

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 2023 Ended September 30, 2023

ELAN Corporation

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1. Operating Results for the Third quarter of Fiscal 2023

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Results for Third quarter of FY2023

- **Achieved higher sales and profits**, as increase in CS set contract facilities and users.
- Gross profit margin decreased 1.3 points YoY, operating profit margin decreased 0.6 points YoY, due to delay in passing on the increase in purchasing costs to prices.

Net sales

30,426 million yen
(+13.7% YoY)

Operating profit

2,726 million yen
(+6.4% YoY)

Ordinary profit

2,742 million yen
(+6.3% YoY)

Profit attributable to owners of parent

1,888 million yen
(+7.1% YoY)

Number of contracted facilities

2,237 facilities

(+242 new contracts/65 cancellations from the end of fiscal 2022)

Monthly users

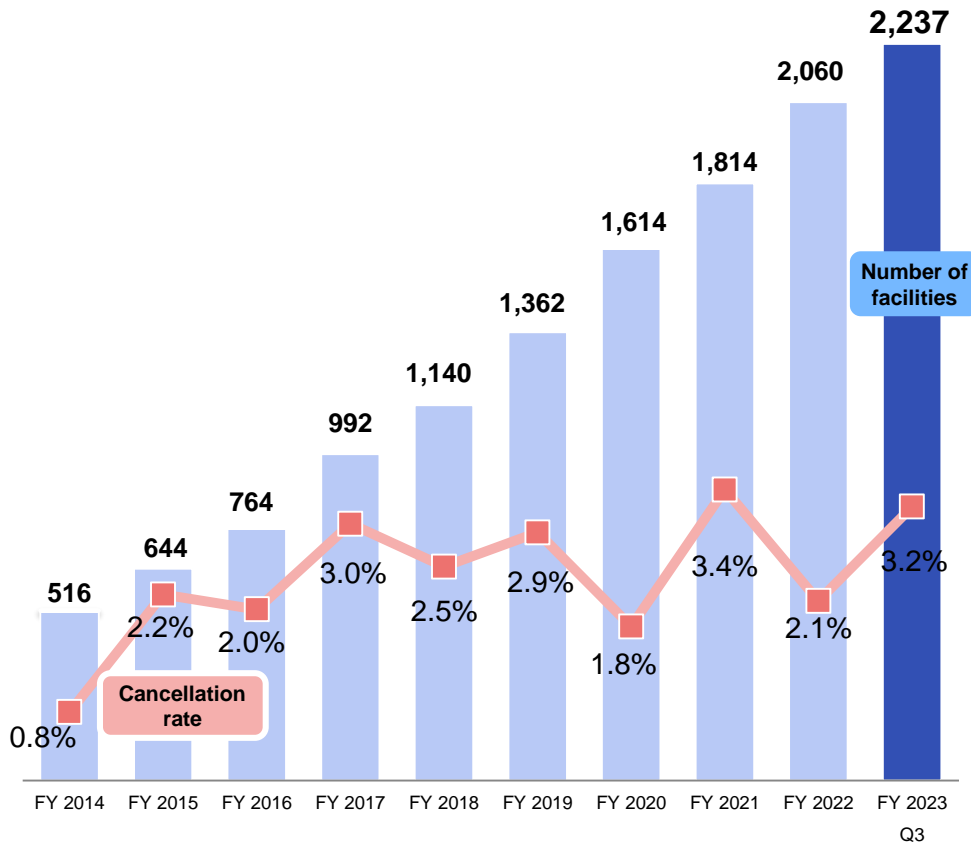
426,913 people

(+47,299 from the end of fiscal 2022)

Number of Contracted Facilities and Users

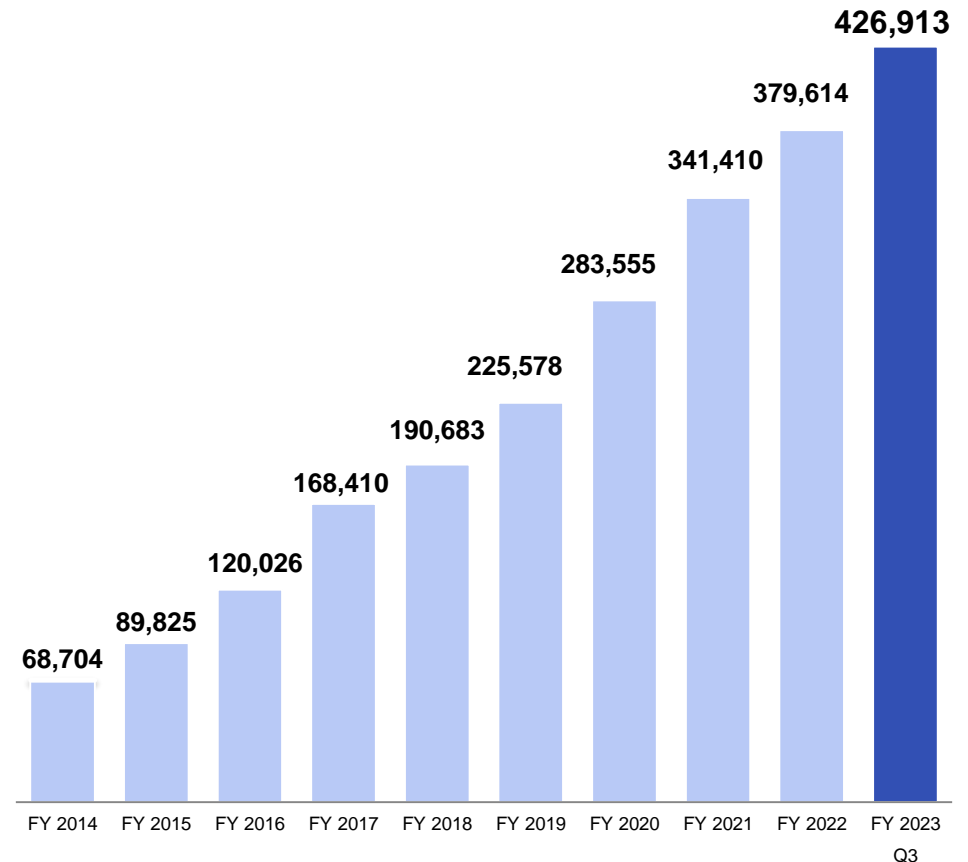
- The number of new contracted facilities increased compared to the previous fiscal year.
(FY 2022Q3: 70 facilities / FY 2023Q3: **84** facilities)
- The number of facilities that terminated their contracts increased compared to the previous fiscal year.
(FY 2022Q3: 10 facilities / FY 2023Q3: **18** facilities)
- The number of users grew by a rate of **17.5%** 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)

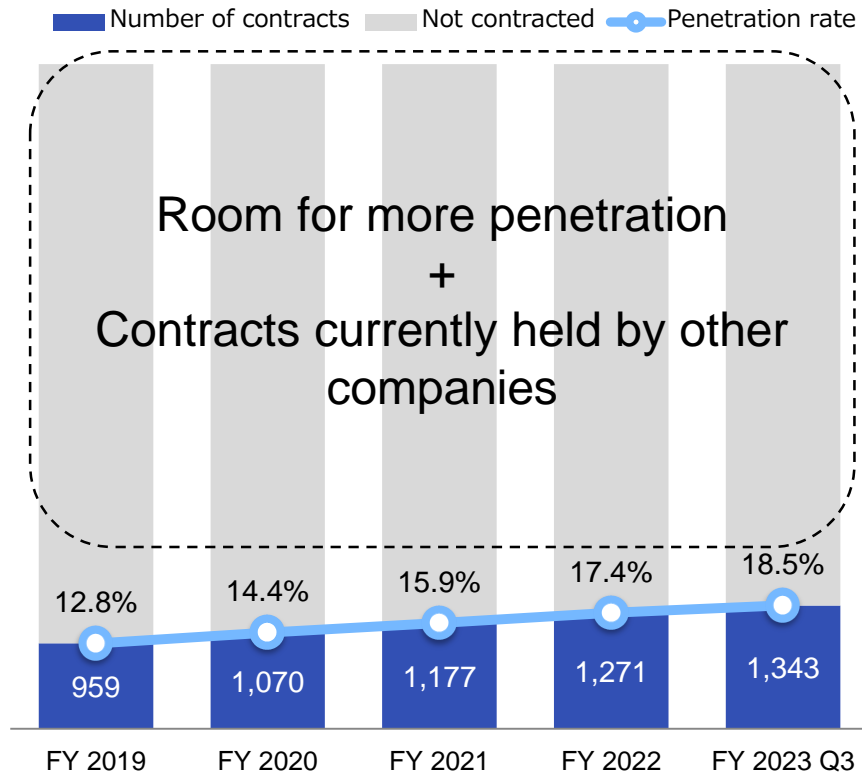
Monthly Users



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

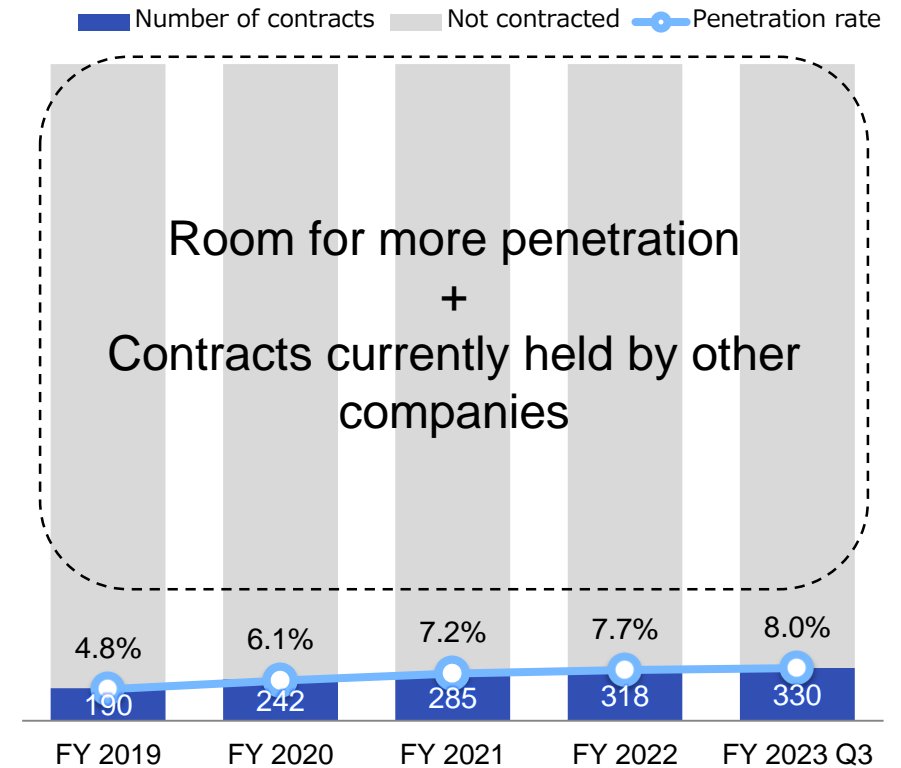
- With the number of contracted hospitals (with 50 or more beds) exceeding 1,200, the penetration rate has reached **18.5%**
- With the number of contracted long-term care health facilities and integrated facilities for medical and long-term care (with 50 or more beds) exceeding 300, the penetration rate has reached **8.0%**.

Penetration Rate of Hospitals (with 50 or More Beds)



ELAN's target is **7,241** facilities

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



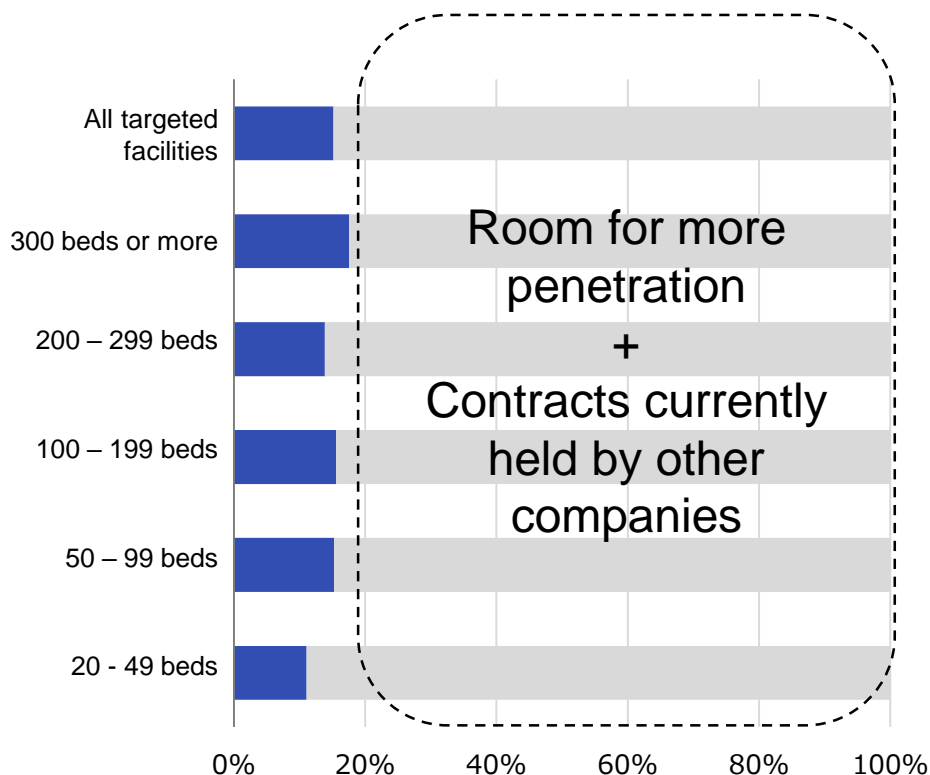
ELAN's target is **4,121** facilities

Notes: Prepared by ELAN with reference to the Survey of Medical Facilities 2022 and the Survey of Institutions and Establishments for Long-term Care 2021 by the Ministry of Health, Labor and Welfare.

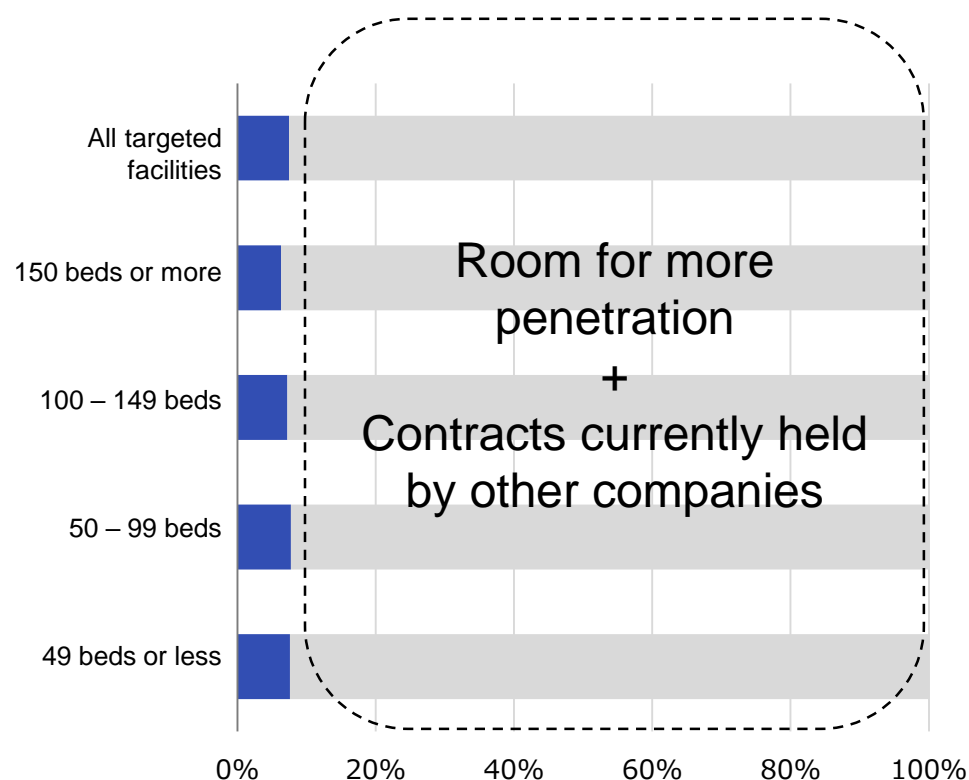
From the presentation materials for the first quarter of fiscal 2021, integrated facilities for medical and long-term care were added to long-term care health facilities when calculating the penetration rate. (Thus, the penetration rates for FY 2019 and FY 2020 differ from those presented in past materials.)

- 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



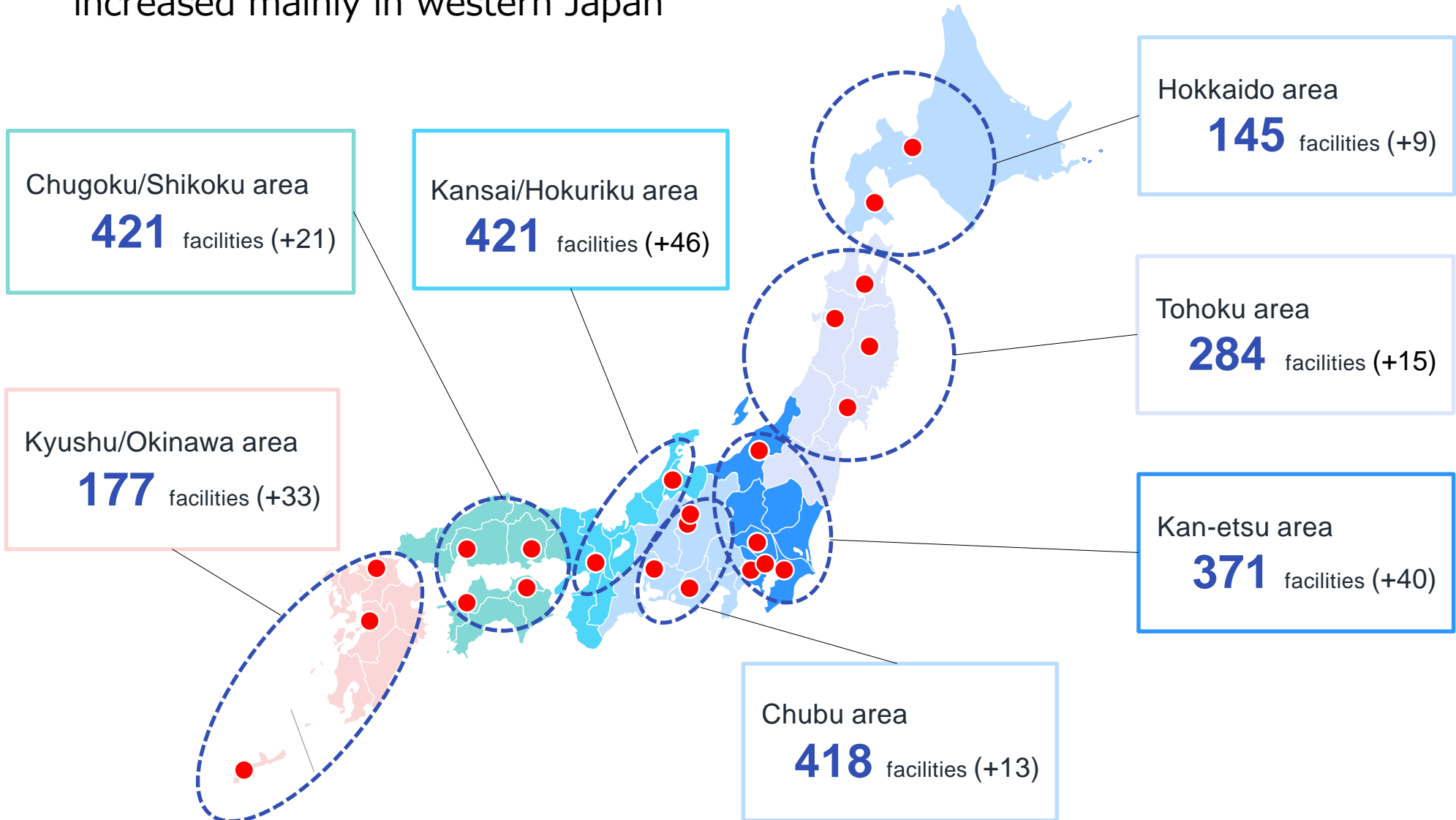
Notes: The blue parts of the charts above represent the penetration rate of our service.

Prepared by ELAN with reference to the Survey of Medical Facilities 2022 and the Survey of Institutions and Establishments for Long-term Care 2021 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.

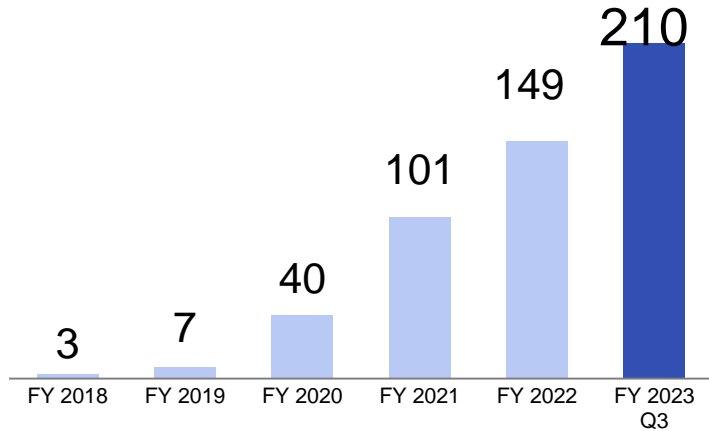
■ Number of contracted facilities increased mainly in western Japan

Note: Figures in parentheses indicate net increases in FY 2023.



■ R increased by 61 and LC increased by 57

Number of Facilities Contracts for CS Set R

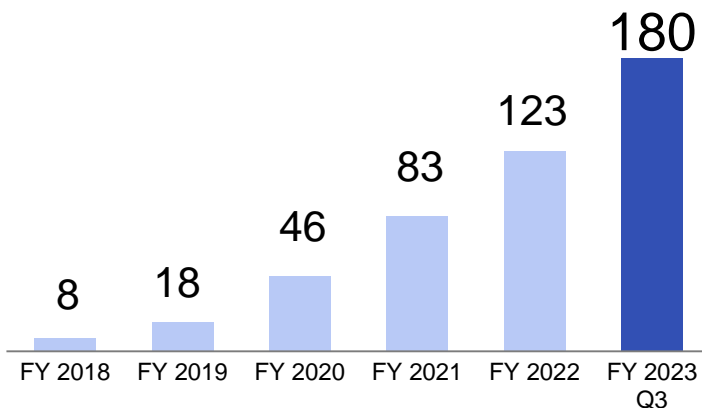


POINT of CS Set R

【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

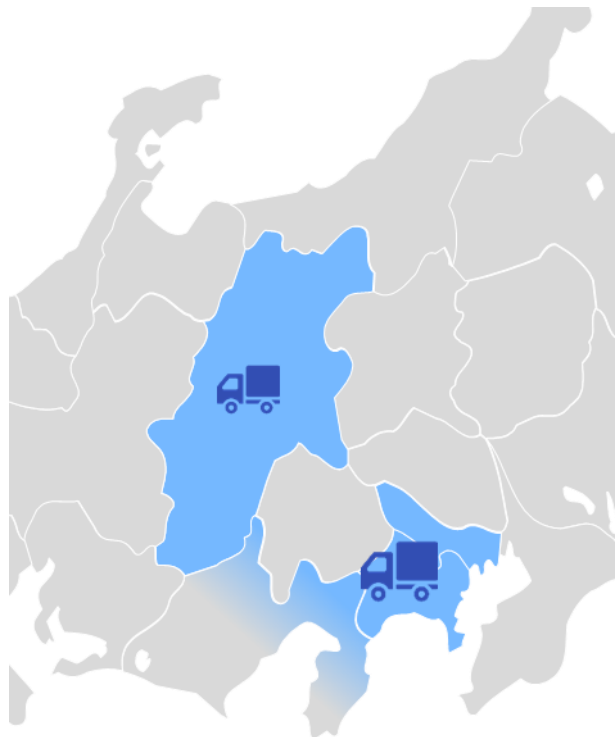


POINT of CS Set LC

【Facility feedback】

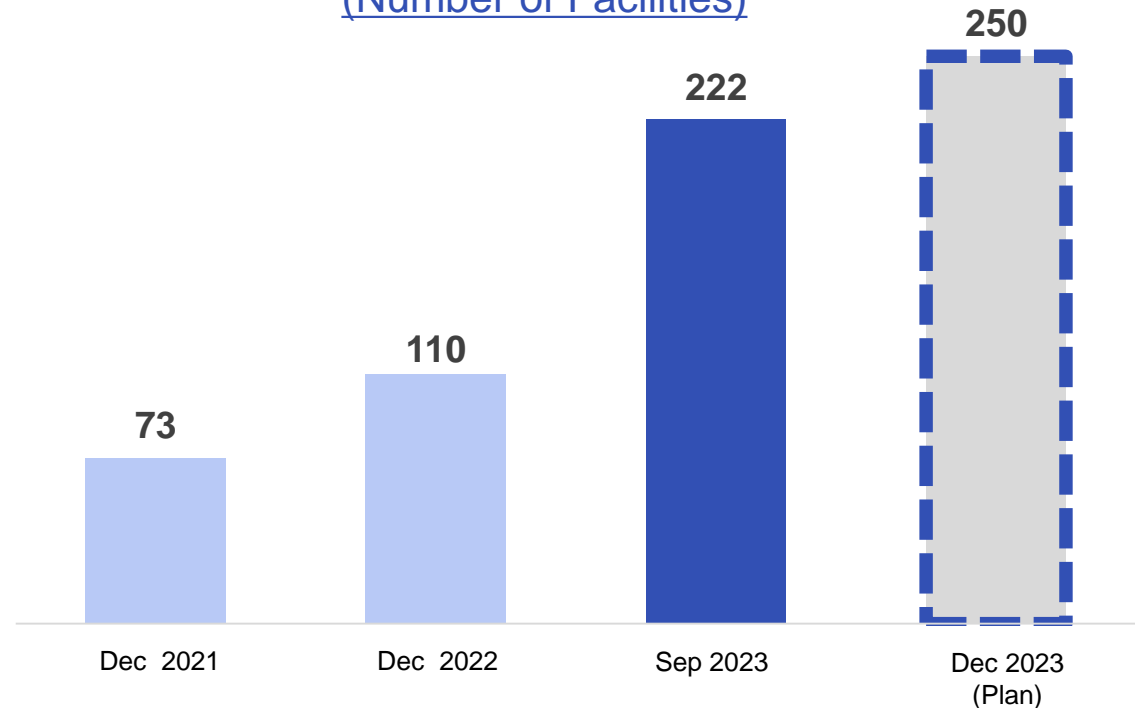
- Eliminates plumbing costs associated with unblocking toilets (each case is expensive, costing tens of thousands of yen), which were born by the hospital before LC was introduced. With a large number of elderly patients, this is a big help.
- Reduces stress on staff, as problems can be solved without 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.

- Taking steps to expand our own warehouses and logistics capabilities to better handle deliveries during disasters and mitigate shortage risks.
- There are two warehouses in Sagami-hara City, Kanagawa Prefecture and Matsumoto City, Nagano Prefecture.
- Plan to expand deliveries to 250 facilities by the end of 2023.



 Delivery area

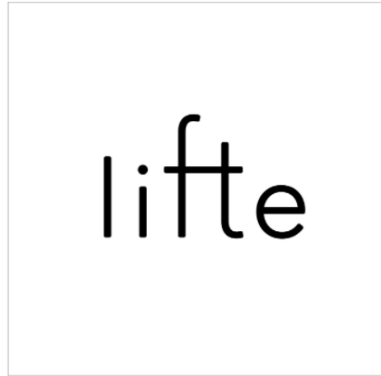
In-House Deliveries
(Number of Facilities)



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



Classico



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
- Contract facilities:**
- | | |
|---------------|------------------------|
| 2021 | : 1 facility |
| 2022 | : 7 facilities |
| 2023Q1 | : 4 facilities |
| 2023Q2 | : 15 facilities |
| 2023Q3 | : 8 facilities |
| total | : 35 facilities |

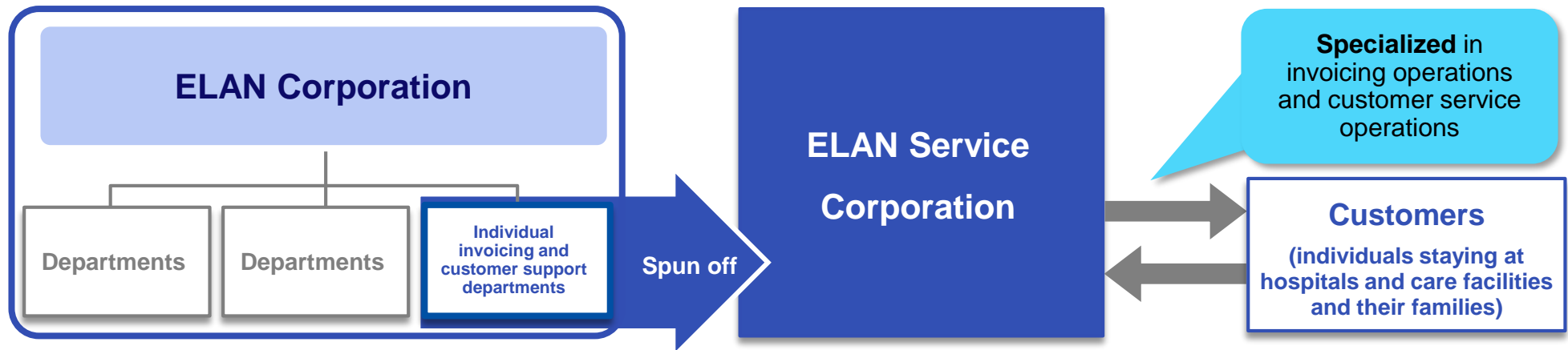
Facility feedback

- There were complaints that the chest area of the previous patient wear was easy to open and the fabric was thin and cold, but lifte solved the problem.
- The fabric is solid, so there is no problem even if you wear it without underwear.
- Cute and fashionable design.
- The atmosphere in the hospital has changed to bright and cheerful.
- Although the price increased due to lifte, the usage rate did not decrease because people were satisfied with the quality of lifte.



Contracted with **7 companies** providing hospitalization set services and received contracts from **34 facilities**

(Contracted with **2 Other company** and contracts from **2 facilities**)

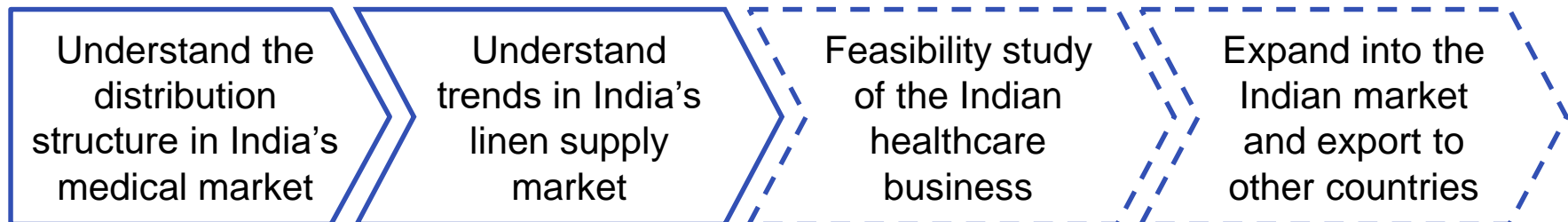


Aiming to enhance customer satisfaction

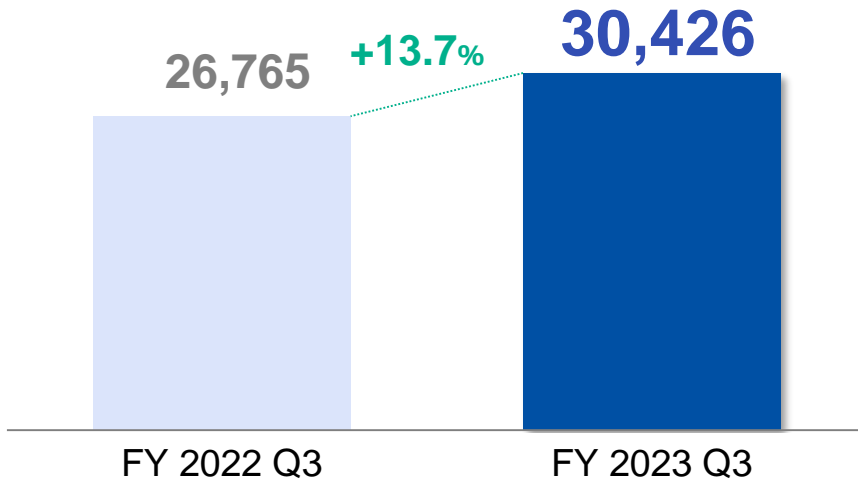
| | |
|--|--|
| <p>Response to inquiries in other languages</p> <ul style="list-style-type: none"> • English • Korean • Mandarin Chinese • Portuguese | <p>Applications accepted from smartphones and PCs</p> |
| <p>Opening of a portal website dedicated for users</p> | <p>Usage fee payments by credit card or other digital payment methods</p> |
| <p>24-hour call center support Operating throughout the year (including on weekends and holidays)</p> | <p>Start handling individual invoicing and customer support for other companies' hospitalization sets</p> |



- Looking to create new business in India through investments in Boston Ivy Healthcare Solution Pvt. Ltd. (BIHS), a medical products wholesaler, and Quick Smart Wash Pvt. Ltd. (QSW), an in-hospital laundry company.
- We will undertake a capital increase (mainly for capital investment) for QSW's business expansion. As a result, our investment ratio will be 38.96%. QSW has 6 linen supply factories in India (May 2023).
- Concluded a new investment agreement with AKAL, an IT staffing company in India (May 2023).
- Planning to expand into other countries such as Indonesia, Malaysia, Vietnam, Thailand, Singapore, and Taiwan.



Net sales (millions of yen)



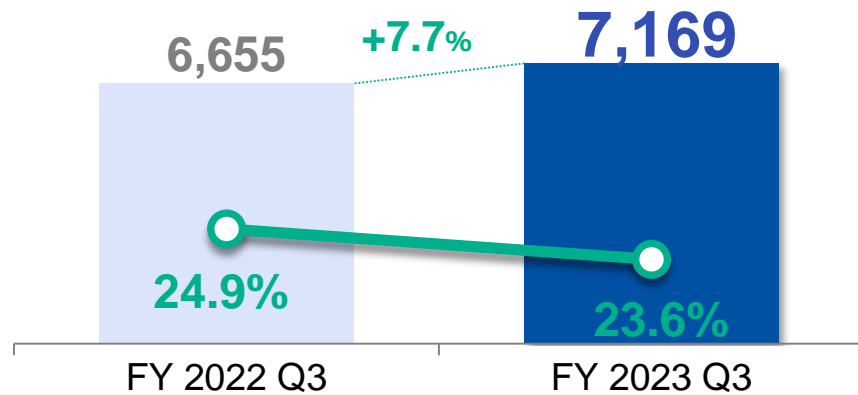
Year on year **+3,660** million yen

+232 facilities

Number of new contract facilities for CS set

• FY 2022 Q1-Q3 : **226** → FY 2023 Q1-Q3 : **242**

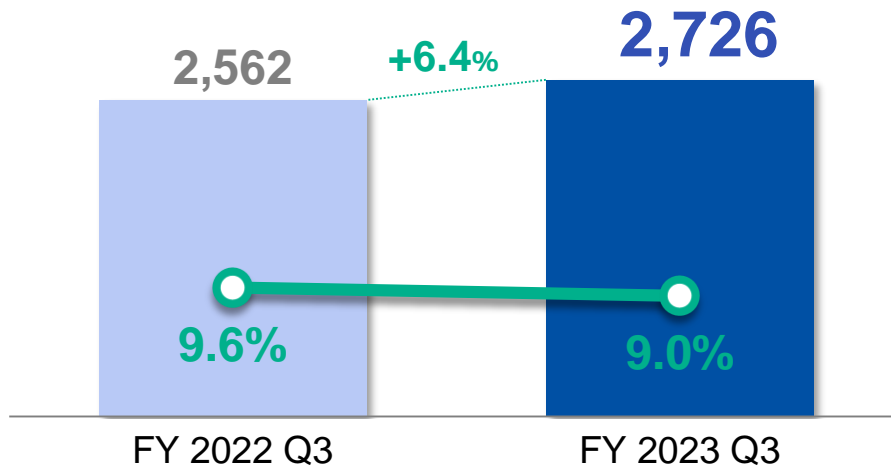
Gross profit (millions of yen)



Year on year **+514** million yen

Gross profit margin was **-1.3 points** YoY due to delay in passing on the increase in purchasing costs to prices.

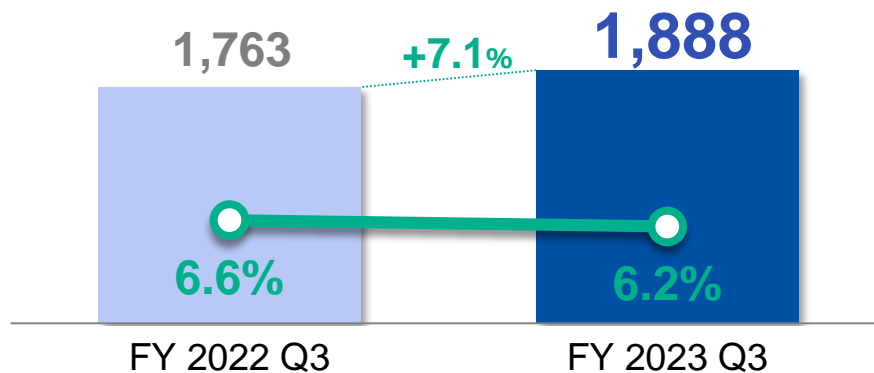
Operating Profit (Millions of Yen)



Year on year **+164** million yen

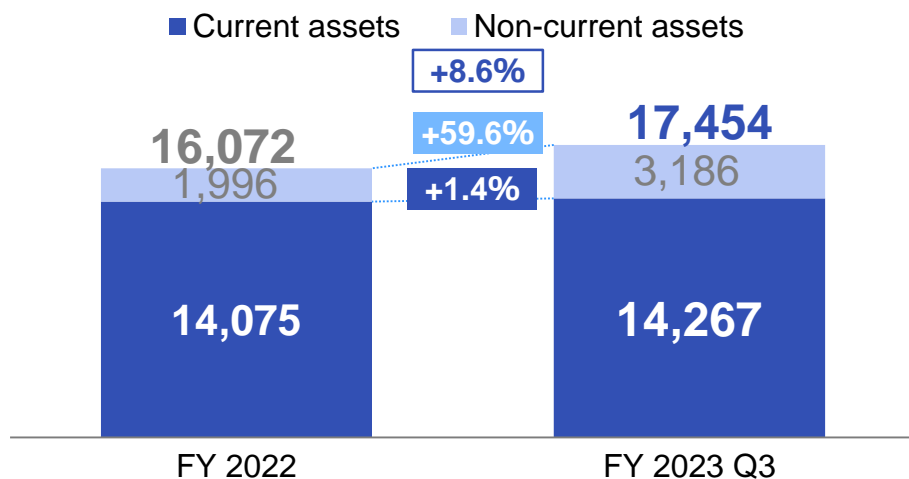
Operating profit was **-0.6 points** YoY due to the decline in gross profit margin.

Profit Attributable to Owners of Parent (Millions of Yen)



Year on year **+125** million yen

Assets (Millions of Yen)



Total assets

Compared with the end of the previous fiscal year:

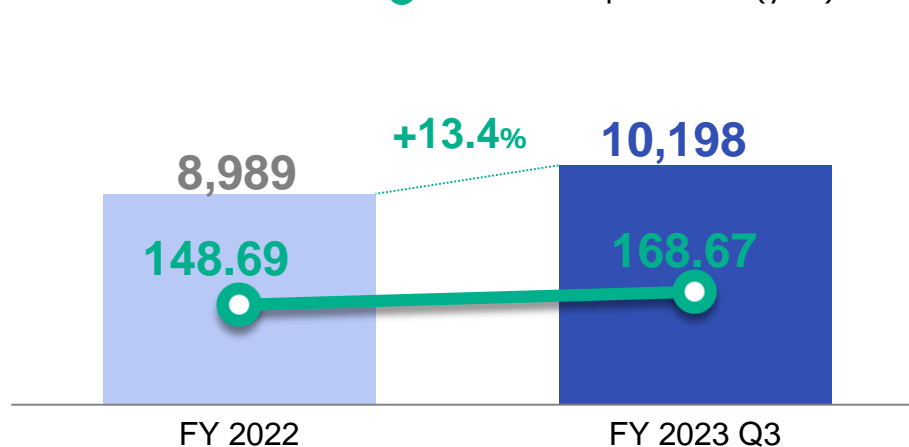
+1,382 million yen

Total investments and other assets:

+1,189 million yen

Net Assets (Millions of Yen)

Net assets per share(yen)



Net assets

Compared with the previous fiscal year:

+1,208 million yen

BPS FY 2022 : 148.69 yen

→ FY 2023 Q3 : 168.67 yen (+13.4%)

2. Earnings forecast of Fiscal 2023

Bringing smiles to your
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 E L A N

Forecast of Operating Results for Fiscal 2023

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

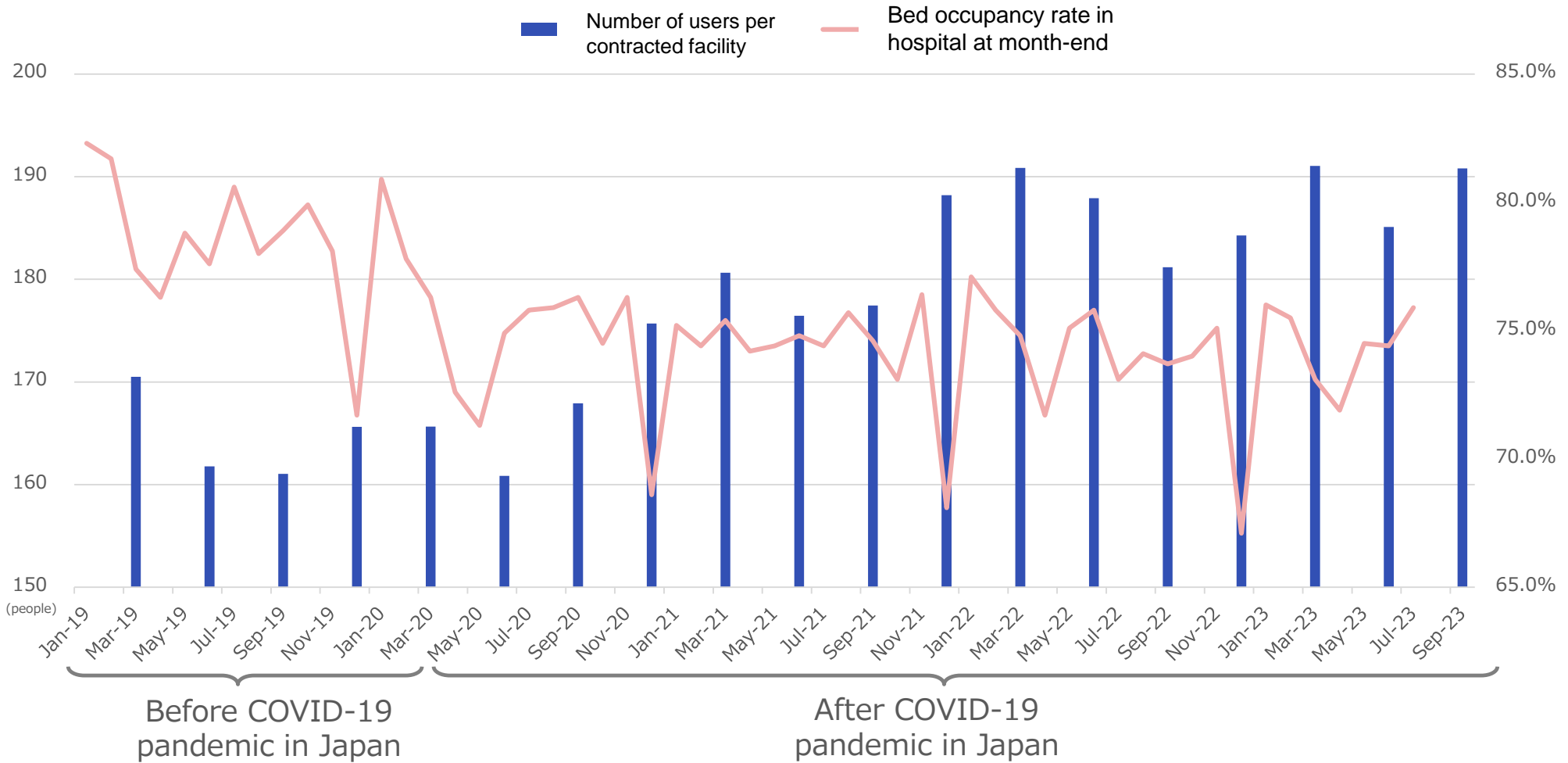
1. Q3 standalone sales growth rate was 16.2% YoY, which is better than 12.1% in Q1 and 12.6% in Q2.
2. The month-end hospital bed utilization rate has not yet recovered as of July 2023, but there is a possibility that it will recover from August onwards.
3. The number of users per existing facility remains strong (see page 19).

(Millions of yen)

| | Fiscal 2022 First Half Results | Fiscal 2023 First Half Forecast | YoY Change | Fiscal 2022 Results | Fiscal 2023 Forecast | YoY Change |
|--|--------------------------------------|---------------------------------------|--------------|------------------------|-------------------------|--------------|
| Net sales | 17,604 | 20,300 | 15.3% | 36,264 | 43,700 | 20.5% |
| Operating profit | 1,713 | 1,730 | 1.0% | 3,391 | 3,600 | 6.2% |
| <i>Operating profit to net sales</i> | <i>9.7%</i> | <i>8.5%</i> | | <i>9.4%</i> | <i>8.2%</i> | |
| Ordinary profit | 1,725 | 1,740 | 0.8% | 3,411 | 3,620 | 6.1% |
| <i>Ordinary profit to net sales</i> | <i>9.8%</i> | <i>8.6%</i> | | <i>9.4%</i> | <i>8.3%</i> | |
| Profit Attributable to Owners of Parent | 1,177 | 1,200 | 1.9% | 2,082 | 2,500 | 20.0% |
| <i>Profit to net sales</i> | <i>6.7%</i> | <i>5.9%</i> | | <i>5.7%</i> | <i>5.7%</i> | |
| EPS | 19.48 yen | 19.85 yen | | 34.45 yen | 41.35 yen | |

Trend analysis of CS set usage rate

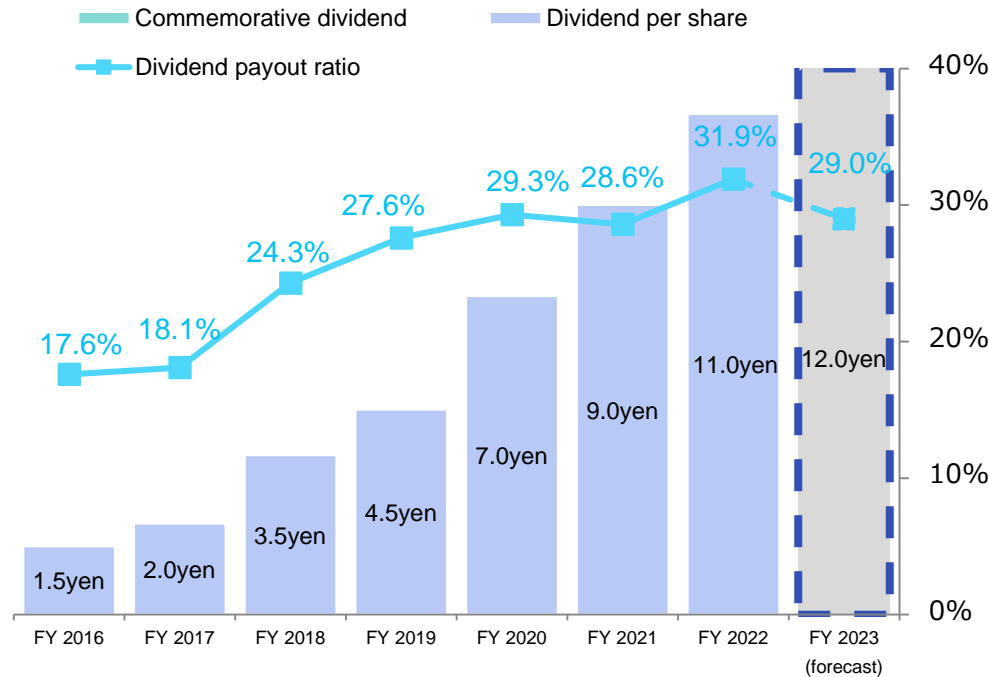
- “Bed occupancy rate in hospital at month-end” continues to decline compared to before the COVID-19 pandemic, and has not recovered.
- “Number of users per contracted facility of CS set (last month of each quarter)” remains strong (CS set maintain a high usage rate).



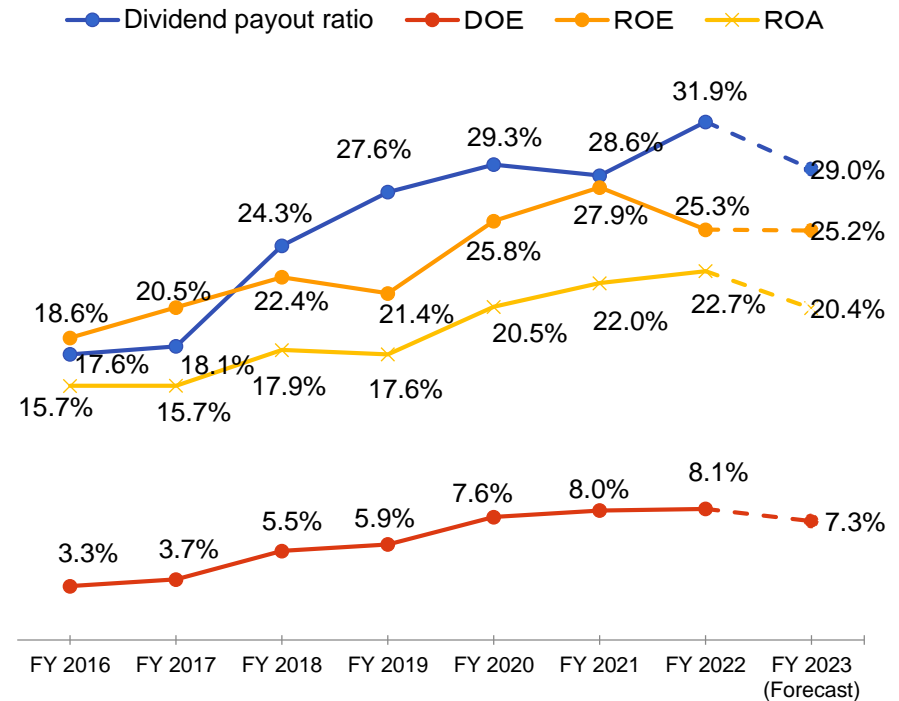
Notes: Prepared by ELAN with reference to the hospital report by the Ministry of Health, Labor and Welfare.

- The year-end dividend forecast for fiscal 2023 is **12.0 yen** per share
- The consolidated payout ratio for fiscal 2023 is projected to be **29.0%**

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 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.

| | 2022 (Results) | 2023 (Forecast) | 2025 (Forecast) |
|--|-------------------------|-------------------------|---|
| Net sales | 36.2 billion yen | 43.7 billion yen | 68.0 billion yen (CS sets 60.0 billion yen) |
| Operating profit | 3.39 billion yen | 3.60 billion yen | 7.0 billion yen |
| Operating profit margin | 9.4% | 8.2% | 10.3% |
| ROE | 25.3% | 25.2% | 26% |
| Dividend payout ratio | 31.9% | 29.0% | 30% |
| Penetration rate of the target market | 13.9% | 16.7% | 26% |

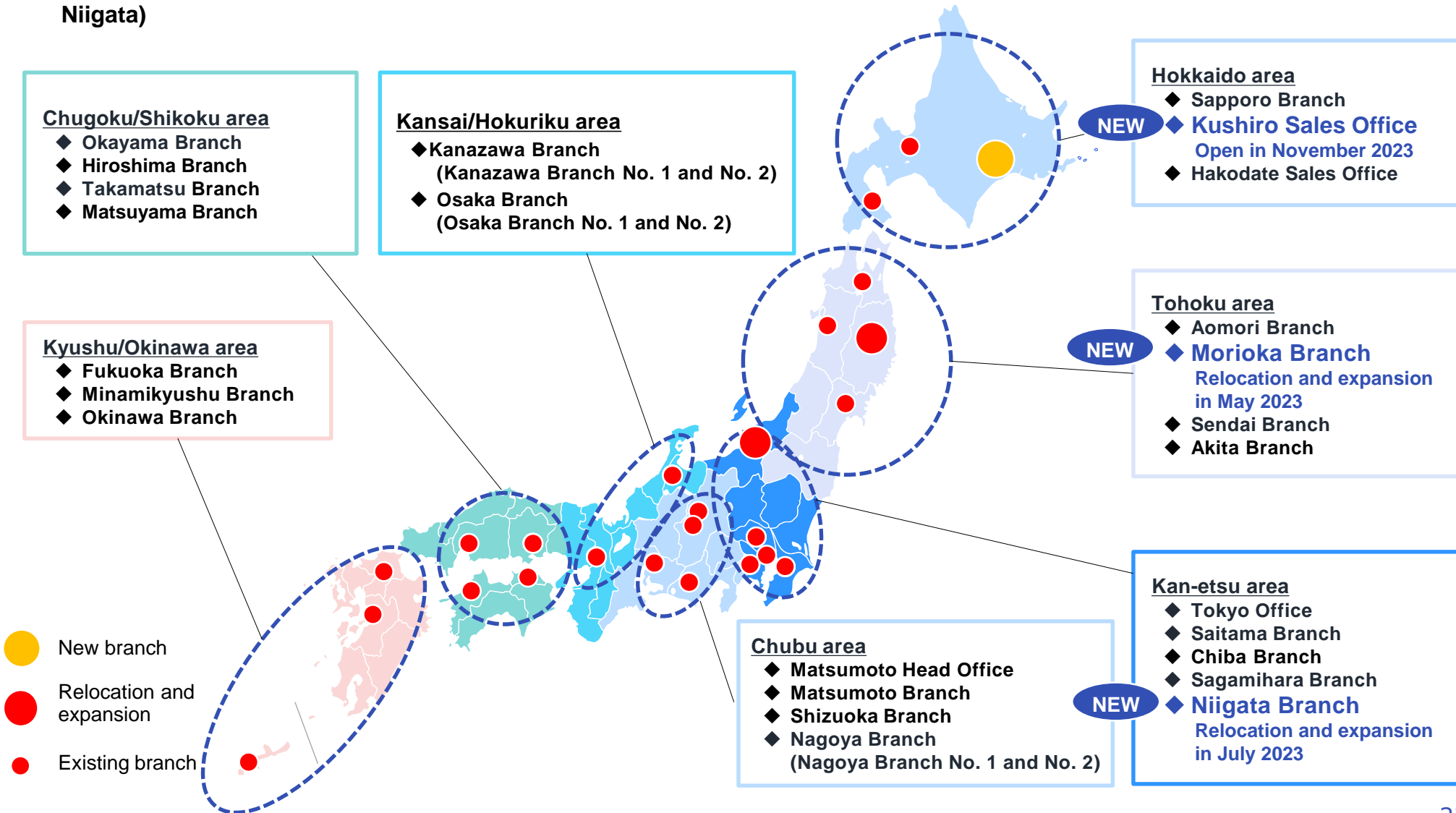
2020-2022
Medium-Term
Management Vision

New 2023 to 2025 Medium-Term Management Vision

Open New Branches in 2023

- Open new branches (Kushiro)
- Existing branches relocation and expansion (Morioka and Niigata)

▶ Improve existing response capabilities and enhance new development capabilities



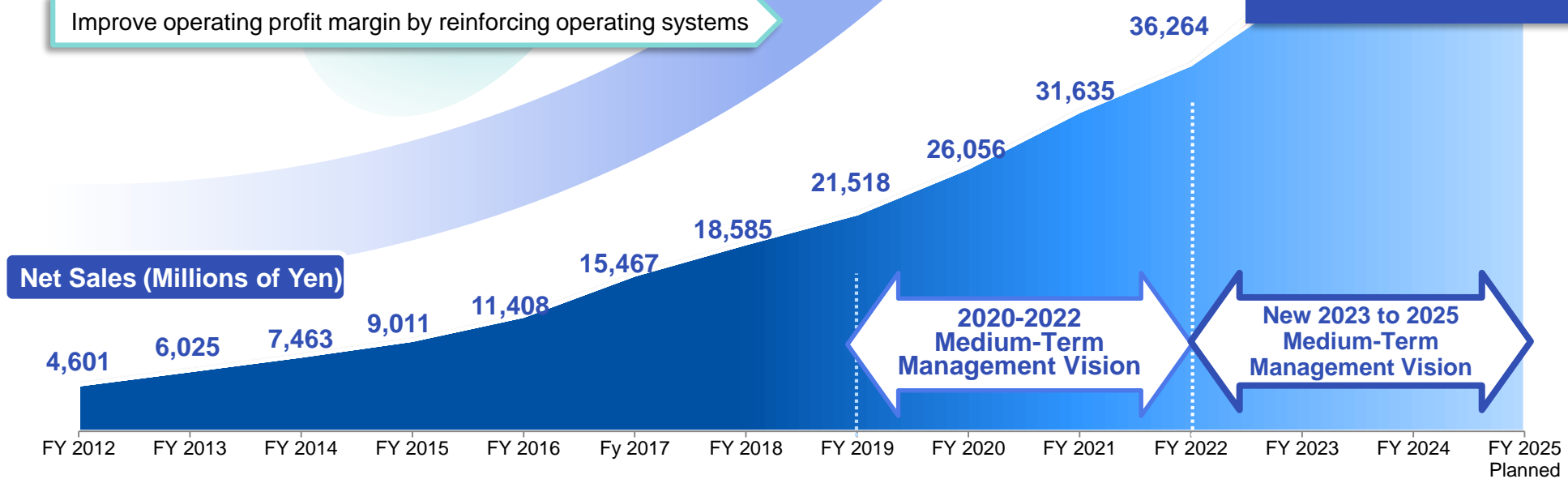
Initiatives for Growth

- Develop ELAN Group business overseas
- Establish new subsidiary of own group
- 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



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

 E L A N



Matsumoto Head Office in Nagano Prefecture



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

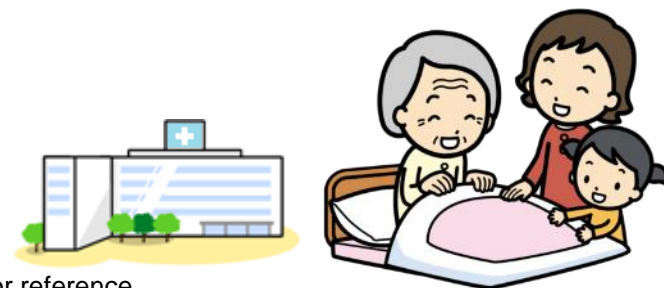
Tomohiro Minezaki,
COO



| | |
|---------------------|--|
| Company name | ELAN Corporation |
| Business | Medical and nursing care-related business (CS Set) |
| Established | February 6, 1995 |
| Capital | 573 million yen |
| Net sales | 36,264 million yen (fiscal 2022) |
| Ordinary profit | 3,411 million yen (fiscal 2022) |
| Headquarters | Matsumoto, Nagano Prefecture |
| Representative | COO: Tomohiro Minezaki |
| Number of employees | 555 (as of January 1, 2023) |
| Business locations | Headquarters in Matsumoto Tokyo office (business strategy and marketing) Location in Matsumoto Murai (customer response) Sales bases Hokkaido area Sapporo/Hakodate/Kushiro Tohoku area Aomori/Morioka/Sendai/Akita Kan-etsu area Saitama/Chiba/Tokyo/Sagamihara/Niigata Chubu area Matsumoto/Shizuoka/Nagoya Kansai/Hokuriku area Kanazawa/Osaka Chugoku/Shikoku area Okayama/Hiroshima/Takamatsu/Matsuyama Kyushu/Okinawa area Fukuoka/Minami-Kyushu/Okinawa Logistics Center Kanagawa/Matsumoto |
| Subsidiaries | ELAN Service Corporation (invoicing), Ryukyu ELAN Corporation, ELAN COULEUR 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

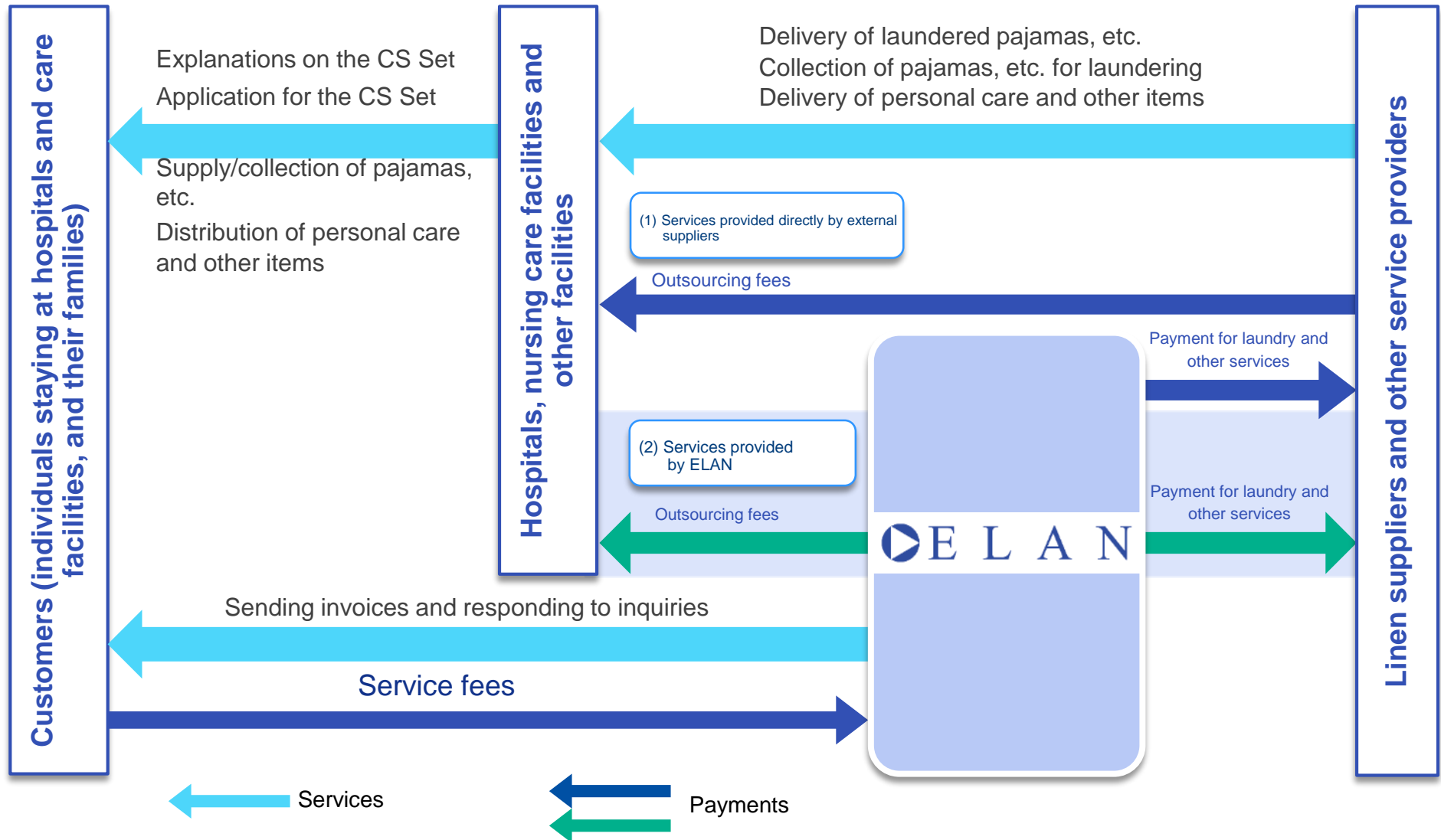
Note: The daily fees shown below are for reference.

| | 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 | | |

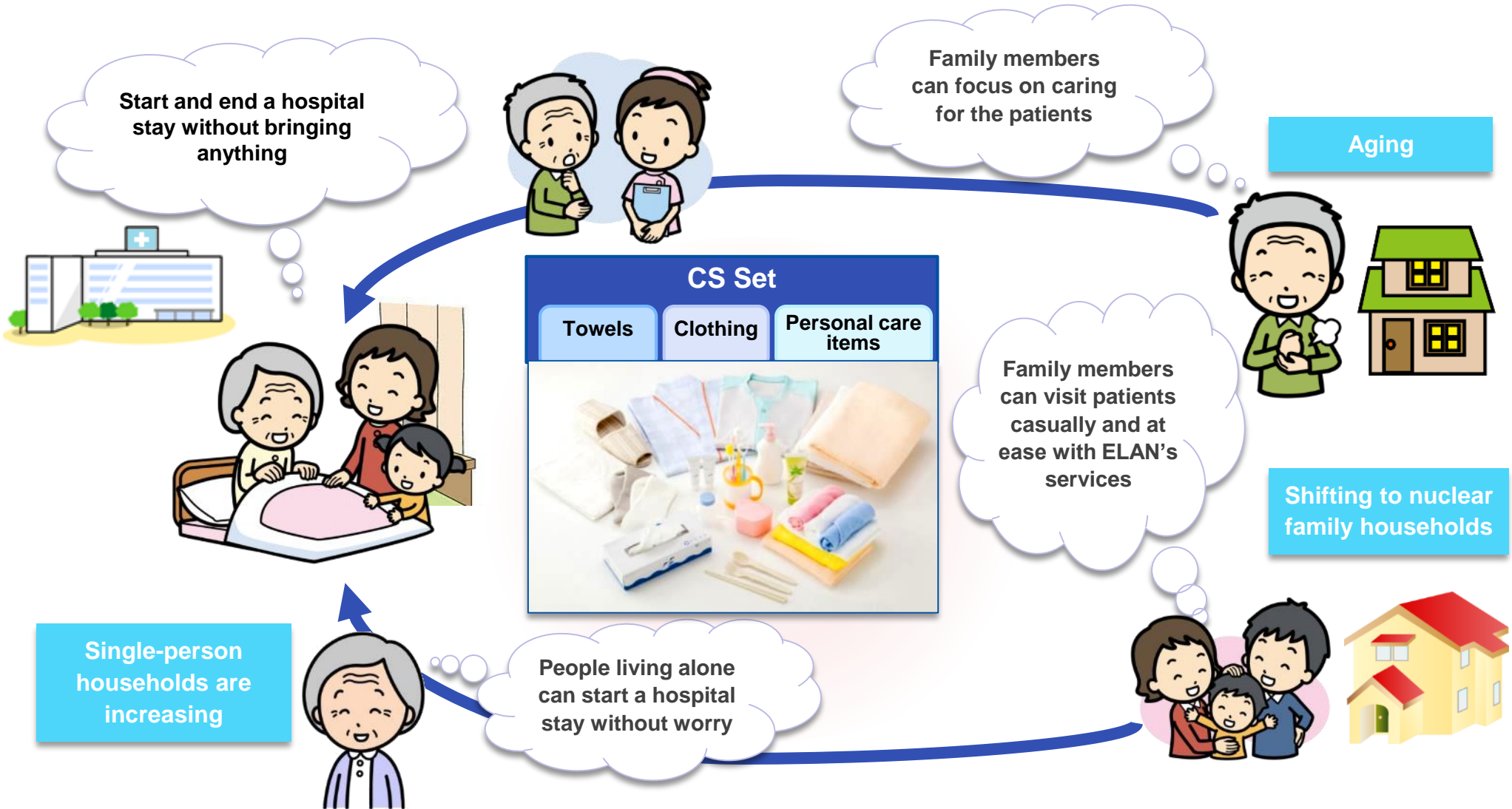
(Example) Seven-day hospital stay under Plan B
 $500 \text{ yen} \times 7 \text{ days} = 3,500 \text{ yen}$



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.

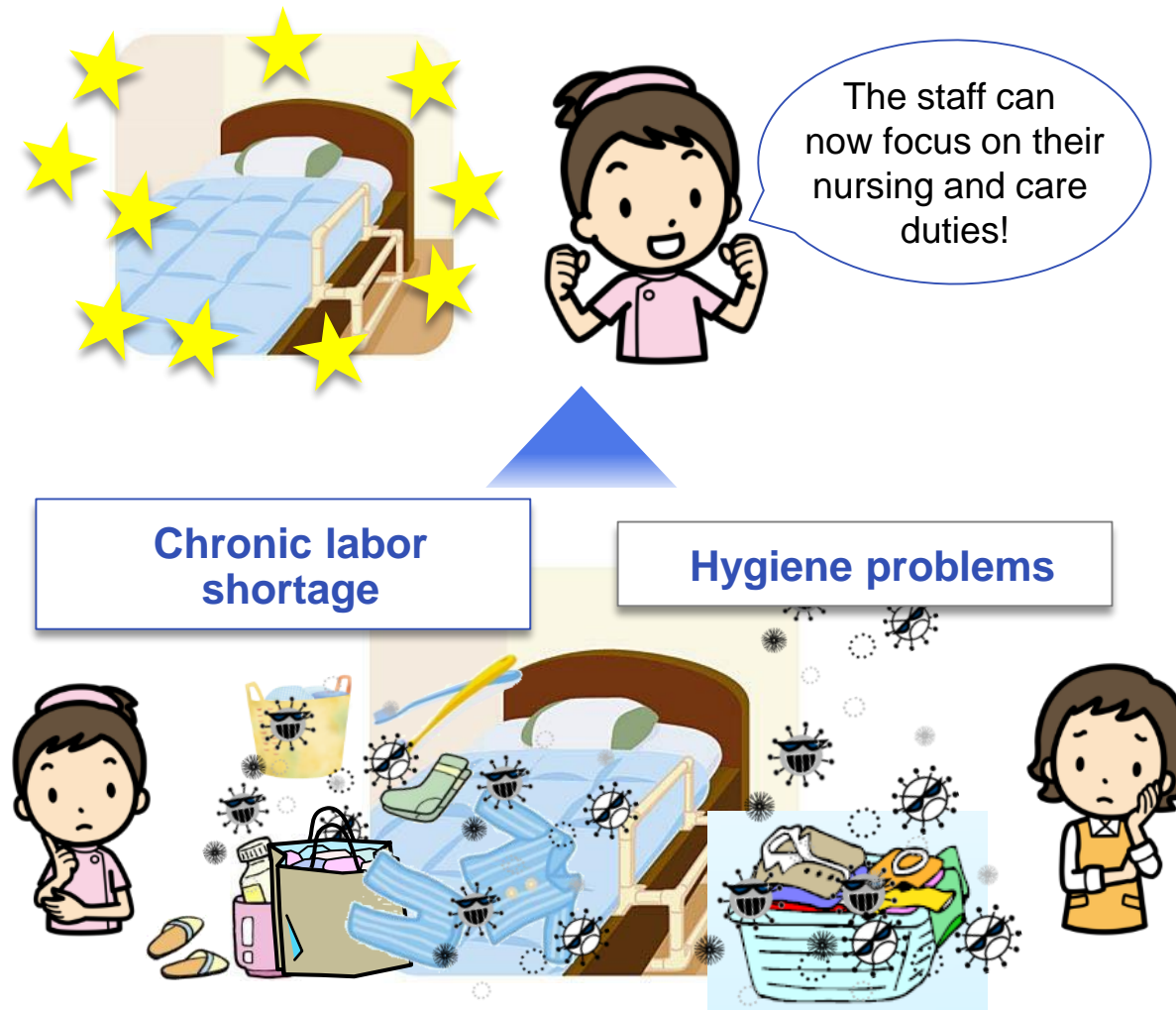


The CS Set provides patients and their family members with ease and comfort



Many advantages for the nursing and care frontlines

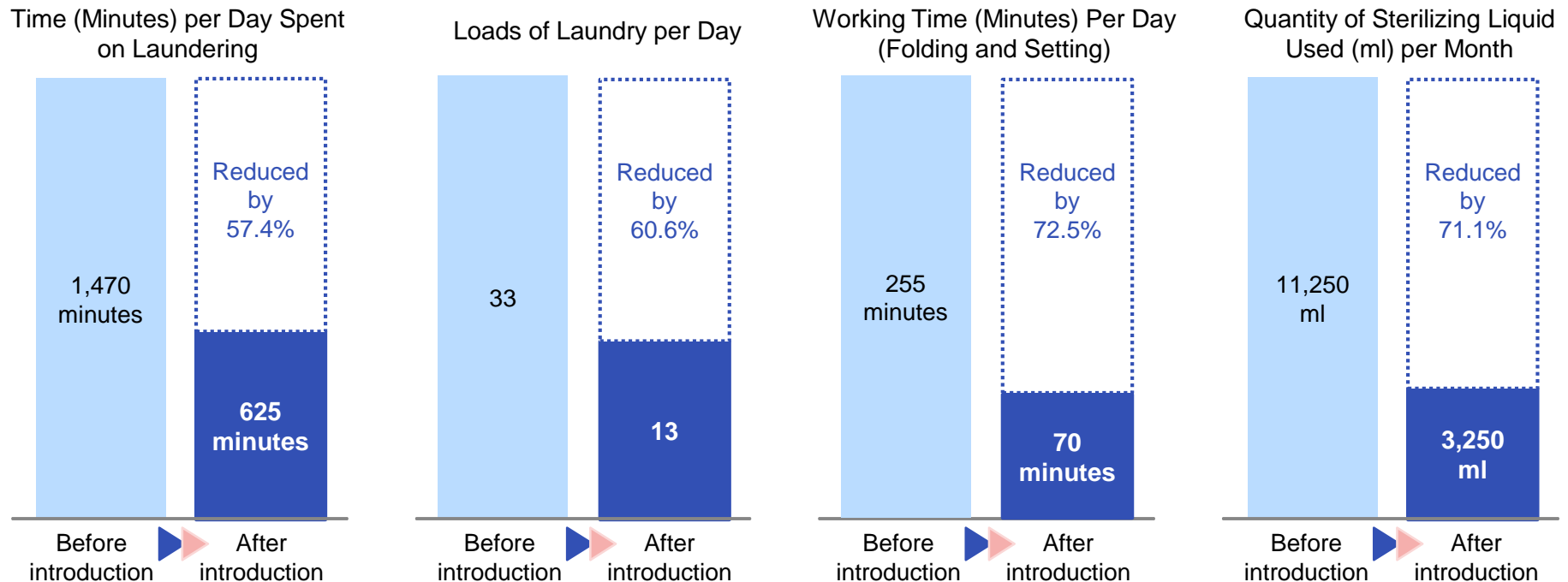
Solves problems for hospitals and nursing care facilities



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

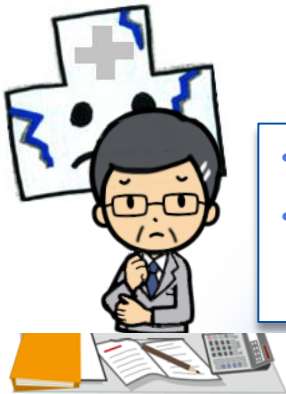
Effects of Introducing the CS Set: A Case Example

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



Note: Figures represent total values for six hospital wards.

Generating an economic impact for the entire hospital/nursing care industry.



Management issues for hospitals and nursing care facilities

- Difficult operating environment for hospitals
- Risks involving government guidance for revenues not based on the national health insurance system



- Secure new revenue resources
- Reduce risks involving government guidance



Management issues for operators related to hospitals and nursing care facilities

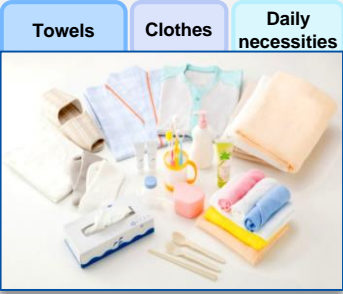




- Existing hospital-related businesses are saturated
- Cost reductions are strongly requested
- New opportunities for earning profits are needed



- Increase sales and profits



New R/LC services can be added to CS Sets

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

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

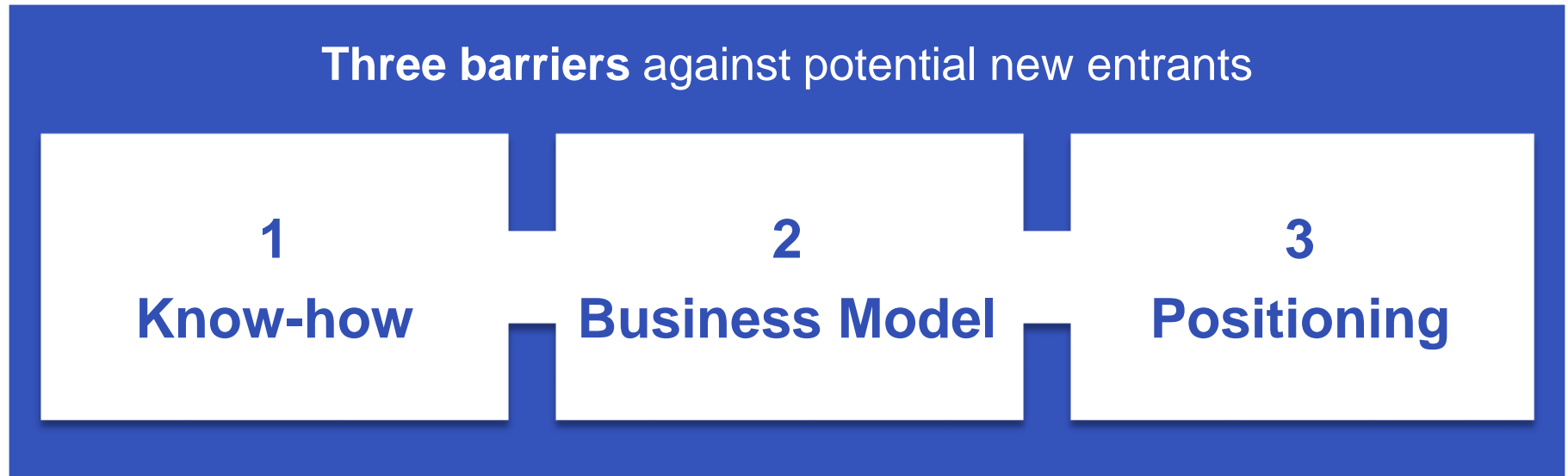
- A business model built on ongoing business relationships with partners to **achieve mutual success**

3

Positioning

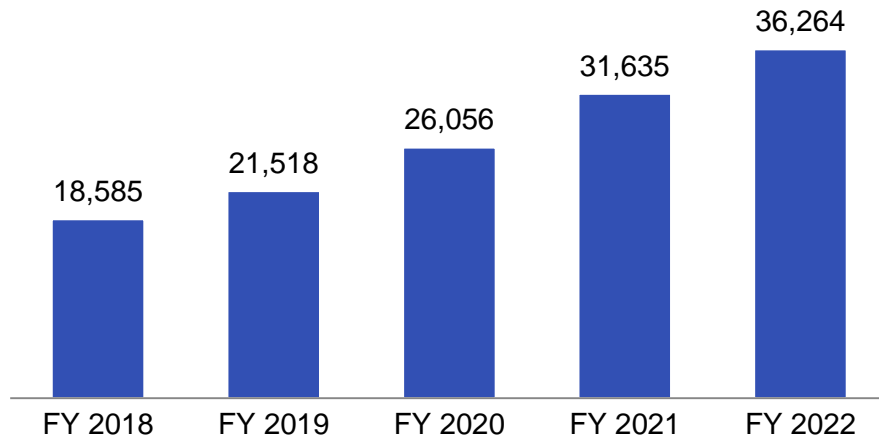
- ELAN is independent and **open**, being unaffiliated with any other corporate group

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

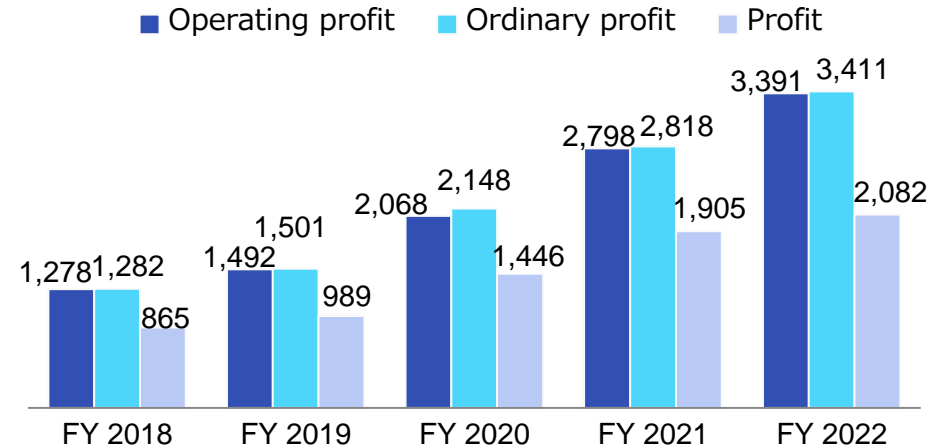


We are building **even higher barriers** to entry by accumulating know-how and firmly establishing our position in the industry.

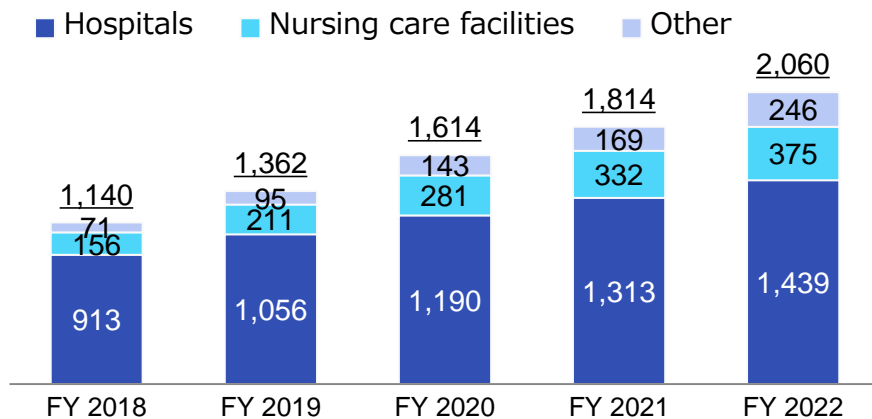
Net Sales (Millions of Yen)



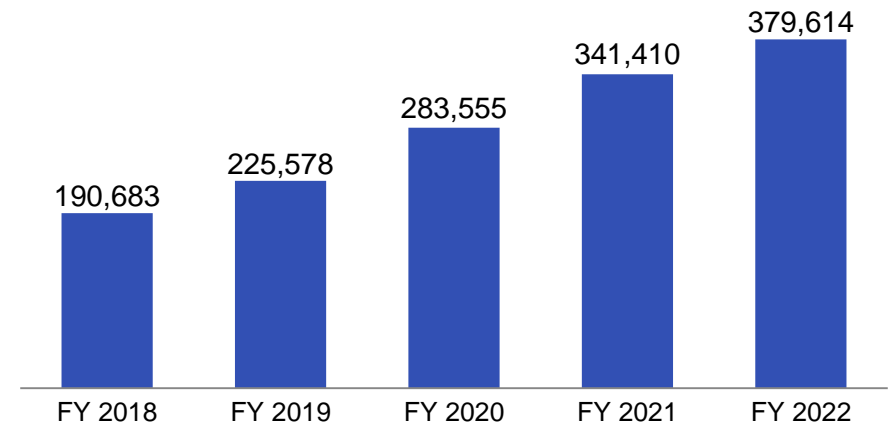
Profits (Millions of Yen)



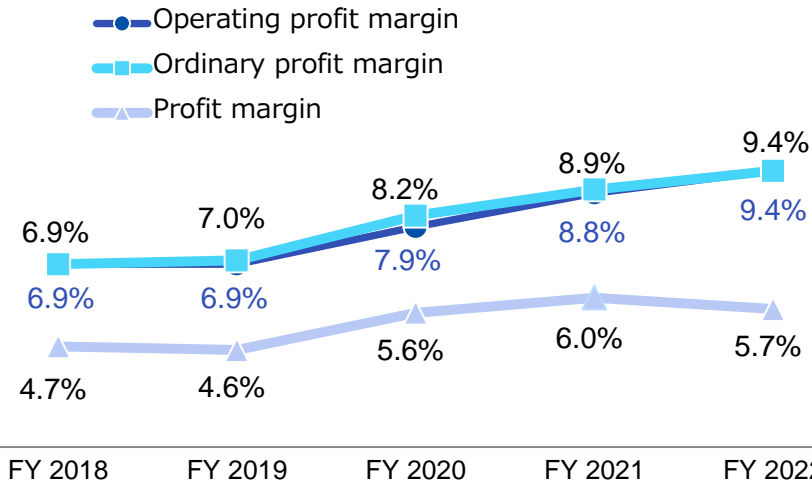
Number of Contracted Facilities



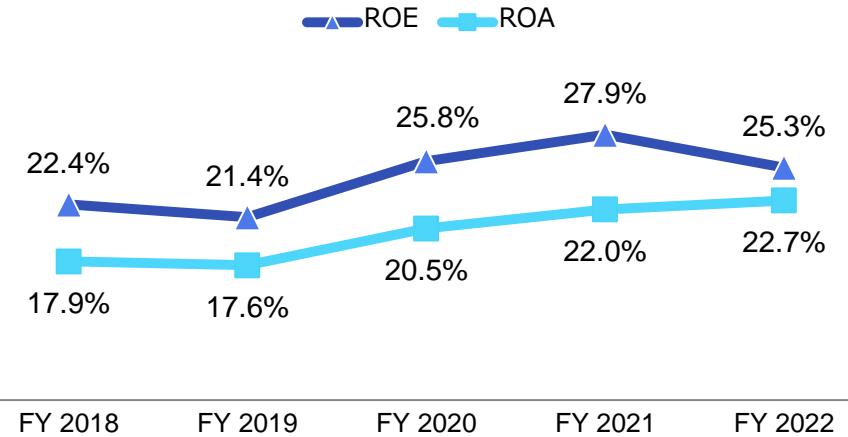
Number of Monthly Users (People)



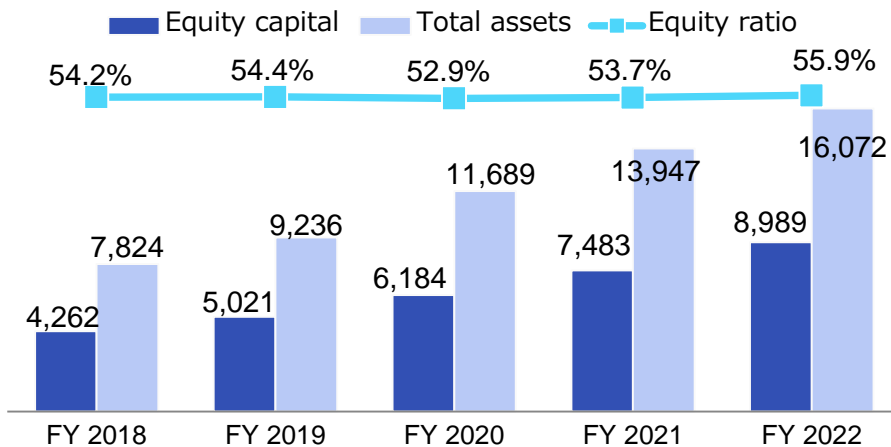
Profit Margins



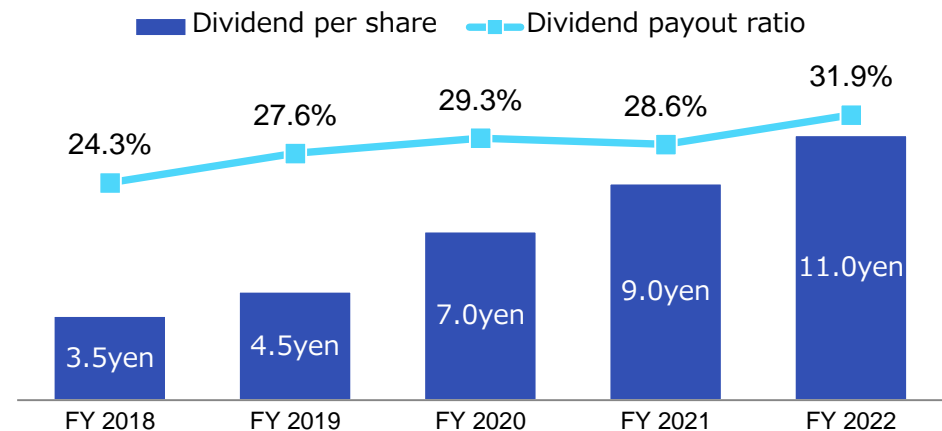
ROE and ROA



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 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 7, 2023) 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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