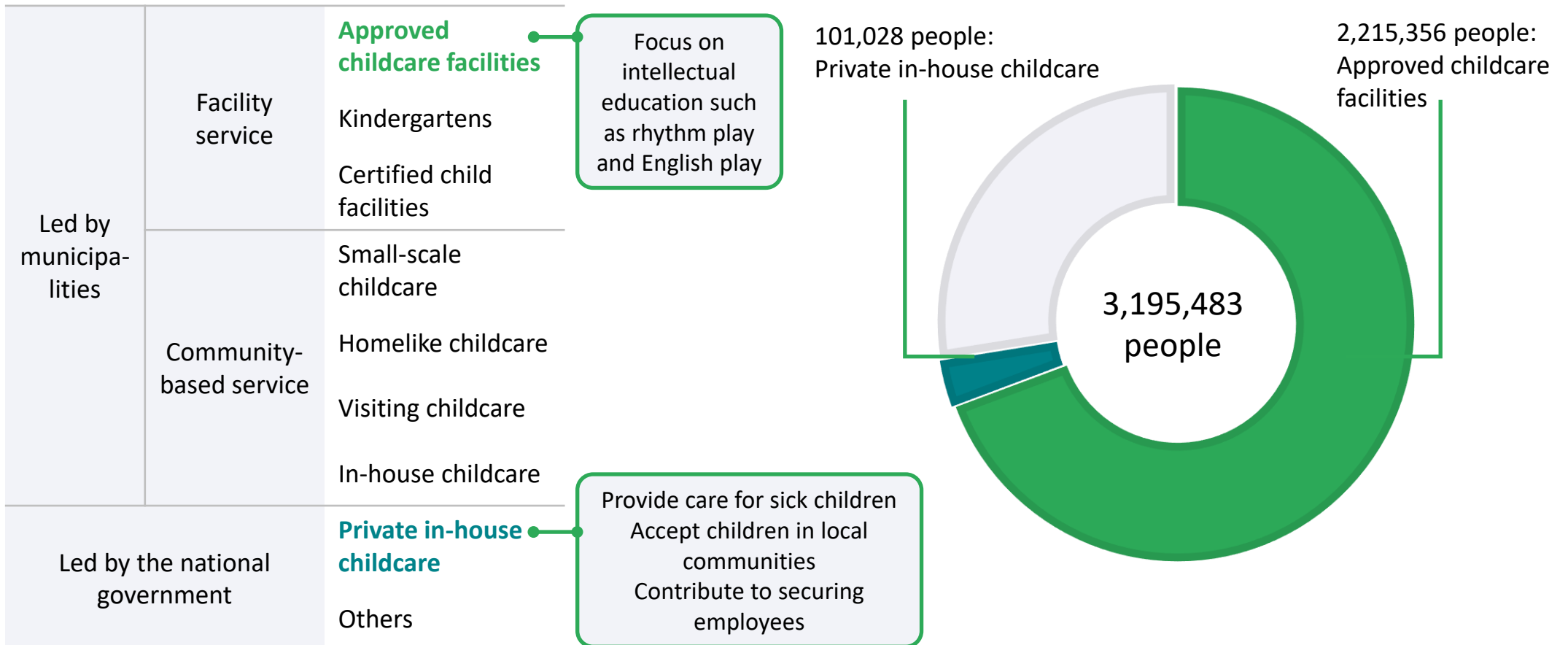
There is a need to improve staff satisfaction and enhance what is provided in childcare services.



Childcare: Our Business Domain

- Conduct childcare business mainly by operating approved childcare facilities
- Provide private in-house childcare services as a complementary business

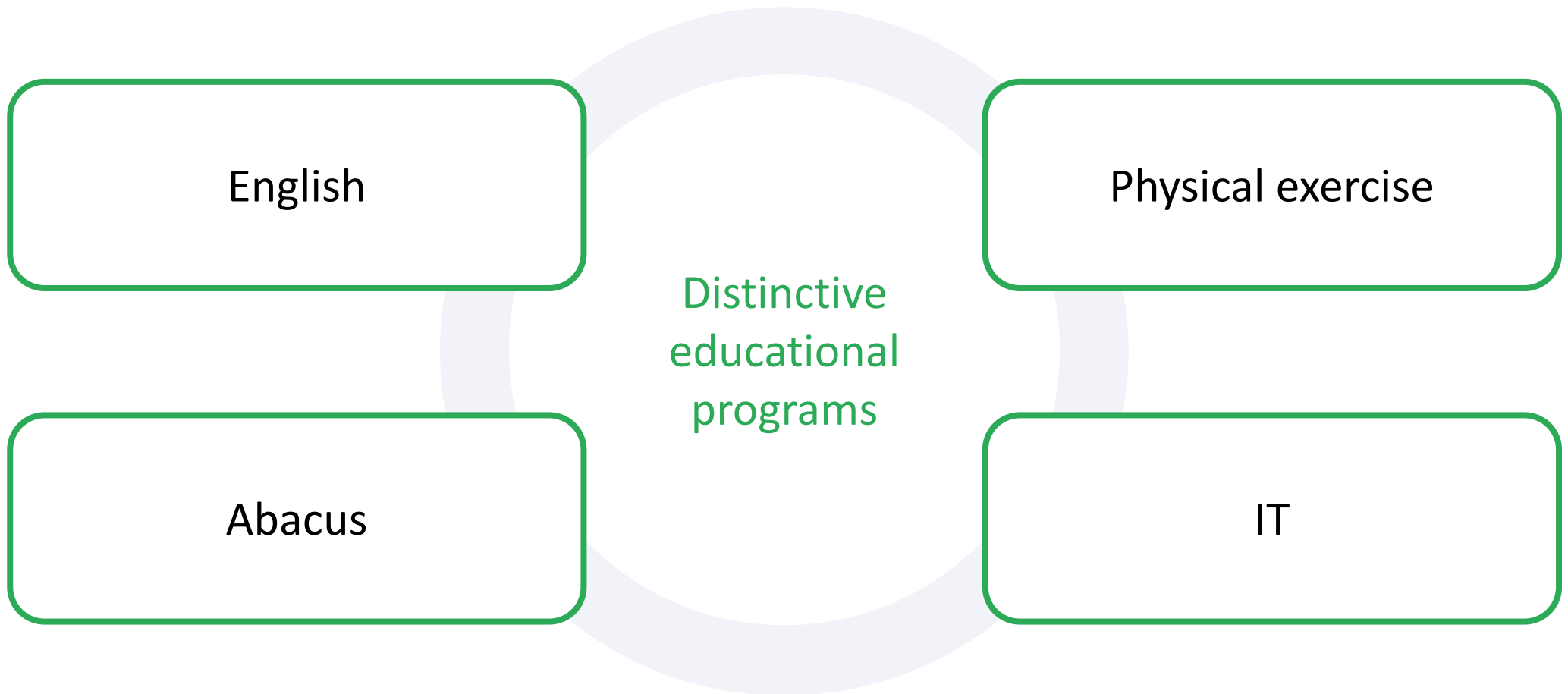
〔 Our coverage areas in the entire childcare market 〕 〔 Available capacity for childcare (April 1, 2021) 〕



Source: "Materials for the 20th meeting of the Remuneration Revision Study Team for Welfare Services for People with Disabilities by the Remuneration Revision Study Team for Welfare Services for People with Disabilities," by the Ministry of Health, Labour and Welfare

Childcare: Our Strengths

- Education is emphasized at our approved childcare facilities to attract long-term demand for enrollment of applicants
- Distinctive programs help recruit childcare workers

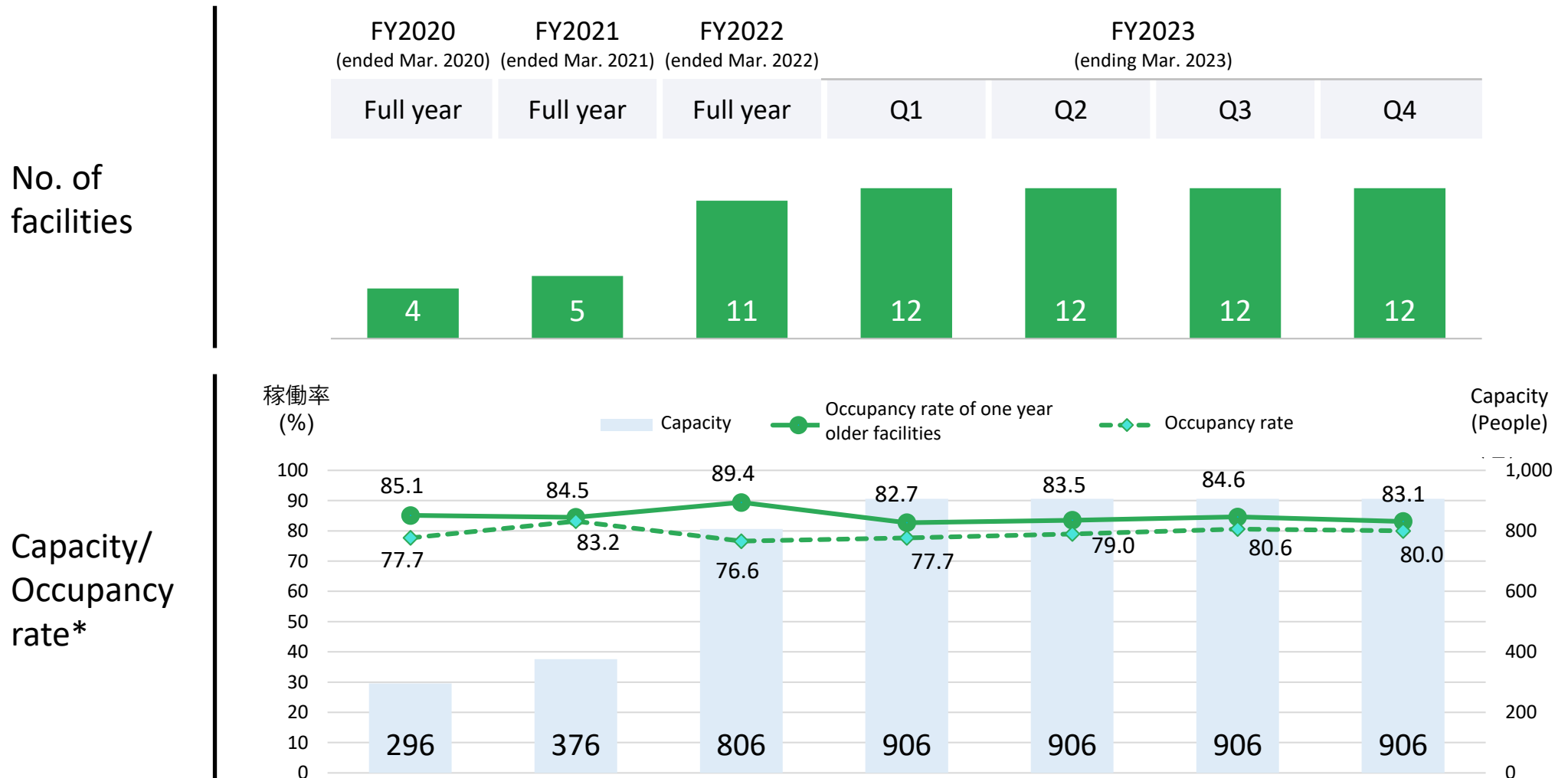




Number of Facilities, Their Capacity and Occupancy Rate

Childcare: Approved childcare facilities

- ✓ Occupancy of the entire facilities is steadily on an upward trend. Will aim to improve the occupancy rate continuously



* Occupancy rate is calculated at the end of each period using the formula to the right.
$$\text{Occupancy rate} = \frac{\text{Sum of residents of each facility at end of each month}}{\text{Sum of capacity of each facility}}$$

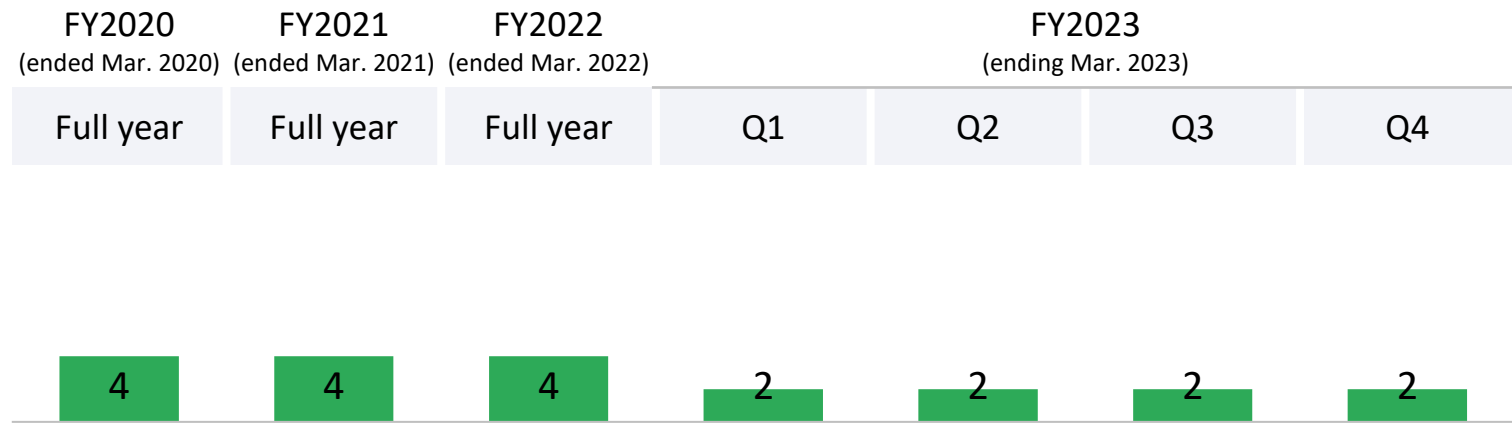


Number of Facilities, Their Capacity and Occupancy Rate

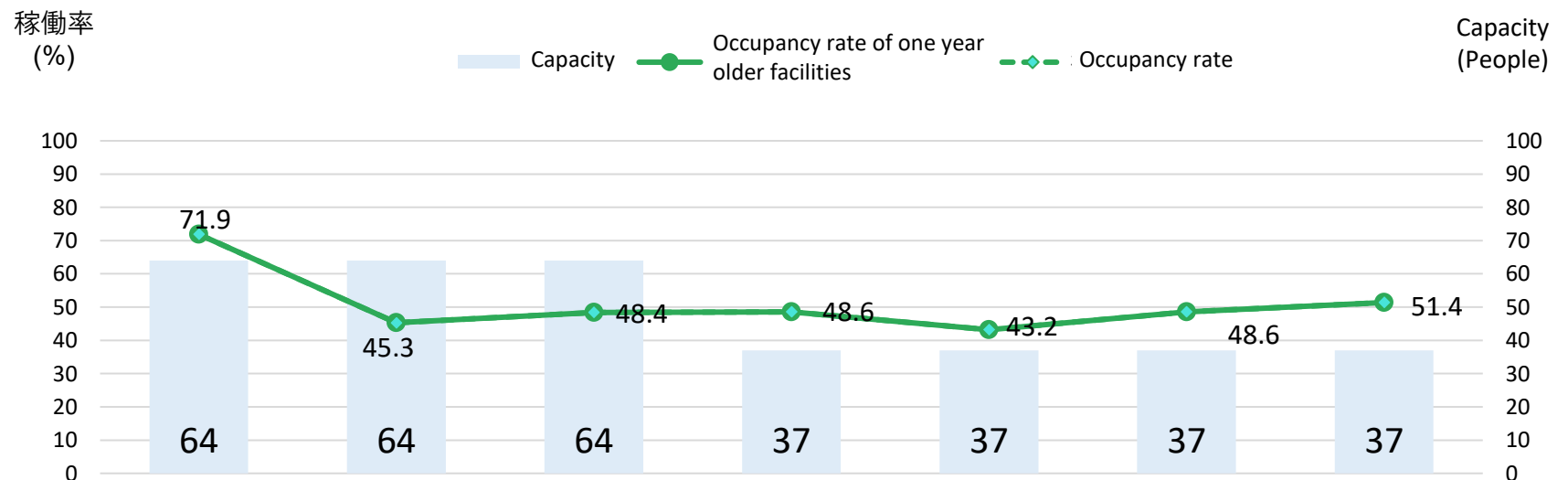
Childcare: Private in-house childcare facilities

✓ Aim to improve the occupancy rate going forward

No. of facilities



Capacity/
Occupancy
rate*



* Occupancy rate is calculated at the end of each period using the formula to the right.

$$\text{Occupancy rate} = \frac{\text{Sum of residents of each facility at end of each month}}{\text{Sum of capacity of each facility}}$$

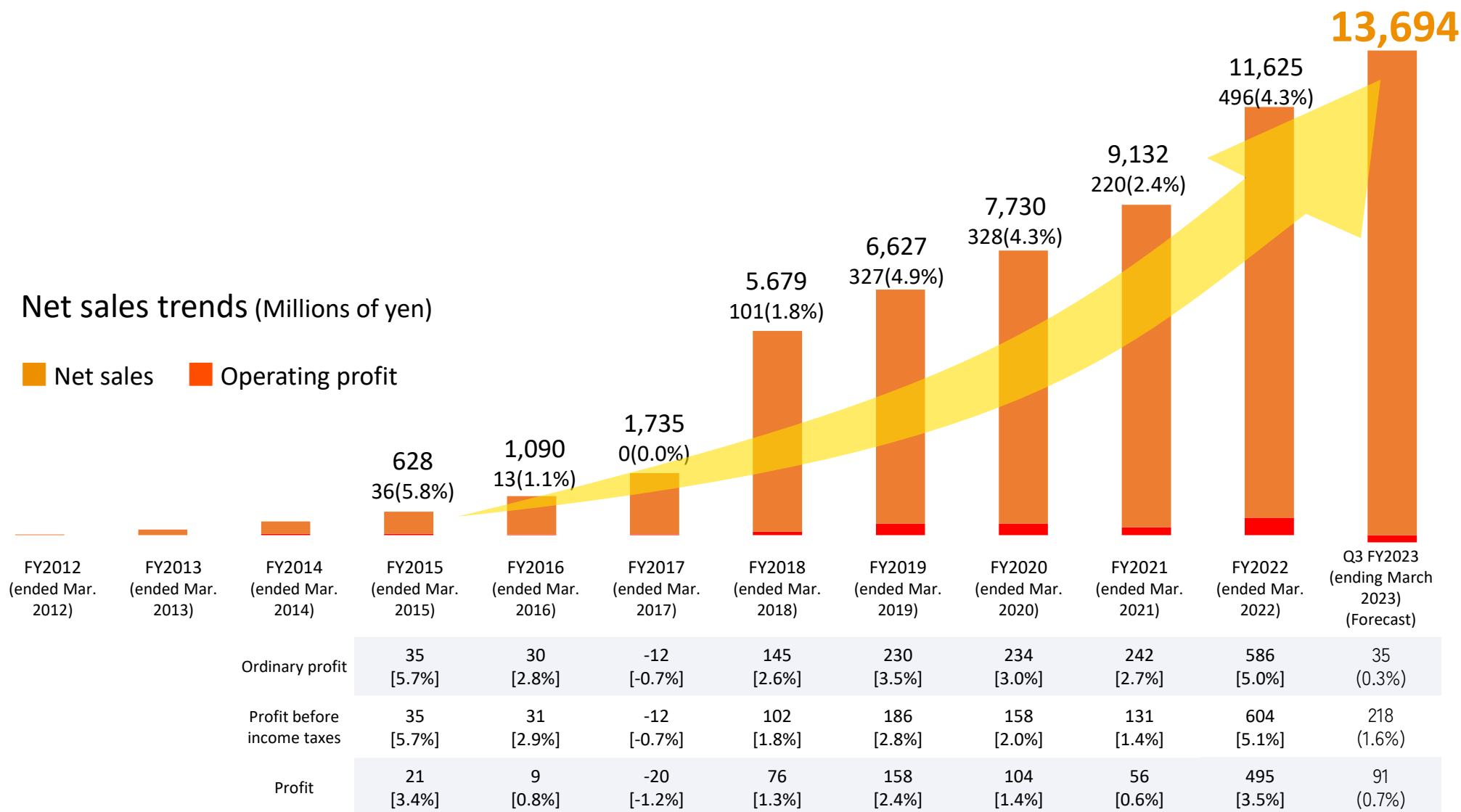


Sources of Competitiveness



Trends in Net Sales, Operating Profit, Ordinary Profit, Profit Before Income Taxes and Profit

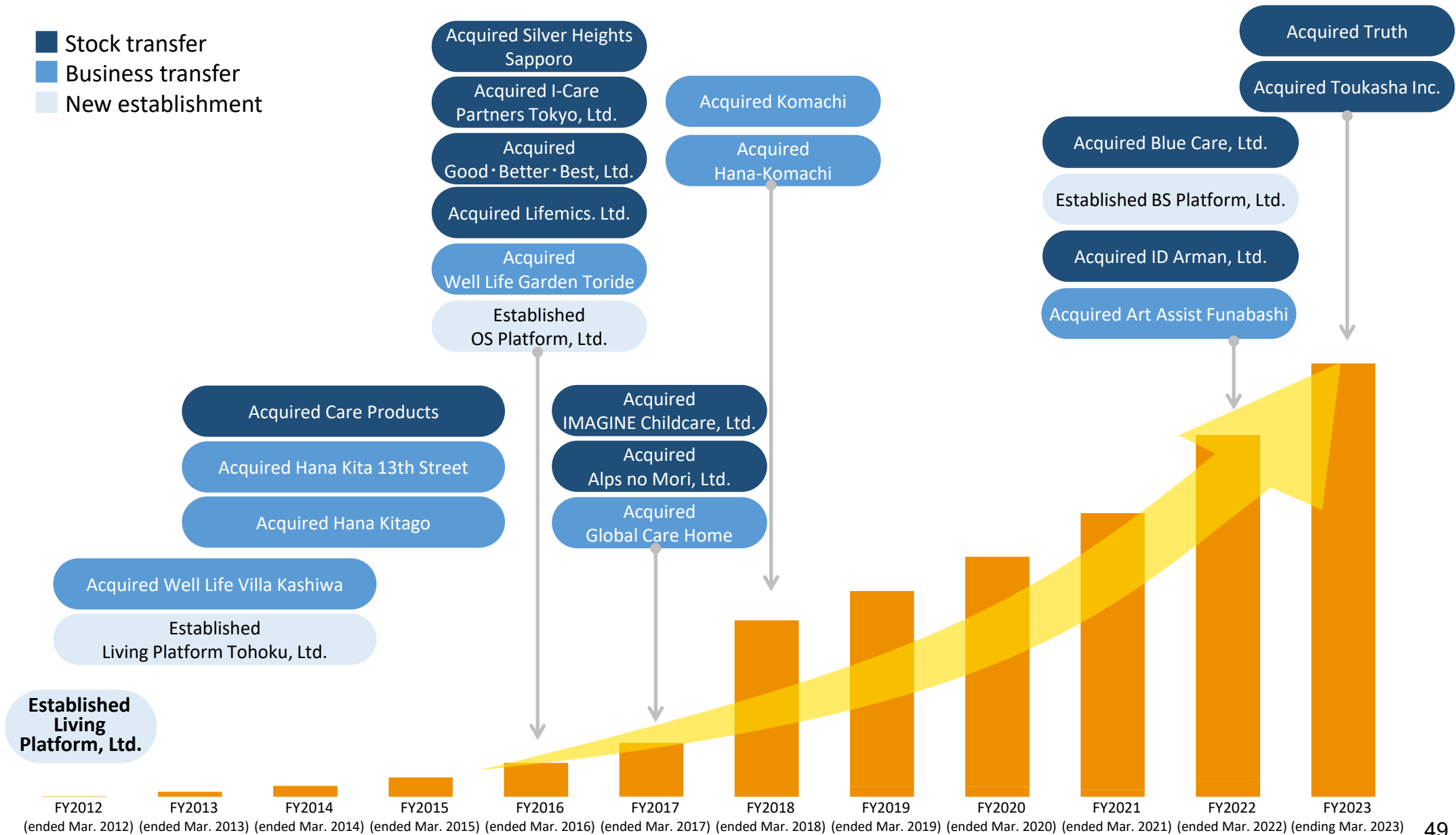
✓ Net sales continue to expand, and achieved a year-on-year increase of 18%



Note: Unconsolidated basis for FY2012 through FY2017 and consolidated basis for FY2018 and thereafter

Expansion through Proactive M&As

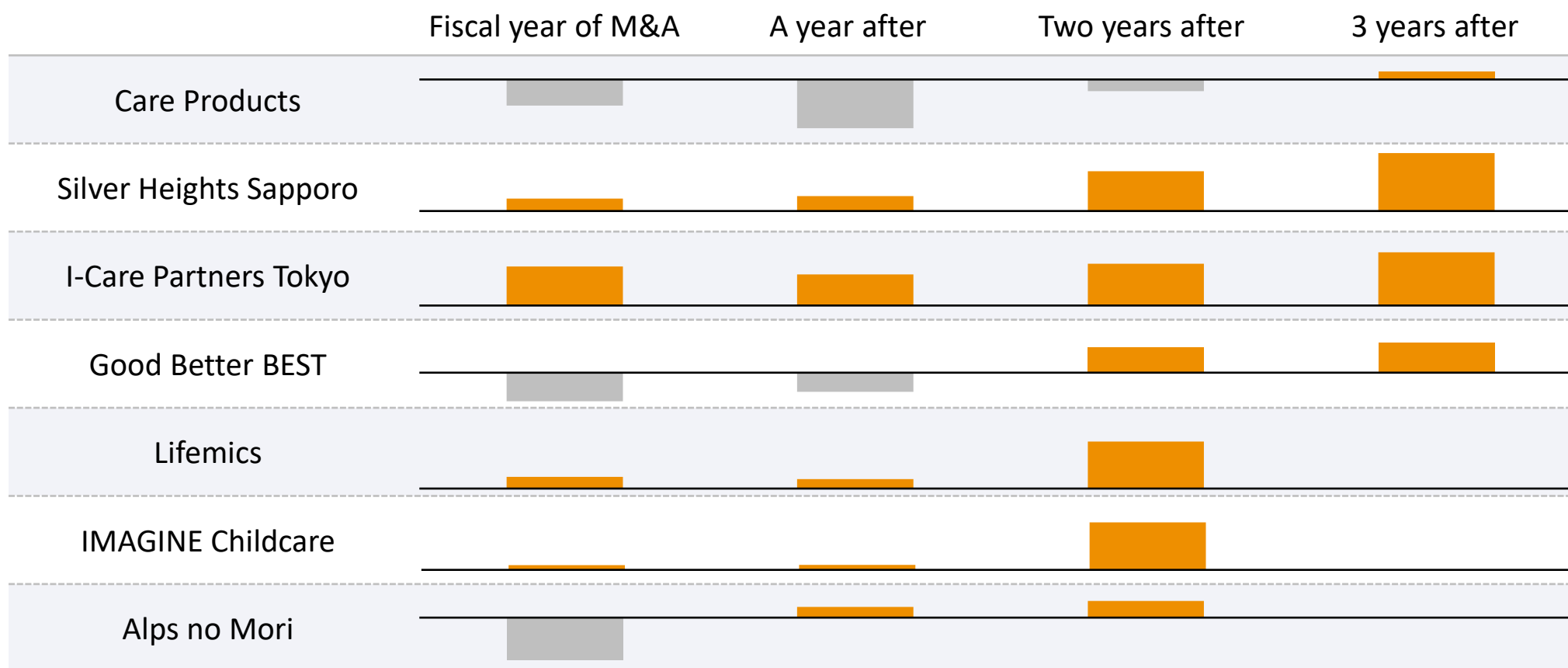
✓ Through in-house development and M&As, have expanded sales



Sources of Growth: Capability for Business Revitalization

Our high capability for business revitalization ensures profitability after M&A.

Past results (ordinary profit) after M&A



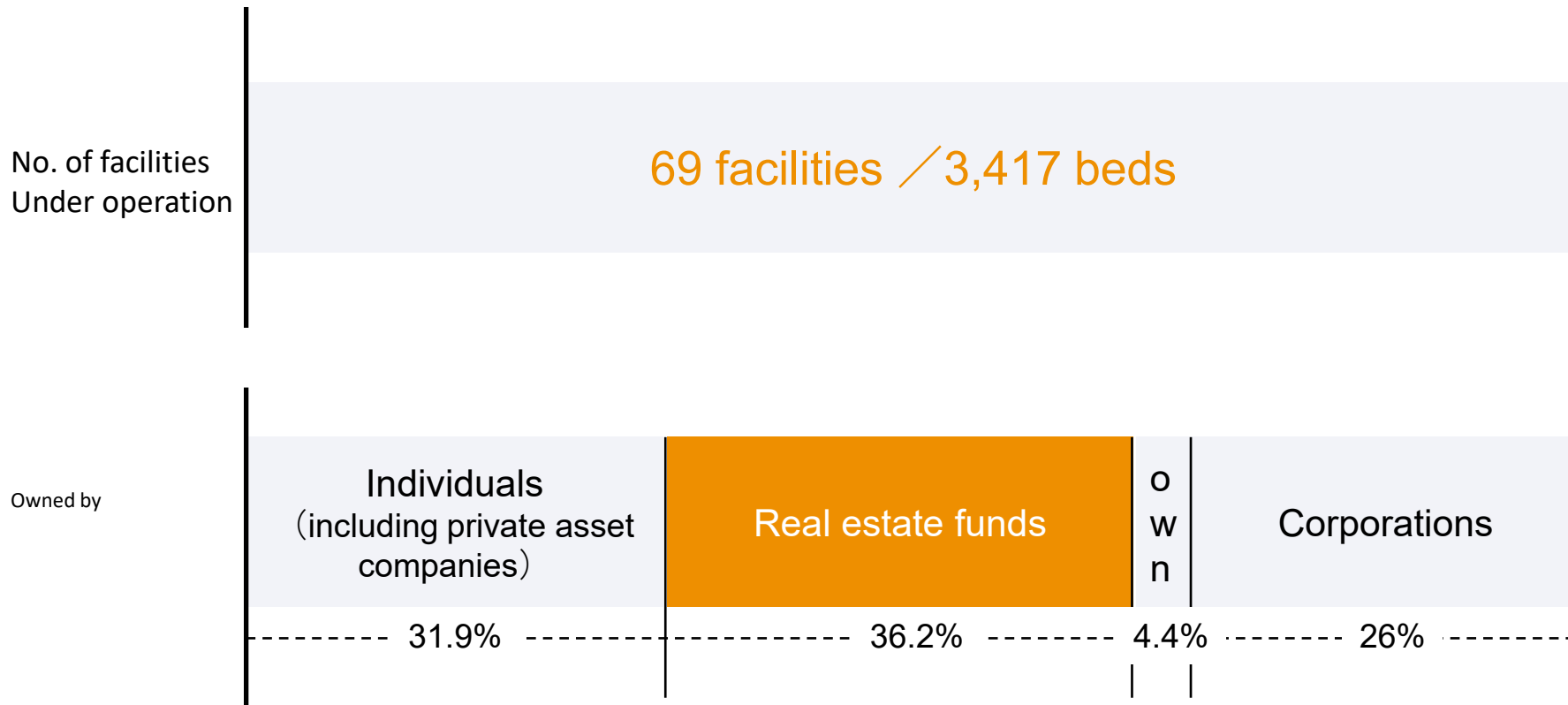
Source: Internal data *As of November 30, 2021 (excluding those agreed upon but not yet executed)

Supplement: In calculating ordinary profit as past results after M&A, indirect costs, sale-and-leaseback effects, etc. were taken into account to make comparisons possible. For those with a short period left in the fiscal year of M&A, the next fiscal year was set as the year of M&A.



Sources of Growth: Proactive Use of Finance

Utilize funds procured from the financial market, etc. to speedily conduct business operations, while also proactively promoting the Company's ownership of facilities depending on the situation.



※2022年5月末時点



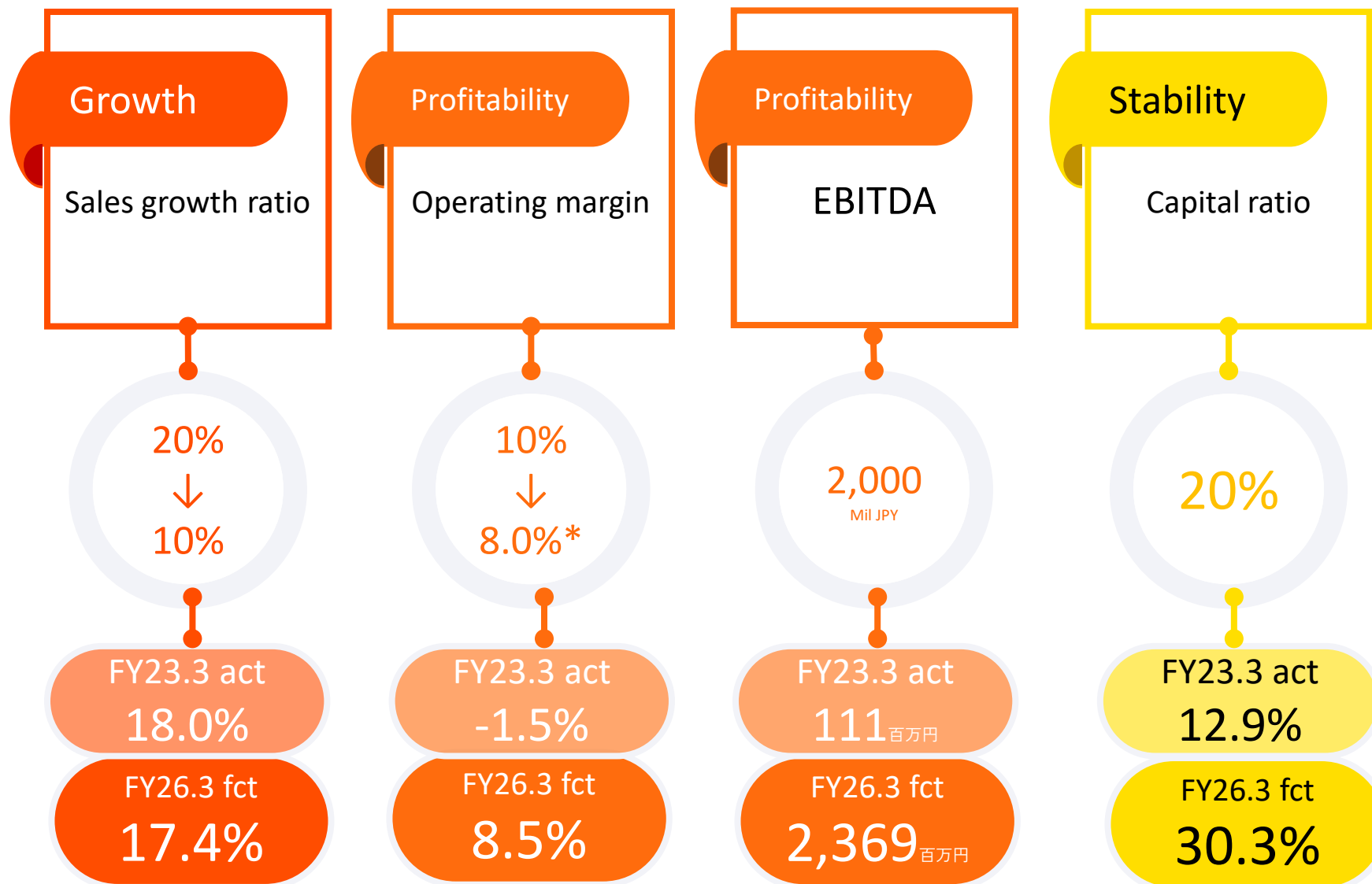
Sources of Growth: Securing and Developing Human Resources

Salary	Salary system at a higher level than competitors
Evaluation	Quarterly evaluation conducted
Holidays	Public holidays/paid holidays and consecutive holidays (5 consecutive holidays are recommended)
Location	Located near train stations for the convenience of commuting
Normal retirement age	<ul style="list-style-type: none">• Raise normal retirement age (to 70)• No salary reduction due to retirement age• No reduction in retirement benefits due to timing of retirement
Qualification training	<ul style="list-style-type: none">• Training for beginner elderly care staff• Training for practitioners as certified care workers



Business Plans

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 (act)	FY24.3 (plan)	FY25.3 (plan)	FY26.3 (plan)
Current assets	4,413	4,351	6,190	8,006
(Cash and deposits)	1,882	3,006	4,651	5,754
Non-current assets	6,989	7,139	6,919	6,565
(Land and buildings, etc.)	3,574	2,780	2,600	2,433
Total assets	11,402	11,746	13,332	14,928
Current liabilities	3,989	2,579	2,920	3,051
Non-current liabilities	5,941	7,029	7,302	7,349
Total liabilities	9,930	9,608	10,222	10,399
Net assets	1,471	2,138	3,109	4,529
Total liabilities and net assets	11,402	11,746	13,332	14,928
Equity ratio	12.9%	18.2%	23.3%	30.3%
Borrowings, etc.	6,337	5,911	6,321	6,356



Medium-term Business Plan

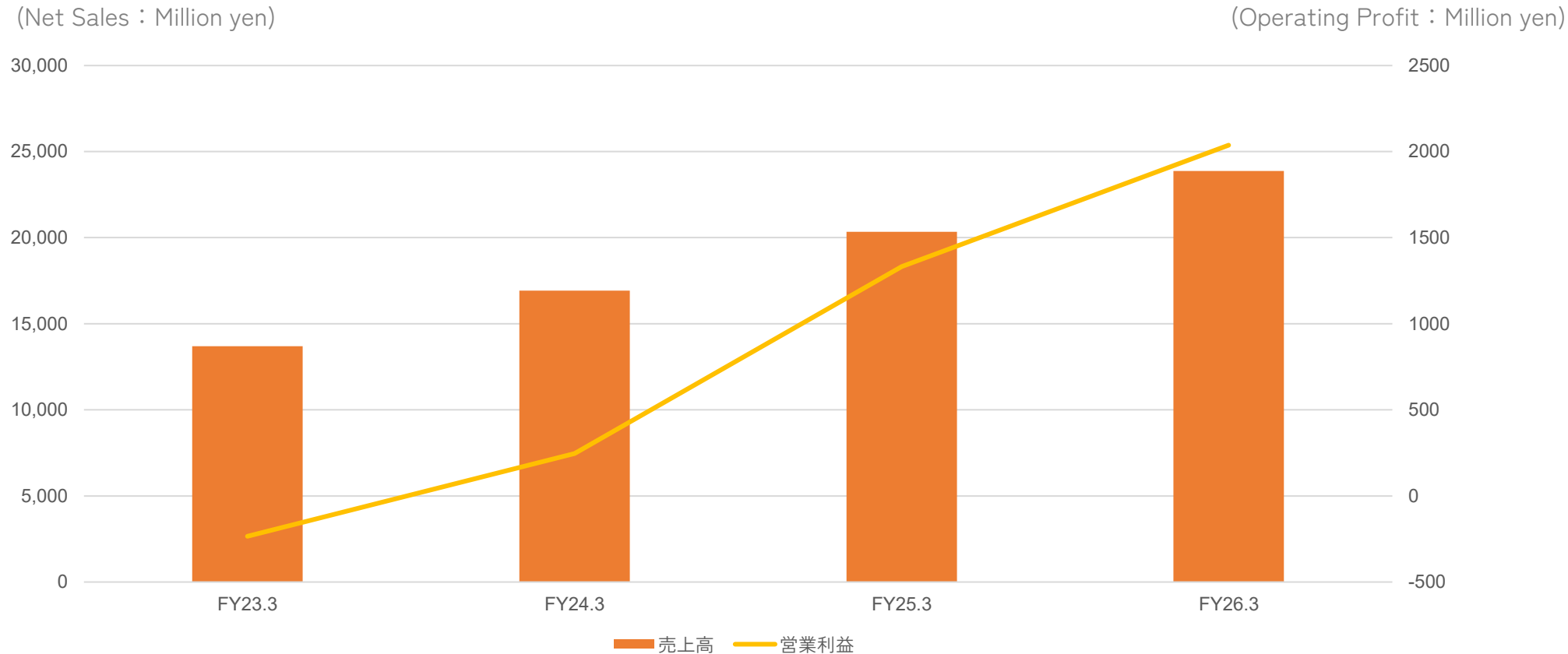
PROFIT AND LOSS STATEMENT

- ✓ 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 (Act)	FY24.3 (plan)	FY25.3 (plan)	FY26.3 (plan)
Net sales	13,694	16,928	20,337	23,871
Operating profit	▲ 234	246	1,332	2,037
%	▲1.7%	1.5%	6.5%	8.5%
Ordinary profit	35	266	1,379	2,032
%	0.3%	1.6%	6.8%	8.5%
Profit before income taxes	218	266	1,379	2,032
%	1.6%	1.6%	6.8%	8.5%
Profit attributable to owners of parent	91	182	971	1,420
%	0.7%	1.1%	4.8%	5.9%

Net Sales / Operating profit

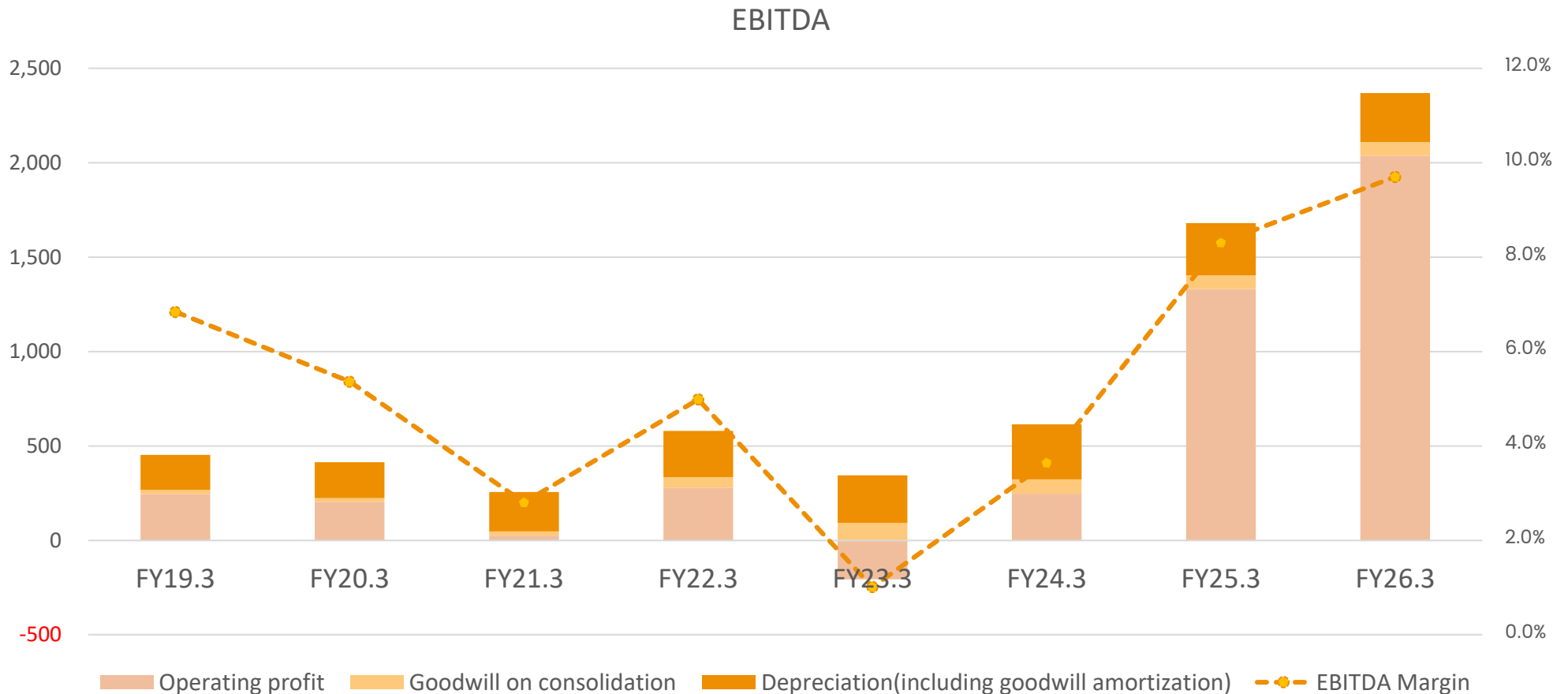
- ✓ FY24.3 may exceed performance expectations due to unforeseen future price increases
- ✓ In FY25.3, it is anticipated that the impact of soaring utility costs will be mitigated.
- ✓ From FY26.3 onwards, development speed will be slowed down, aiming for a secure business profit.



EBITDA

- ✓ Due to the change in accounting treatment of non-deductible consumption tax, which was previously recorded as non-operating expenses but has changed to be recorded as selling and administrative expenses since FY23.3, the operating profit appears to have decreased. However, this change has not affected the growth trajectory of the business
- ✓ Anticipate EBITDA will be improved rapidly

(millions of yen)



EBITDA = Operating profit + Depreciation including goodwill amortization + Goodwill on consolidation

Securing and Fostering Staff That Drive Growth

- Further promote recruitment of foreign workers, which began in 2022
- Conduct full-on recruitment of new graduates and foster them to enhance the retention rate
- Employ people from a wide range of age groups, including the elderly, as the Company has done since before
- Promote employment of persons with disabilities through a special subsidiary company

New graduates

Started recruitment of new graduates in 2022

Persons with disabilities

Established a special subsidiary company
(2021)

Elderly

Employ people from a wide range of ages from
20s to 80s

Foreign staff

Specified skilled workers from abroad:
started acceptance in April 2022
技能実習：2022年2月より受入開始



Initiatives for Achieving KPIs

Governance

Strengthen governance through the delegation of authority

Productivity

Enhancing productivity of back office through DX

Expanding category

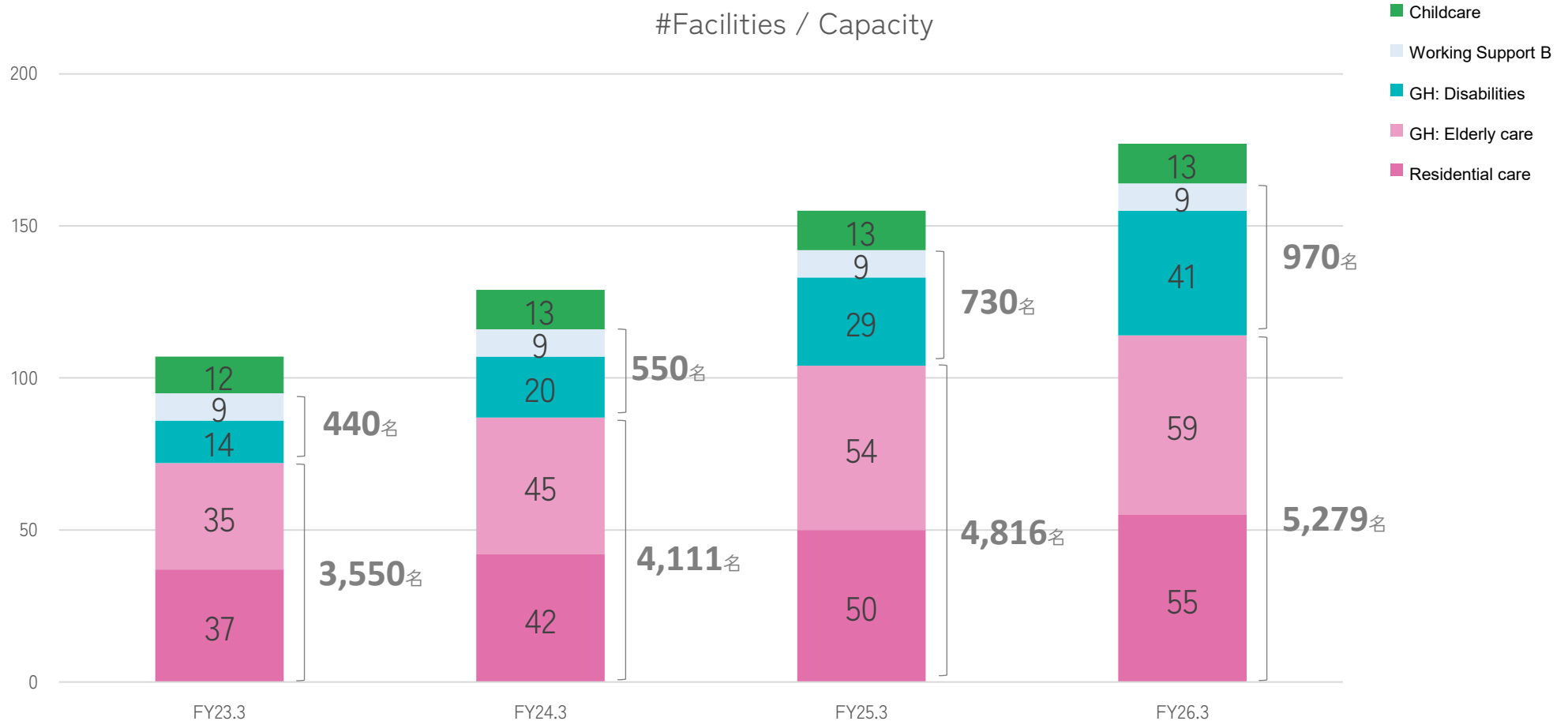
Entering business of the facility focused on specific disease

Growth

Developing REIT for the continuous business development

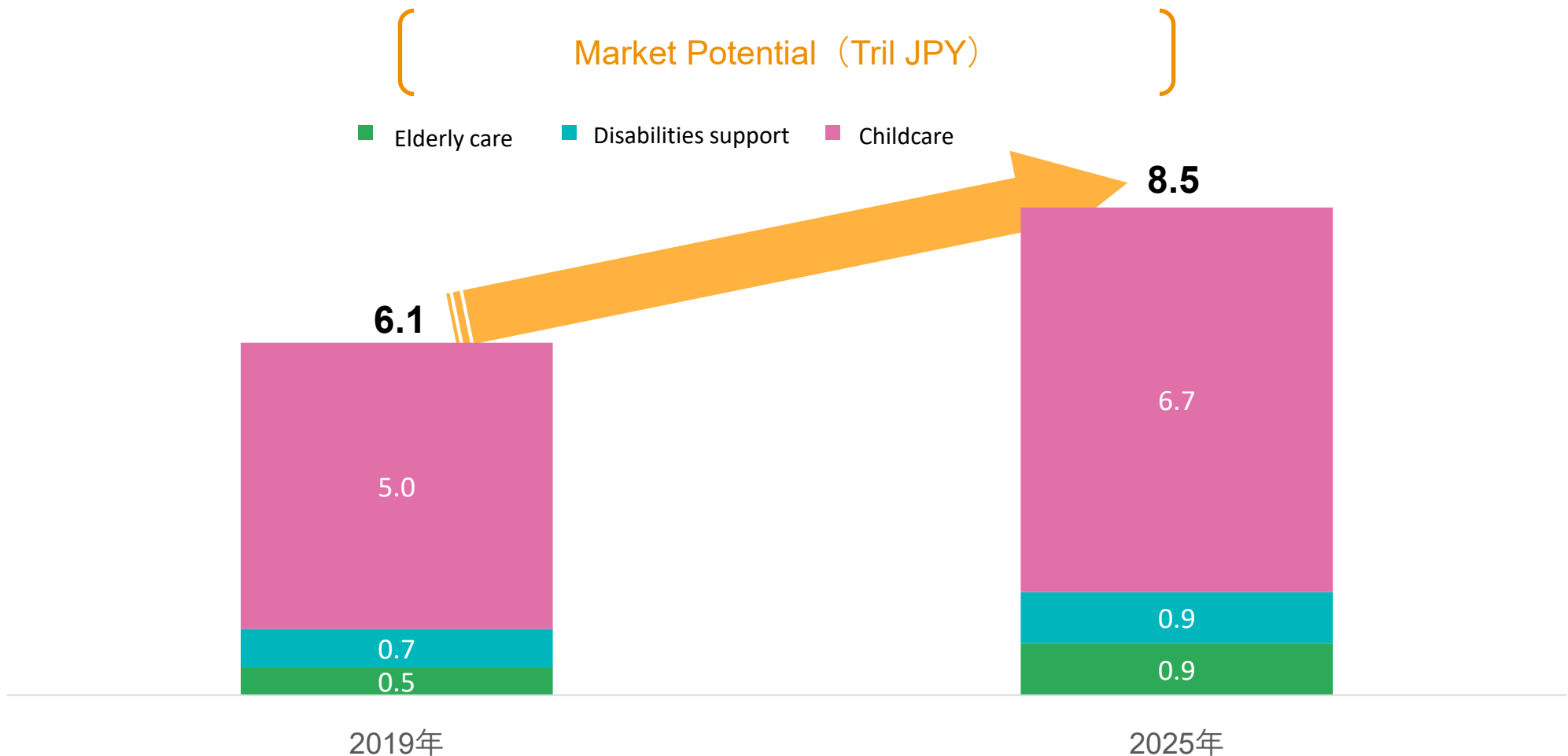
Development Plan(Including M&A)

- ✓ 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



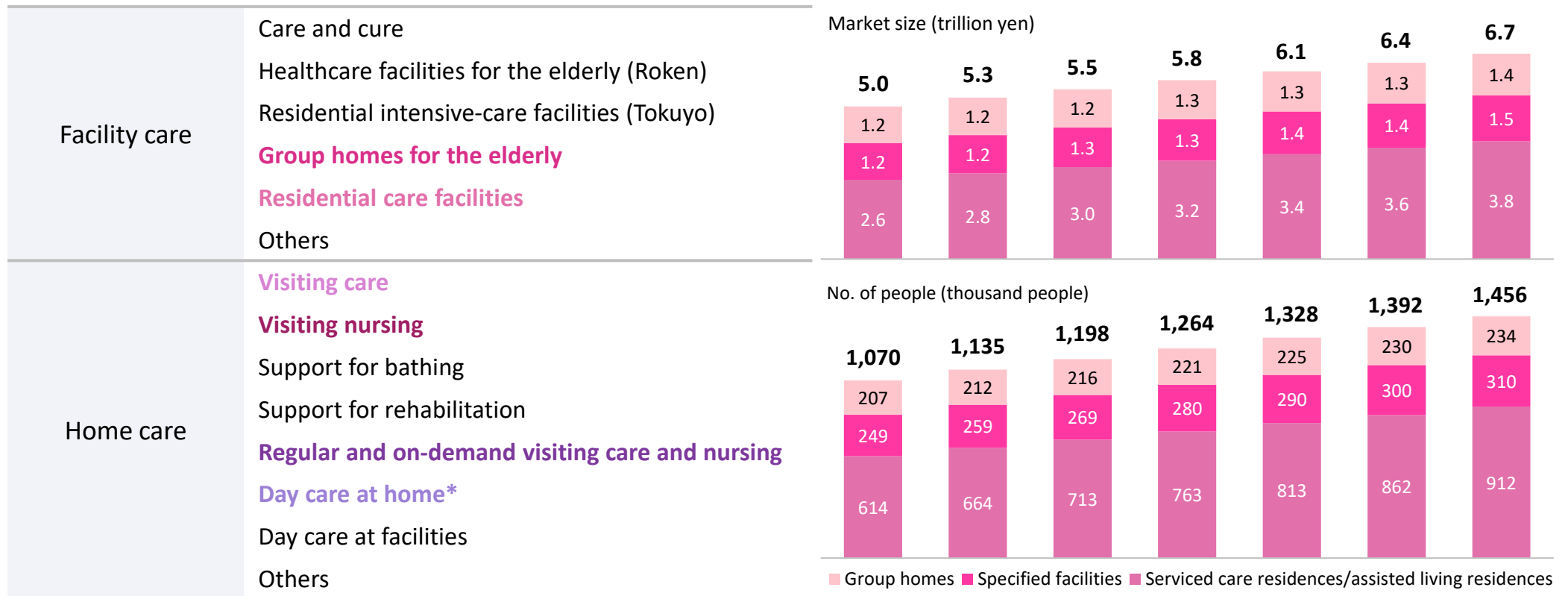
Source: Estimated by the Company based on “Survey of Social Welfare Facilities,” “Overview of Survey of Actual Nursing Care Benefit Expenses,” “Report on the Status of Long-Term Care Insurance Business,” etc. by the Ministry of Health, Labour and Welfare

Elderly Care: Our Business Domain

Facility care is an efficient way to develop an elderly care infrastructure under financial restrictions, and also has a relative advantage over home care in terms of staff recruitment. In addition, amid the number of people living alone increasing, facility care can lead to creation of new communities and contribute to better health.

Our coverage areas in the entire elderly care market

Growth potential of the relevant market



* Home care conducted by the Company is offered at residential care facilities, etc., which are thus facility care in practice.

Source: "Overview of Actual Statistics on Nursing Care Benefit Expenses, etc. FY2020" by the Ministry of Health, Labour and Welfare

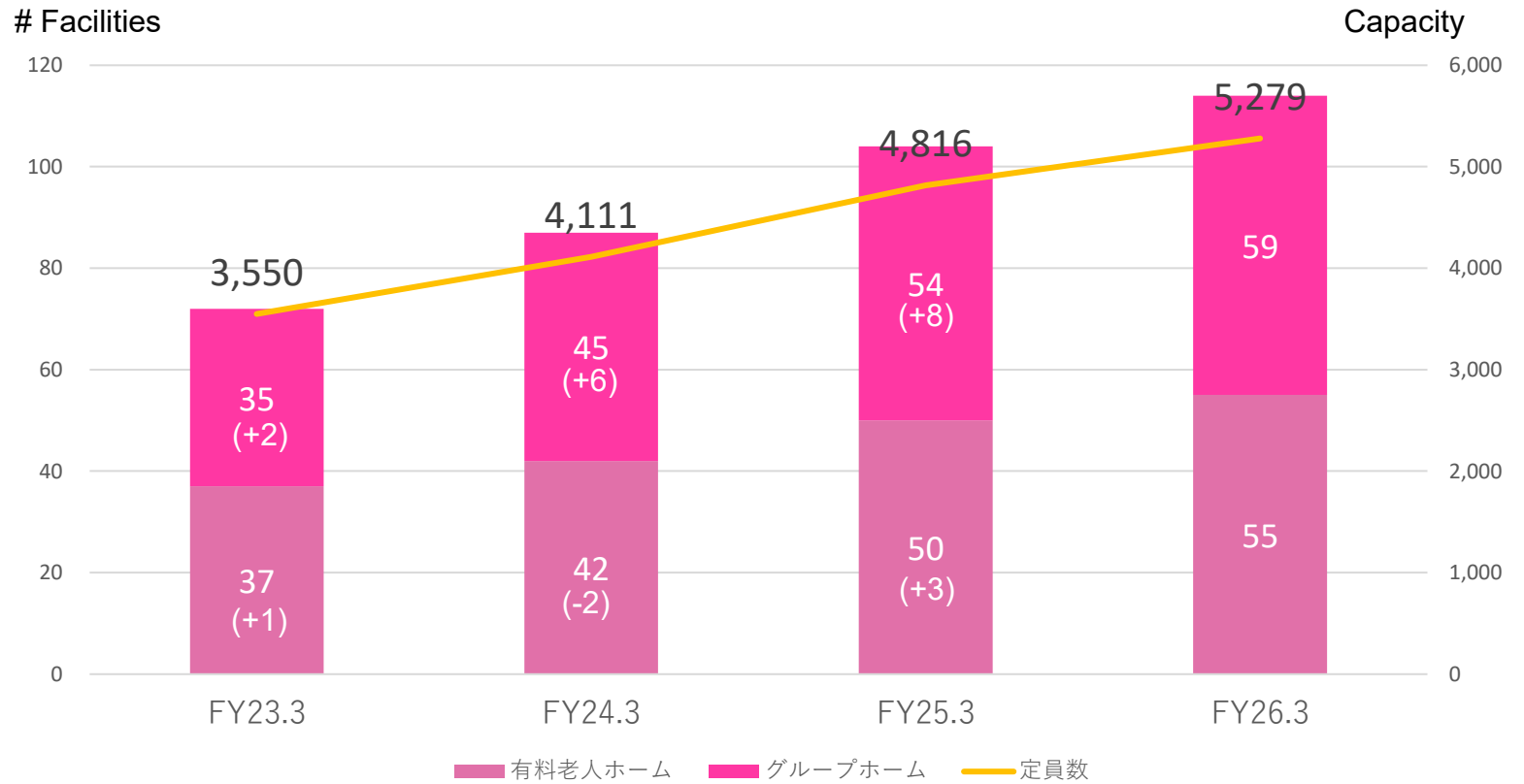
Remarks: Residential care facilities are divided into "specified facilities (with care)" and "serviced care residences/assisted living residences." "Serviced care residences/assisted living residences" include part of the services of visiting care, visiting nursing, regular and on-demand visiting care and nursing, and home care support.

🌿 Elderly care: Development plan

Strategy

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

Act / Plan



* Figures in parentheses indicate differences from the previous material.

* FY26.3 has been newly added.

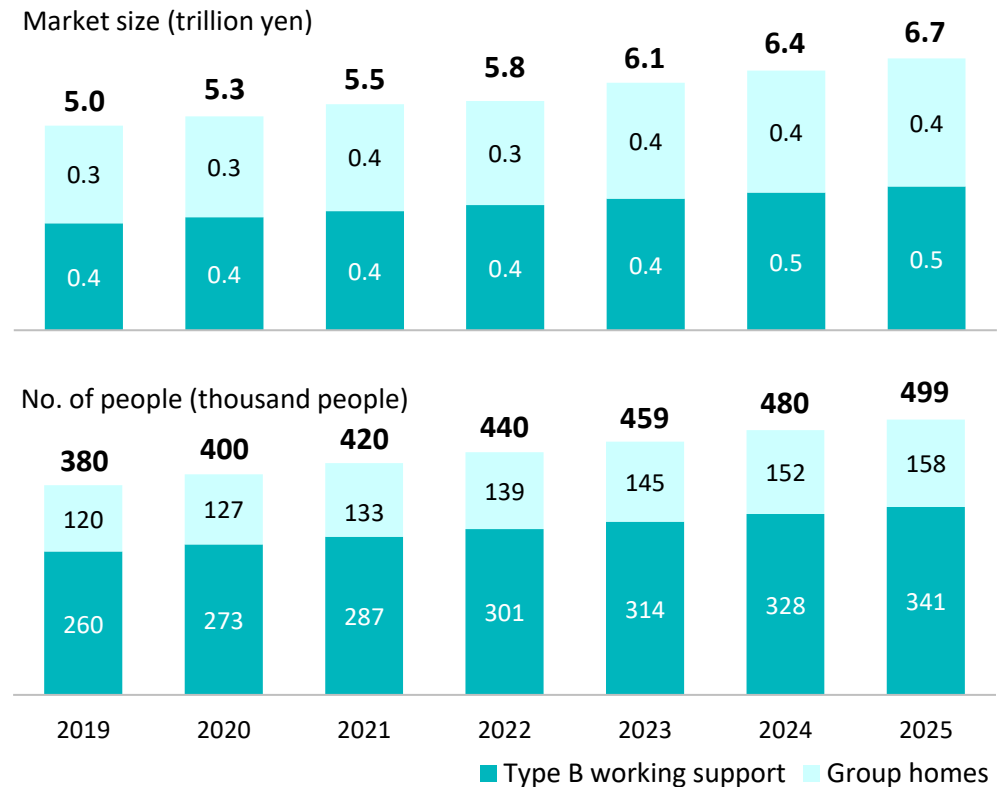
Disabilities Support: Our Business Domain

Conduct business centering on group homes, which are residences for people who aim to live an independent life, and Type B working support facilities, both of which have no dominant player.

Our coverage areas in the entire disabilities support market

Visiting care	Daily assistance at home
	Intensive daily assistance at home
	Outing assistance for the blind
	Outing assistance for the disabled
	Others
Facility care	Assistance at facilities
Daytime assistance	Living assistance
	Others
Living support	Home assistance
	Group homes
Training and working support	Functional training
	Life training
	Working support at companies
	Type A working support
	Type B working support
	Support for continuous working

Growth potential of the relevant market



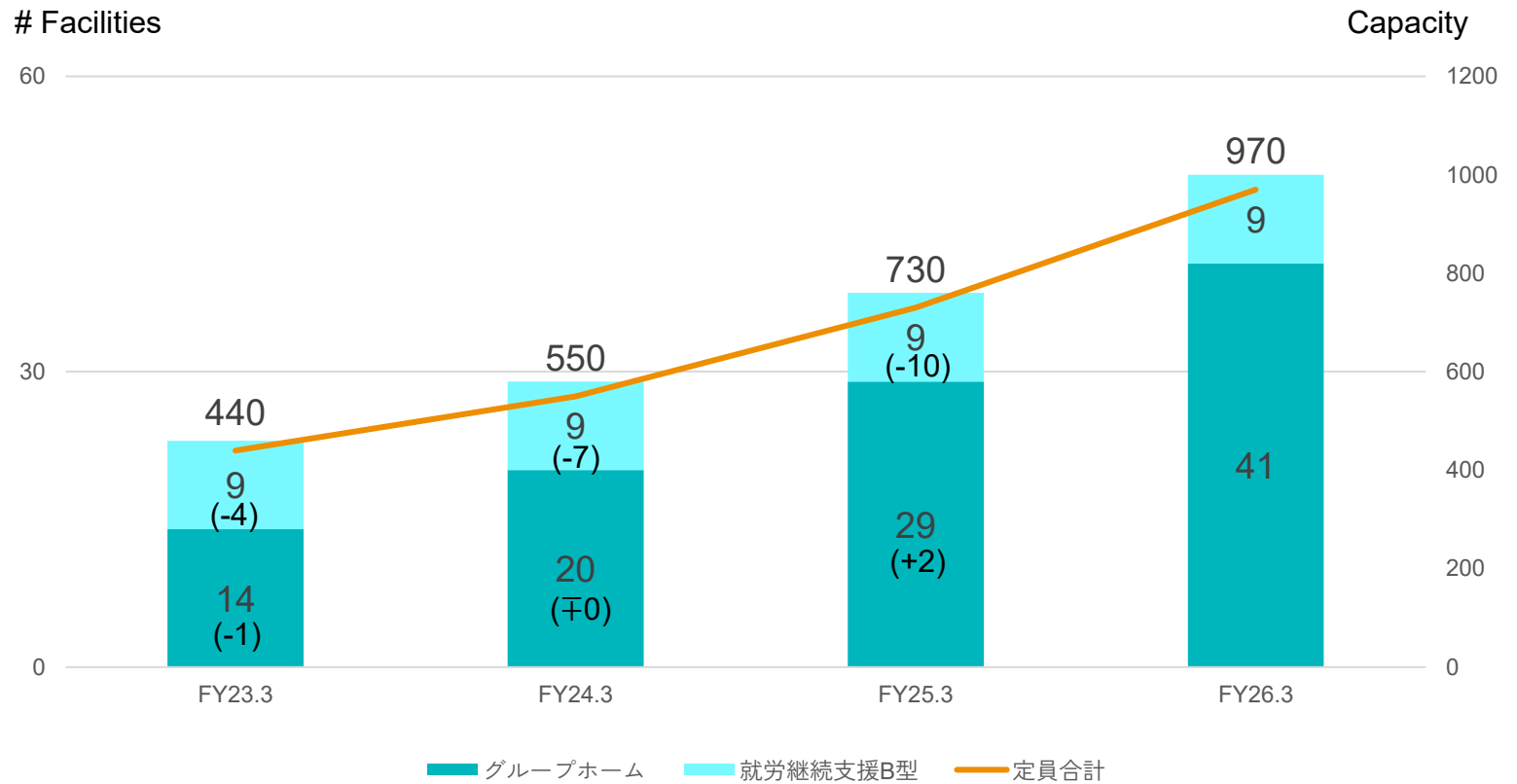
Source: Estimated by the Company based on “Survey of Social Welfare Facilities,” “Overview of Survey of Actual Nursing Care Benefit Expenses,” “Report on the Status of Long-Term Care Insurance Business,” etc. by the Ministry of Health, Labour and Welfare

Disabilities support: Development plan

Strategy

Focus on developing group homes to raise occupancy/ profit

Act / Plan



* Figures in parentheses indicate differences from the previous material.

* FY26.3 has been newly added.

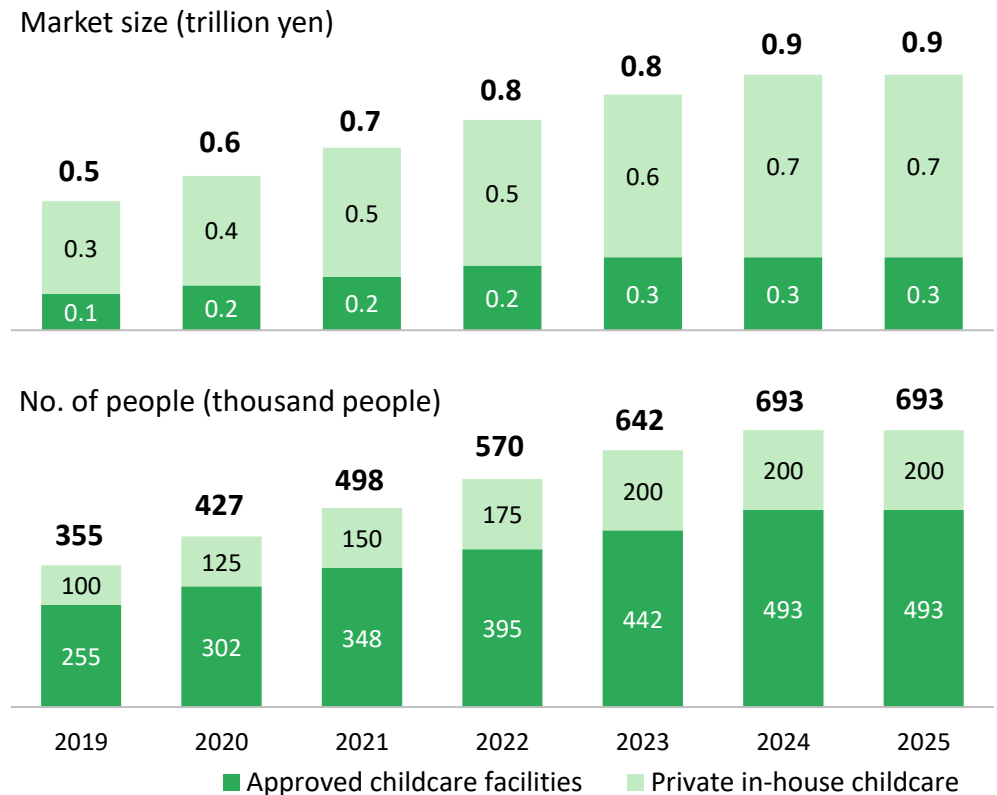
Childcare: Our Business Domain

Mainly focus on approved childcare facilities, which are the mainstay of the childcare business, and provide private in-house childcare services, which can contribute to promoting employment of the Group staff as well as to local communities, as a complementary business.

Our coverage areas in the entire childcare market

Led by municipalities	Facility service	Approved childcare facilities
		Kindergartens
	Certified child facilities	
	Community-based service	Small-scale childcare
		Homelike childcare
Visiting childcare		
In-house childcare		
Led by the national government, etc.		Private in-house childcare
		Others

Growth potential of the relevant market



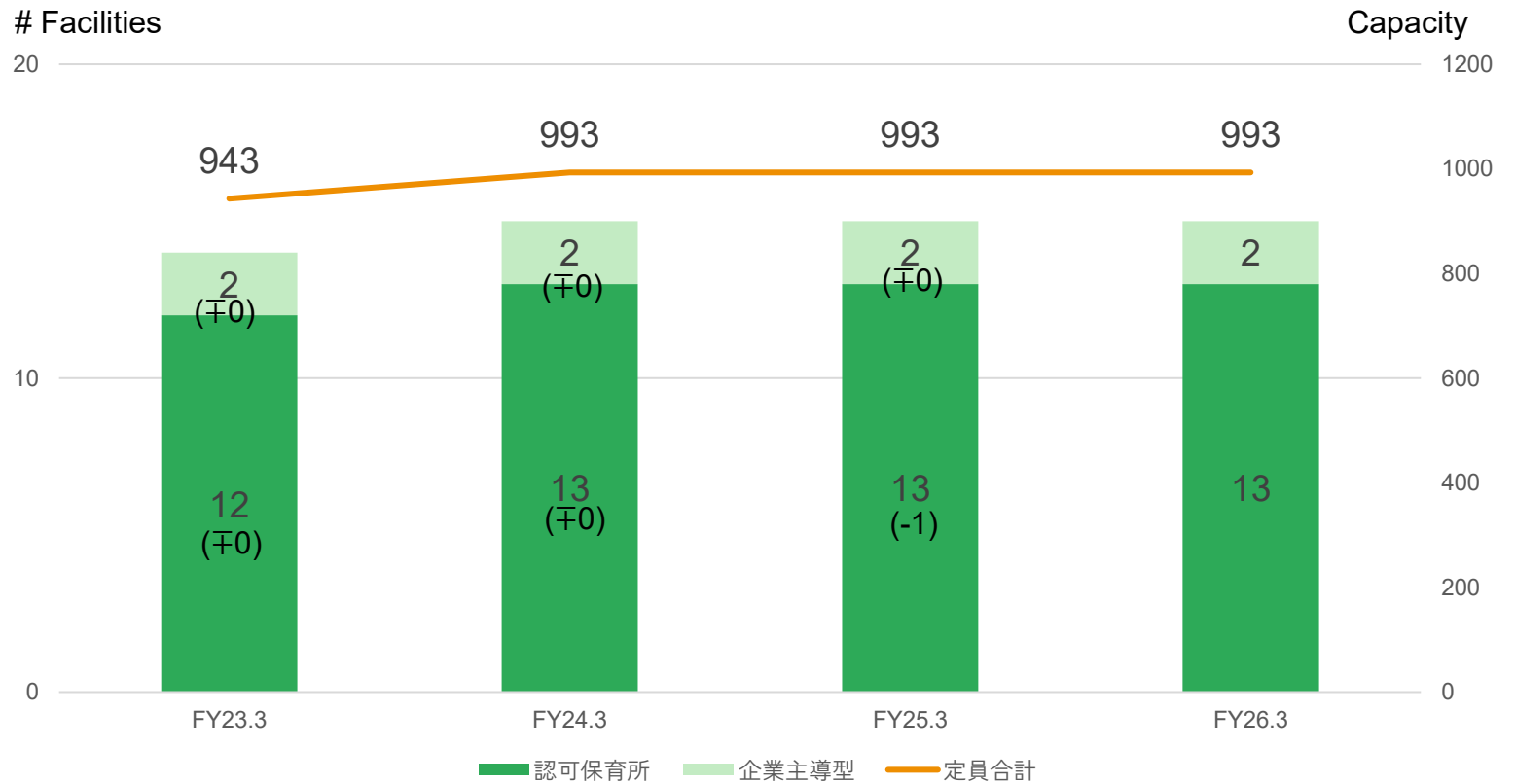
Source: Estimated by the Company based on "Survey of Social Welfare Facilities," "Summary of Situations Related to Childcare Facilities, etc.," by the Ministry of Health, Labour and Welfare

Childcare: Development plan

Strategy

Focus on improvement of programs and raising eNPS to raise profit

Act / Plan

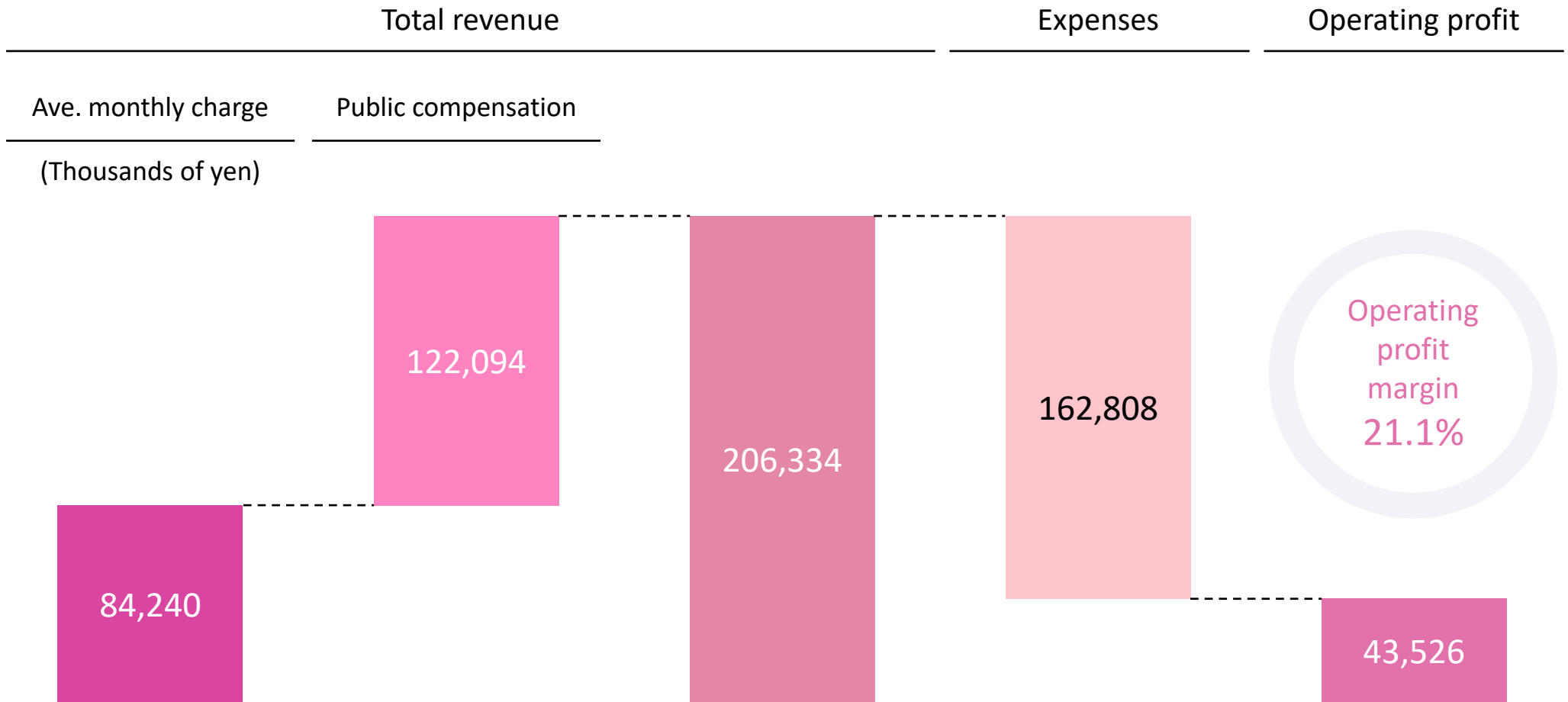


* Figures in parentheses indicate differences from the previous material.

* FY26.3 has been newly added.

Profit Model: Elderly Care

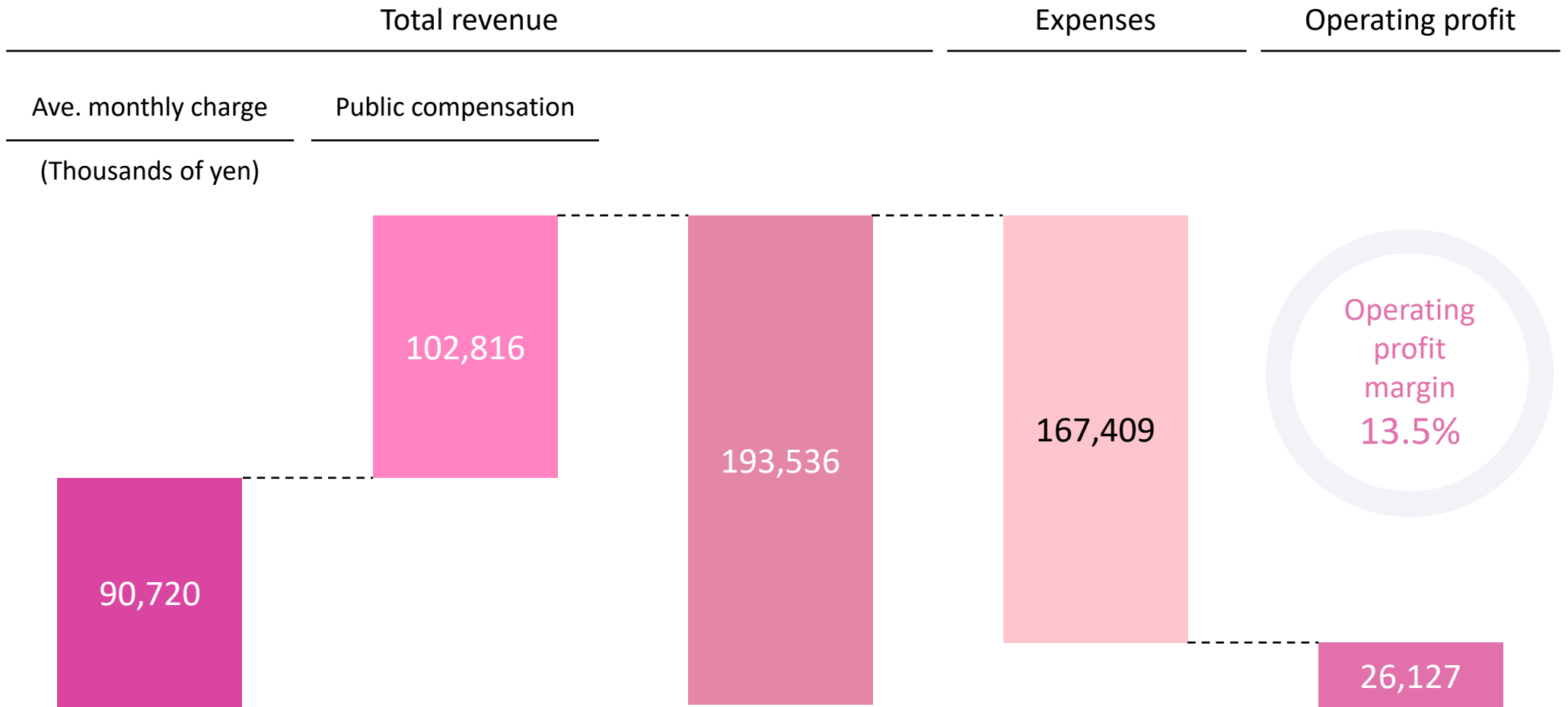
Specified facilities (for a facility with capacity of 60 people and occupancy at 90%)



Source: Internal data, with headquarters expenses allocated to departments excluded

Profit Model: Elderly Care

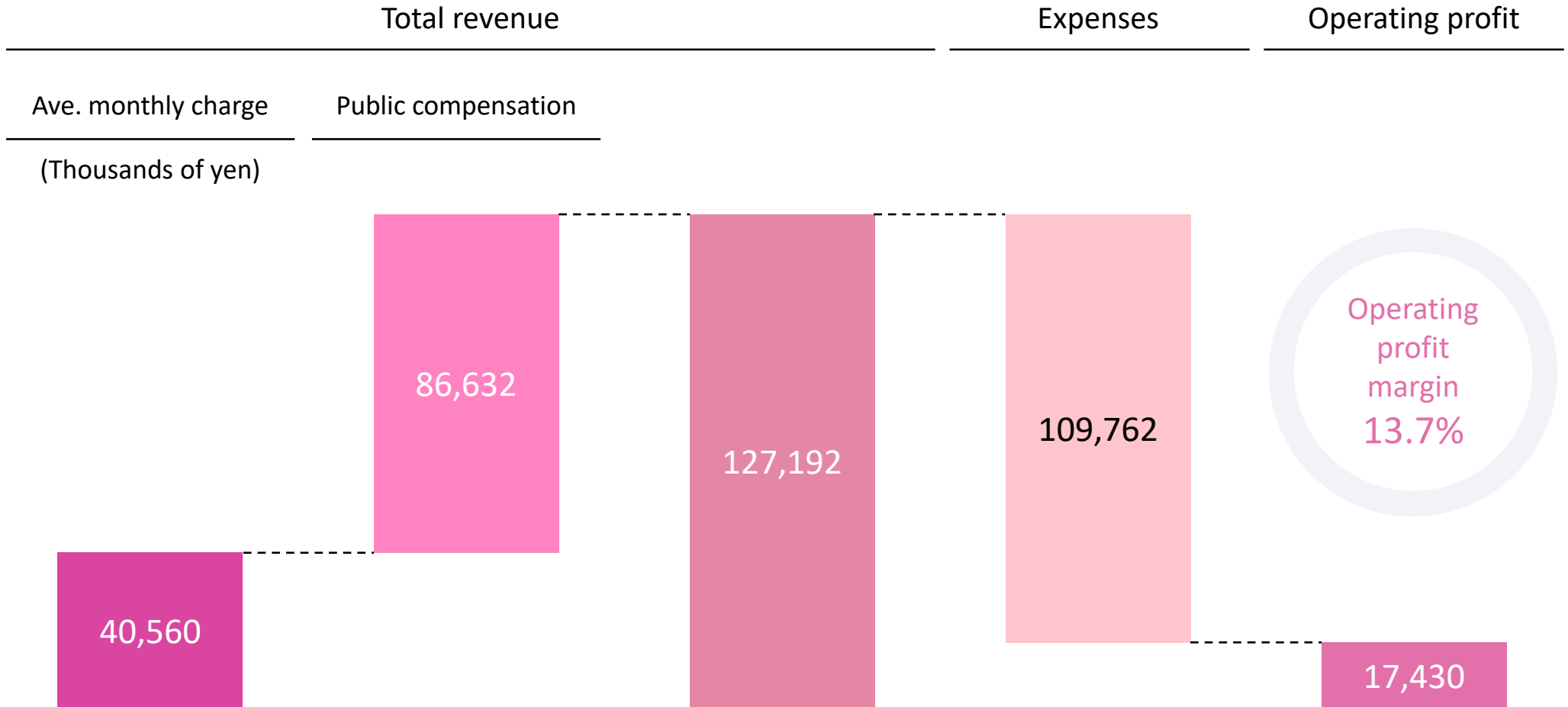
Serviced care residences/assisted living residences (for a facility with capacity of 60 people and occupancy at 90%)



Source: Internal data, with headquarters expenses allocated to departments excluded

Profit Model: Elderly Care

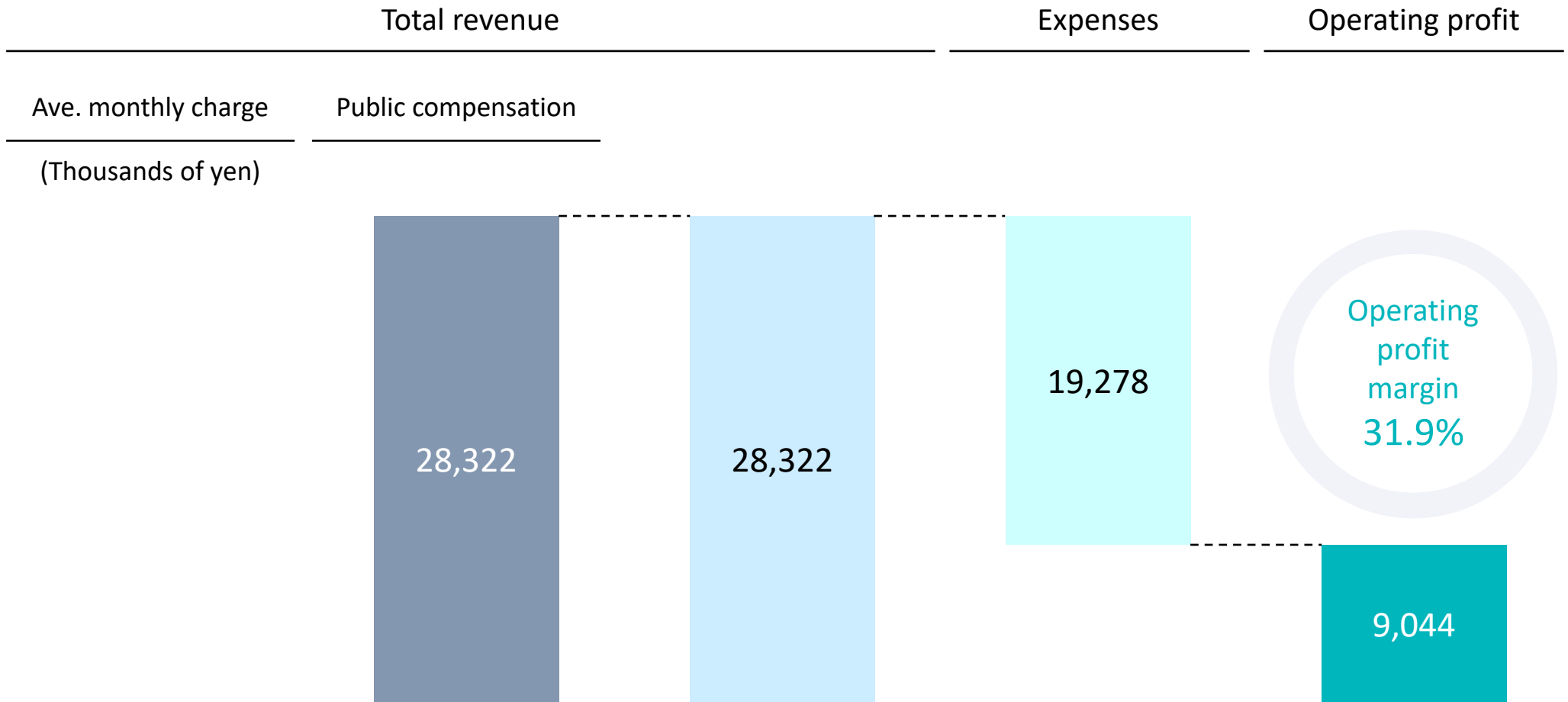
Group homes (for a facility with capacity of 27 people and occupancy at 96%)



Source: Internal data, with headquarters expenses allocated to departments excluded

Profit Model: Disabilities Support

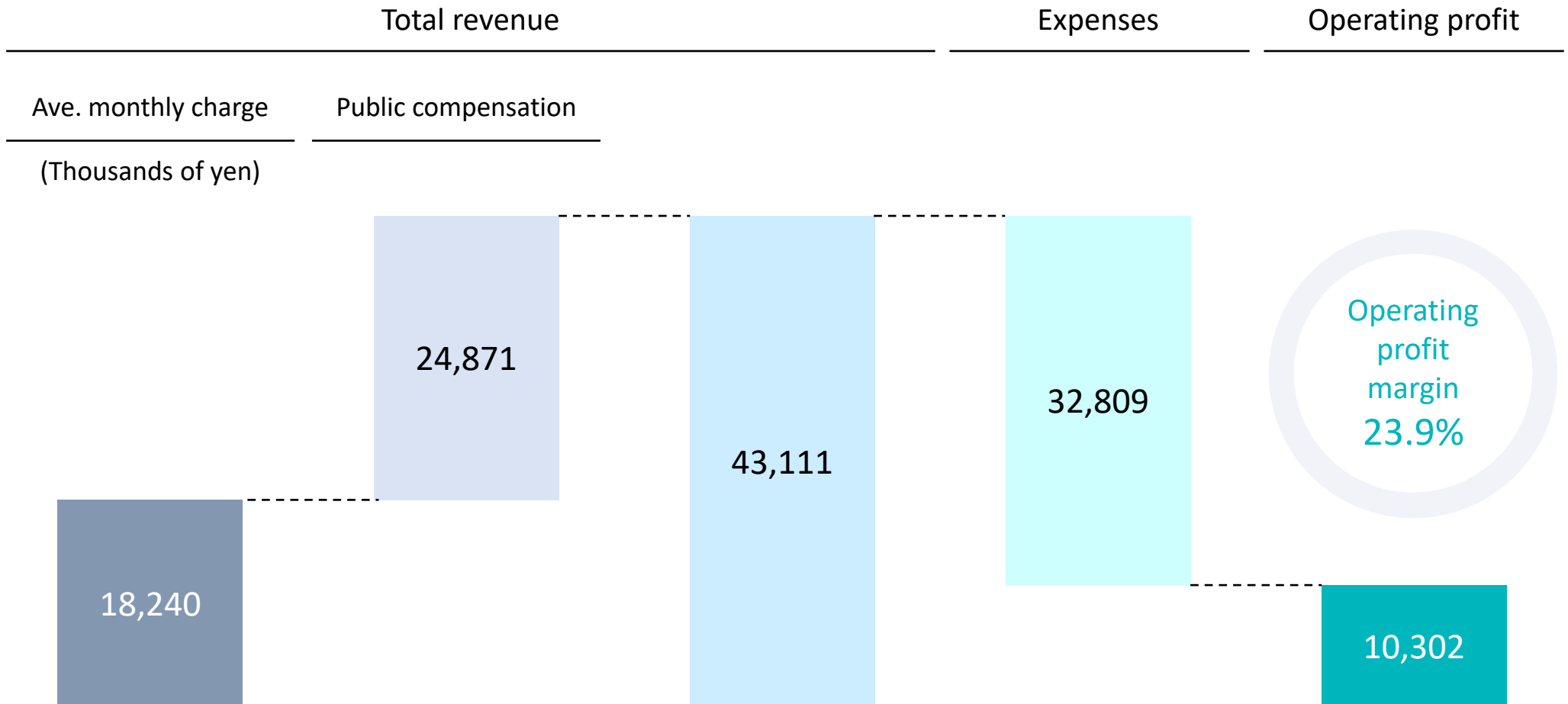
Type B working support facilities (for a facility with capacity of 20 persons and occupancy at 70%)



Source: Internal data, with headquarters expenses allocated to departments excluded

Profit Model: Disabilities Support

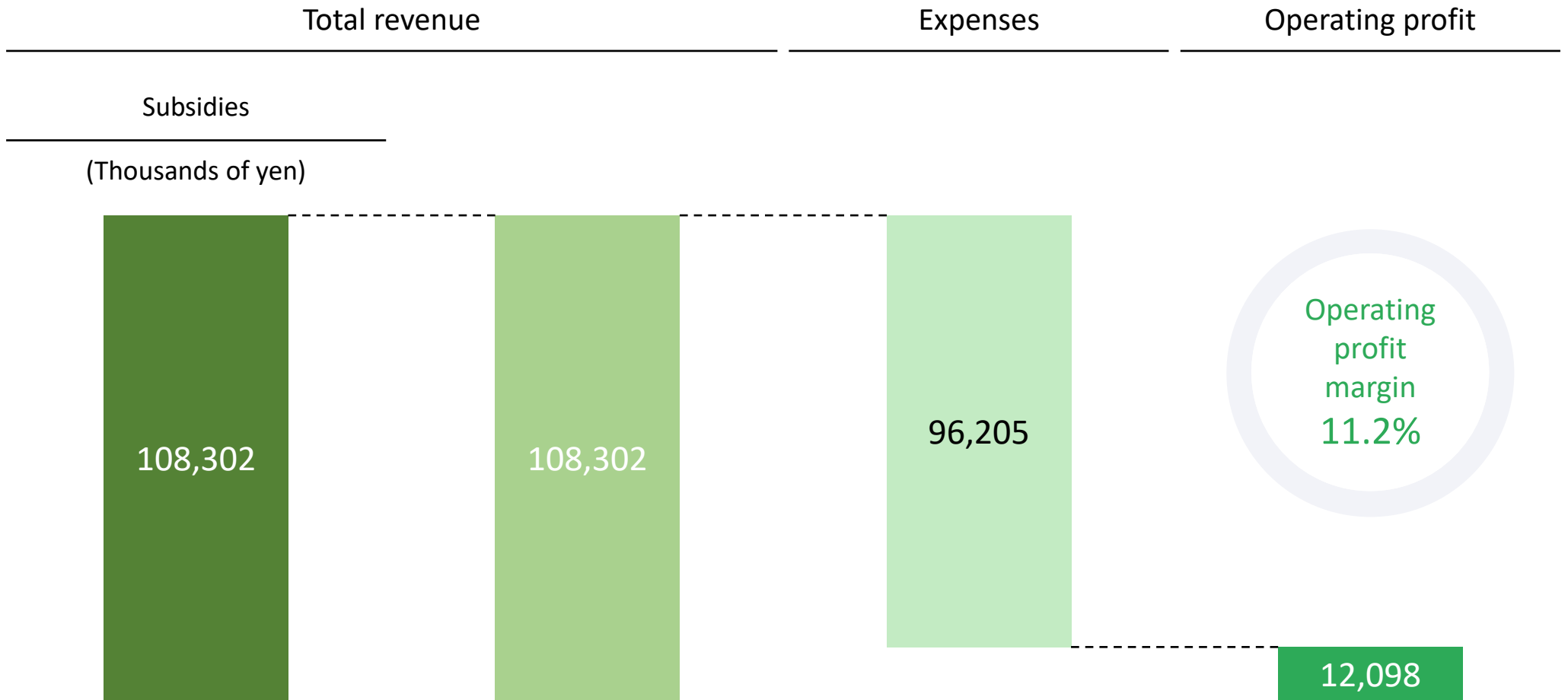
Group homes for those with disabilities (for a facility with capacity of 20 people and occupancy at 95%)



Source: Internal data, with headquarters expenses allocated to departments excluded

Profit Model: Childcare

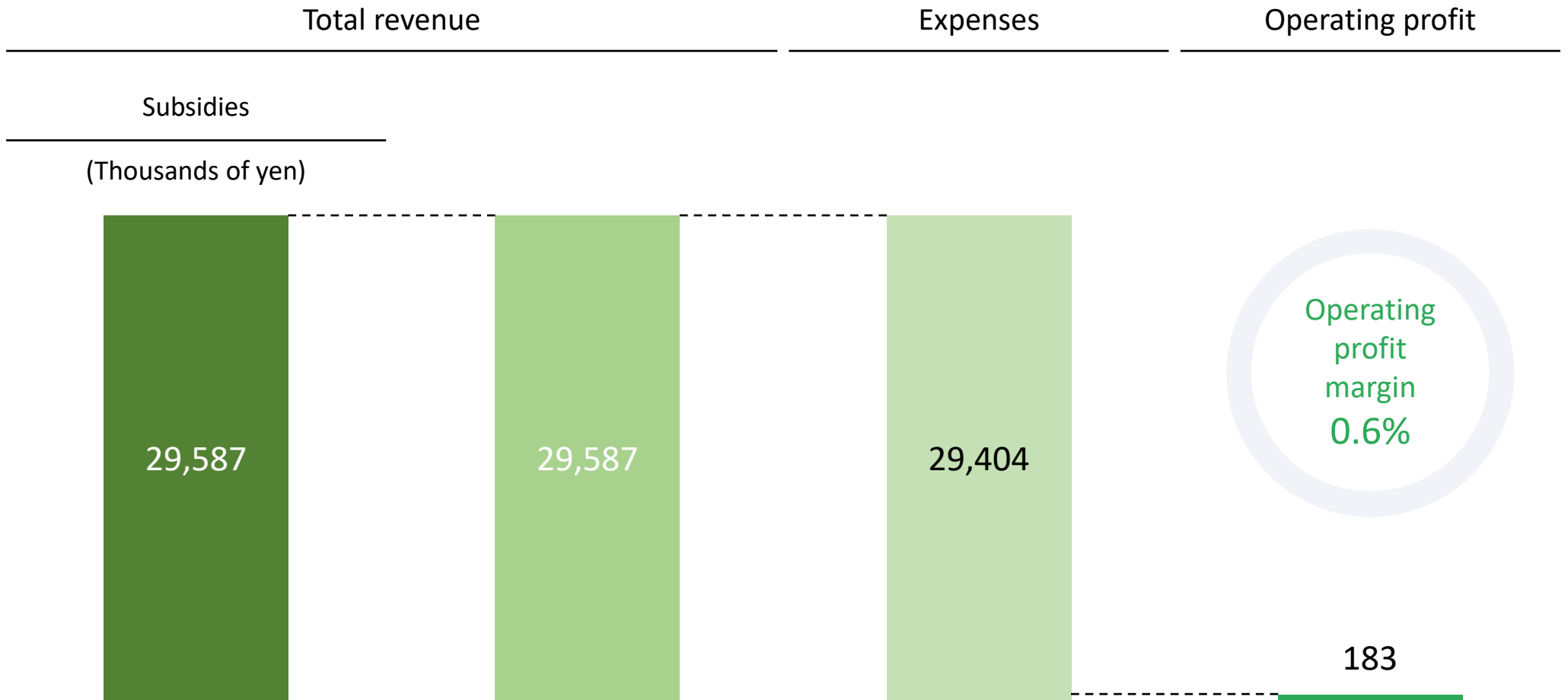
Approved childcare facilities (for a facility with capacity of 80 people and occupancy at 98%)



Source: Internal data, with headquarters expenses allocated to departments excluded

Profit Model: Childcare

Private in-house childcare facilities (for a facility with capacity of 12 people and occupancy at 92%)



Source: Internal data, with headquarters expenses allocated to departments excluded



Risk Information



Major Risks and Countermeasures

Item	Major risks	Possibility	Time	Impact	Countermeasure
Soaring energy prices	Since utilities costs account for approx. 5% of the cost of sales, soaring energy prices associated with the global situation and delays in the restart of nuclear power plants may affect our group's business development and performance	Medium	At any time	Large	In order to secure stable energy, we will work to curb the impact of electricity rates and secure operating income by installing solar panels at large facilities
Securing staff	We need to secure staff in accordance with future business expansion, as our services are provided mainly by staff. If it becomes difficult to secure sufficient staff or if existing staff leaves the Company, the Group's business development and operating results may be impacted.	Medium	At any time	Medium	Review compensations based on ability, qualification and experiences and strictly adhere to compliance-based work styles in order to secure and retain staff, while promoting enhancement of welfare programs and career development support in an effort to increase the staff retention rate.
Opening of new facilities	We will systematically promote opening of residential facilities for the elderly, childcare facilities and disabilities support facilities. However, if we are unable to secure facilities in favorable locations, or if there is a significant deviation from our business plan for opening new facilities due to changes in the business environment such as total volume control by municipalities, soaring prices of materials and other economic factors, the Group's operating results may be impacted.	Medium	Unknown	Large	Continue endeavors to increase pipelines for facilities and, even if development of new facilities stalls, promote M&As, which are another driving force of growth, in an effort to achieve continuous business expansion. For elderly care, if regulations on group homes and residential elderly care facilities that are subject to administrative approvals are tightened, promote business operations such as assisted living residences that are less susceptible to total volume control. For disabilities support, if approvals cannot be obtained for group homes that are subject to administrative approvals, develop business in the format of welfare homes. For childcare facilities, intend to scale back development in Japan as the current market is expected to peak out, and thus the difference compared with plans is not significant even if facility development is delayed.
Occupancy/utilization rate of facilities	Our business is affected by the number of at our elderly care/disabilities support/childcare facilities and, if we fail to secure the planned number of users, the occupancy/utilization rate of our facilities will decrease, which may impact the Group's operating results.	Medium	At any time	Medium	Endeavor to maintain and enhance our competitiveness by focusing on locations close to railway stations, continuing to set lower charges than neighboring competitors, maintaining and improving the quality of our services through cooperation with excellent medical institutions and employee training, and conducting appropriate public relations activities among other efforts.
Impairment accounting	The Group has applied the Accounting Standard for Impairment of Fixed Assets. In the future, if the profitability of facilities declines and losses continue to be recorded due to deterioration in asset utilization and cash flows, we need to recognize impairment losses, which may impact the Group's operating results.	Small	Unknown	Small	The impact is expected to be small, as the Group's facilities, which occupy the largest ratio of its fixed assets, are leased in principle, and it intends to sell owned facilities as a rule after their operations start.
M&As	If we fail to achieve initially-assumed results, the Group's operating results and financial condition may be impacted due to accrual of impairment losses and other factors.	Medium	Unknown	Large	Implement measures to reduce risks by analyzing the corporate value, future profitability, and risks of the target companies through external due diligence by specialists and, if possible, undergoing management consultation before conducting M&As, etc.

*For other risks, please refer to "Business and Other Risks" in the securities report.

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.

The next update/disclosure of this document is scheduled to be made by the end of June 2023, after the Company has announced its financial results for the current fiscal year.

Contact

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