Tokyo Stock Exchange (TSE) First Section
Securities code: 6099

Bringing smiles to your hospital/elderly facility stay

ELAN Corporation

Operating Results for the Second Quarter of Fiscal 2020 Ending December 31, 2020

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We would like to extend our sincere sympathies to those infected with COVID-19. At the same time, we would like to express our deep appreciation for healthcare workers and others working in front-line roles.

Many medical institutions and nursing care facilities we have contracted with have been forced to deal with unprecedented situations.

Since the media report in January, our company has provided necessary services to accommodate the desires and policies of medical institutions while also reminding all our employees to take measures to prevent the spread of infection in addition to implementing off-peak commuting, teleworking, etc.

We hope to see an end to the pandemic very soon and wish for the health of everyone.

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1. First Half of Fiscal 2020

Bringing smiles to your hospital/elderly facility stay

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Organization

Establishment of Structure to Promote Business Growth

- Merger with LTASK
- Shift to a company with an audit and supervisory committee
- Appointment of female director

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Business

Expansion and Reinforcement of Services

- Promotion of CS Set R and CS Set LC
- Launch of Kikumimi services
- Capital and business alliance with Classico, Inc.
- Establishment of ELAN logistics center

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Environment

Responses to COVID-19

- Mounting needs for CS Set under the COVID-19 pandemic
- Issues under the COVID-19 pandemic
- Efforts on diversification of work styles
- Free provision of ELAN@meet's, an app for preventing the three Cs (Closed spaces, Crowded places, Close-contact settings)
- Supporting medical institutions through provisions of supplies

Initiatives for SDGs/ESG

- Disaster relief and support for the disabled and medically intractable patients*

*Detailed in "3. Medium-Term Management Vision (After COVID-19)"

Executive Summary

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Results for First Half of Fiscal 2020

✓ Although sales activities and material procurement were affected by the pandemic, orders for CS Set increased, resulting in an increase in sales and profits.

Net sales
12,162 million yen
(YoY+17.6%)

Operating profit
985 million yen
(YoY+27.1%)

Ordinary profit
991 million yen
(YoY+27.0%)

Profit
664 million yen
(YoY+27.5%)

Impact of COVID-19

[Positive factors]
Increased needs for CS Set → Increase in the percentage of usage of the service by existing contracted facilities

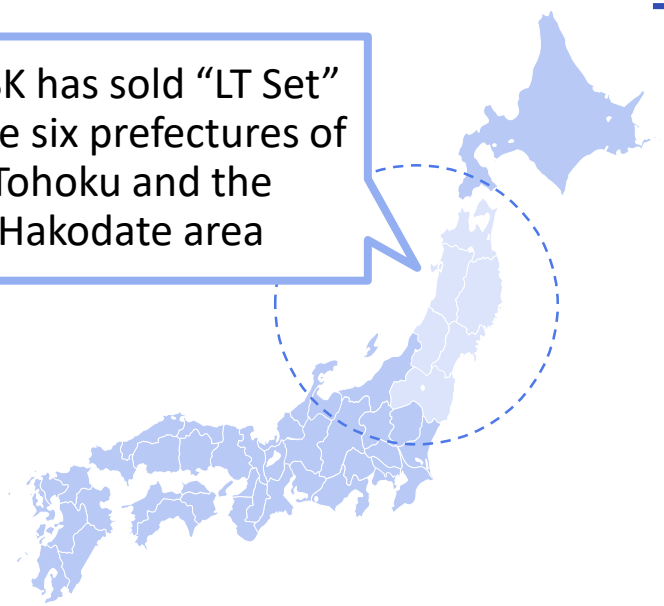
[Negative factors]
Shortage of materials → Concerns for an increase in cost (over the medium term also)
Restrictions on activities to gain new contracts → Fewer new contracts (against the plan)

(1) Merger with LTASK

✓ Absorption-type merger with 100% subsidiary LTASK conducted on January 1, 2020.

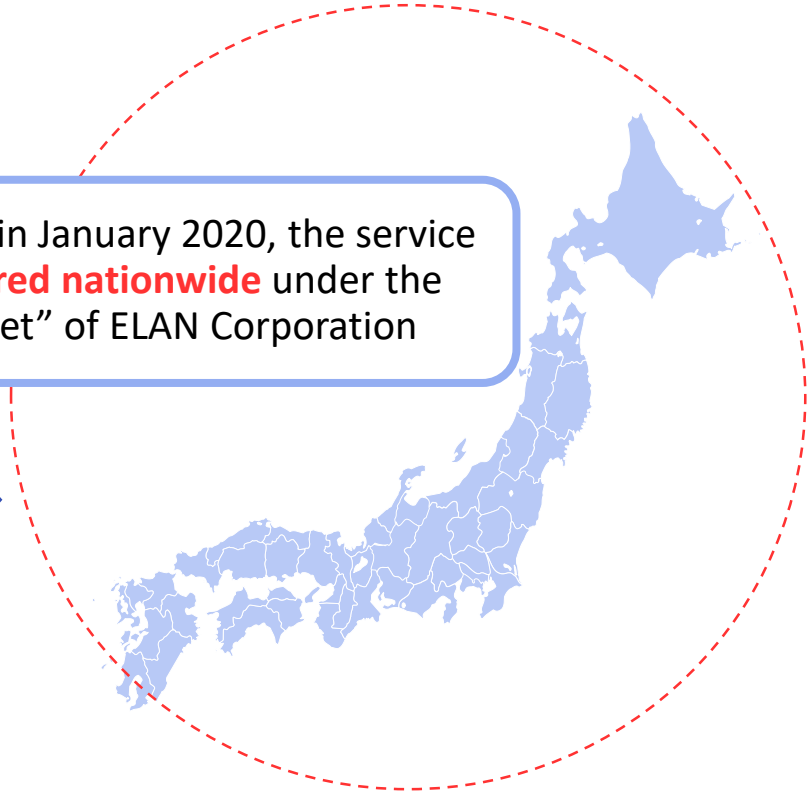
Merger with LTASK

LTASK has sold "LT Set" in the six prefectures of Tohoku and the Hakodate area



After the merger

Starting in January 2020, the service is **offered nationwide** under the "CS Set" of ELAN Corporation



Purpose of the merger

(1) To **unify the brands** of "CS Set" and "LT SET."
(2) To **reinforce organizational power** through personnel exchange.
(3) To gain **contracts with main bodies** of medical corporations/nursing-care-facility companies operating across the nation or **blanket contracts** with them.

(2) Shift to a company with an audit and supervisory committee

The shift from a company with a board of company auditors to a company with an audit and supervisory committee was resolved at the 26th Ordinary General Meeting of Shareholders of Elan Corporation held on March 25, 2020.

Purpose

(1) To strengthen monitoring functions of the board of directors and hasten decision-making

(2) To secure fairness, transparency, and promptness in management

(3) To establish stronger corporate governance

Structure

Election of four audit and supervisory committee members

(Full-time)	Audit and supervisory committee member	Hiroshi Eyama	*Former full-time auditor
	Audit and supervisory committee member	Koji Fujita	*Former outside director
	Audit and supervisory committee member	Nobuyuki Takagi	*Former outside auditor
	Audit and supervisory committee member	Naohide Aikawa	*Former outside auditor

(3) Appointment of female director

Elan's first female director was elected at the 26th Ordinary General Meeting of Shareholders held on March 25, 2020.

Reason for the election

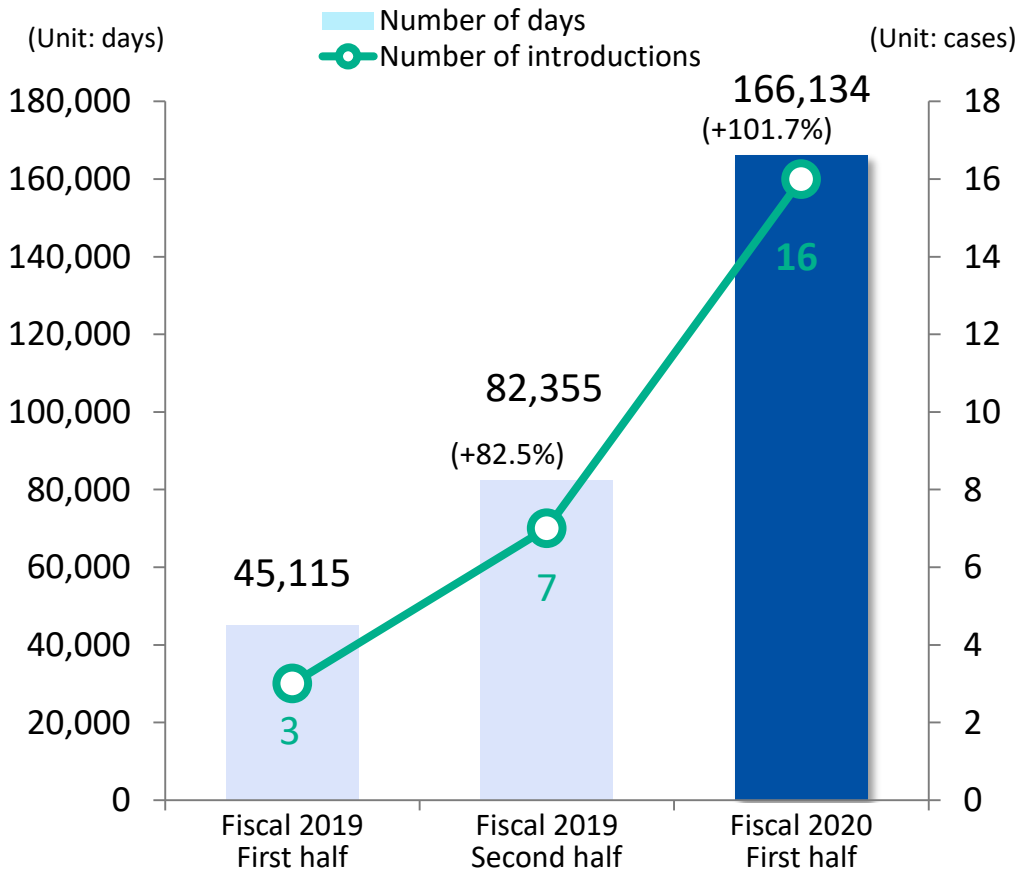
(1) Knowledge on nursing care and health care based on many years of experience as a chief nurse.
(2) Advice/guidance on products and service development from the standpoint of a nurse and a woman
(3) Securement of diversity within the company, including promotion of women's participation and advancement
(4) Strengthening of monitoring functions in line with additional appointment of independent outside directors

Name/career summary

Naomi Emori	Chairperson of Fukui Nursing Association (current)
	Regional administration officer of Japanese Nursing Association (current)
	Head of Nursing Department/Deputy Director, University of Fukui Hospital (former)

(1) Expand acceptance of the CS Set R

Change in Number of Days Providing the Service and Number of Introductions



Points of CS Set R

Benefit from introduction

Medical institutions, etc. can reduce debt-collection tasks, which requires man-hours, as well as eliminate the risk of failing to collect.

Number of facilities introducing the service

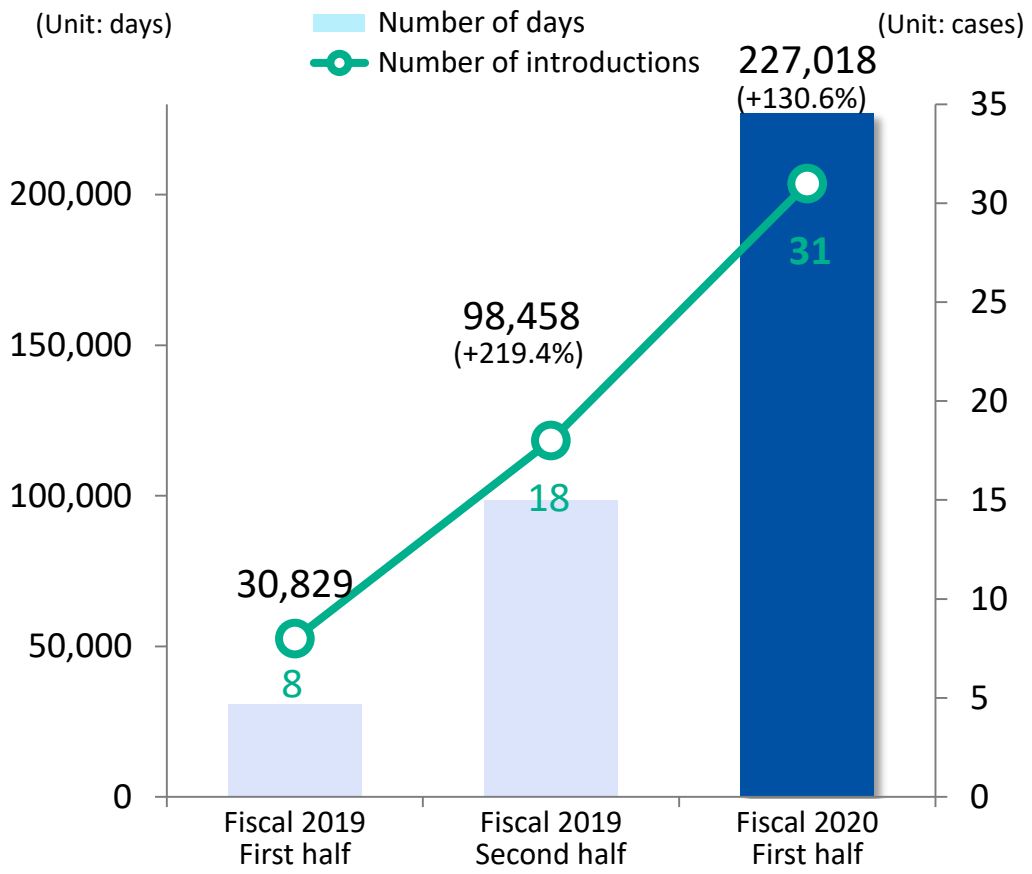
During the first half of the fiscal year, there were numerous business talks on introduction before the finalization of standardization policy of CS Set R/LC. Thus, the number of facilities is expected to increase from cases of introduction being finalized going forward.

Effect of introduction

High percentage of usage of the services is realized in general.

(2) Expand acceptance of the CS Set LC

Change in Number of Days Providing the Service and Number of Introductions



Points of CS Set LC

Benefit from introduction

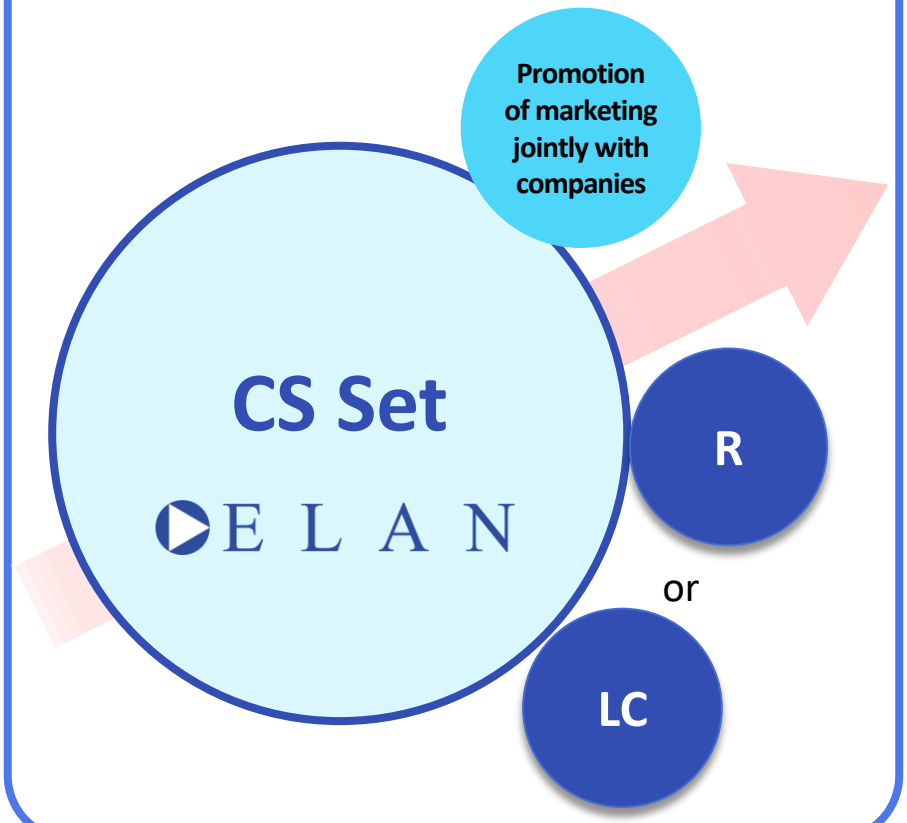
Damages for which medical institutions, etc. find it difficult to demand compensation from users are covered.

Actual case examples for compensation

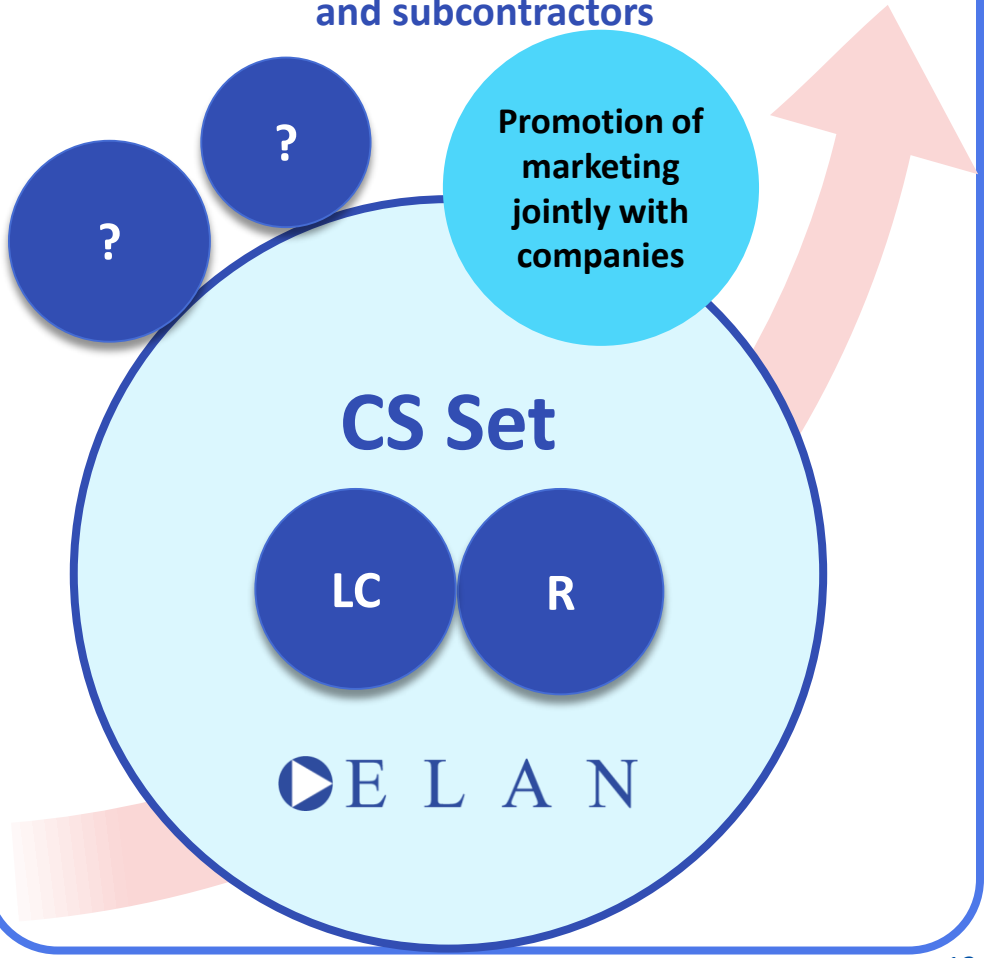
- Clogged a toilet by flushing a foreign object.
- Tore the nurse call cable.
- Accidently hit a door with an umbrella, damaging the glass.

(3) Enhancement of functions of CS Set

Currently, added value is supplied to the CS Set in separate fashion.



Going forward, we will work for new introduction of the CS Set containing added value as the standard in coordination with partner companies and subcontractors



(4) Launch consulting service "Kikumimi" focusing on problems associated with hospitalization/discharge and moving in/out of care facilities

A service to resolve "problems" users and families face capitalizing on the abundant know-how and network only a pioneer in the industry of hospitalization/care-facility-move-in sets can possess. **Aim to become a company that offers comprehensive support to resolve everything from "problems during hospitalization" to "problems before and after hospitalization."**

Kikumimi is a free consultation service for concerns and problems associated with hospitalization/ discharge and nursing care. Coordinators well versed in problems associated with hospitalization/discharge and moving in/out of care facilities will resolve problems together with partner experts.

Please visit the following website for details

https://kikumimi.kkelan.co.jp (Japanese only) Search

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Examples of problems that could accompany hospitalization

● Problems faced by the person being hospitalized (parents)

- ☑ I would like to discuss inheritance and my will while I am still capable so as not to burden our children in the future.
- ☑ I am worried about my life in the future since I don't have any children. Are there services that offer personal care?
- ☑ I would like to leave an inheritance to my daughter-in-law who took good care of me while I was in the hospital although she does not have inheritance rights.

● Problems faced by family members (children)

- ☑ I would advice on my parents' house which has been left vacant after they moved into a nursing care facility.
- ☑ I would like to hold talks with my parents about inheritance while they are still healthy, but I don't know how to bring up the subject.
- ☑ I hear that when parents develop dementia, we will need to appoint a guardian. This involves a cost, however, and I would like to know a better way to do it.
- ☑ I am worried about my parents who live far away. I would like to get information on good safety confirmation services.

For CS Set users

Free 60-minute consultation with ELAN's partner qualified experts (judicial scrivener, lawyer, accountant)

- **Help resolve problems that arise through evolving life cycles into the future.**
- **Platform service to maintain a touchpoint between ELAN and customers before and after the usage of CS Set.**

(5) Capital and business alliance with Classico

✓ Accelerate **strengthening/expansion of both companies** by capitalizing on the know-how and strengths of each company.

ELAN 株式会社エラン × Classico

Marketing capabilities

Sells "CS Set," a service that combines rental of clothing and towels with replacements and provision of disposable diaper pads, personal care items, and other supplies at hospitals, nursing care facilities, and other facilities.

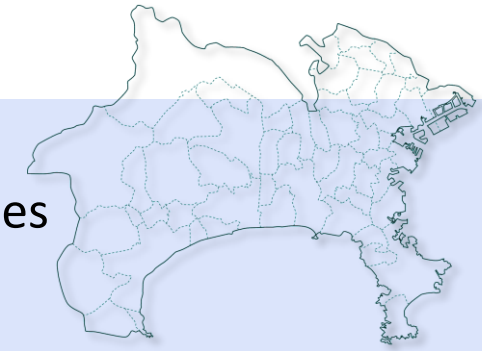
Development of original patients' wear

Product development capabilities

Planning, design, manufacturing, and sale of lab coats and other clothing for medical professionals working in a medical setting.
Accurately grasps the needs of medical professionals.
Has expanded support from medical professionals through business operations capable of developing/improving stylish products in a short time.

(6) Establishment of ELAN Logistics Center

✓ Establishing a logistics hub in Yokohama



Purpose

(1) Trial case of ELAN's proprietary logistics
- ✓ **Alternative** to outsourcing to logistics companies
- ✓ **Risk diversification** in case of emergency

(2) Part of **BCP measures** in light of material shortage under the COVID-19 pandemic

[Facility overview]

Name	:	**ELAN Logistics Center**
Location	:	Kanagawa-ku, Yokohama-shi (Official establishment on August 1, 2020)

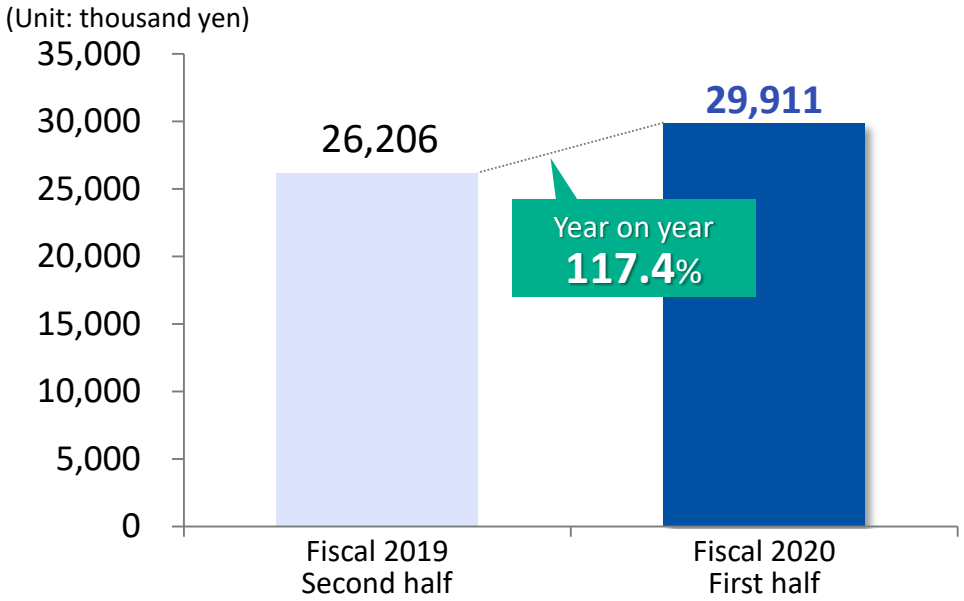
(1) Mounting needs for CS Set under the COVID-19 pandemic

✓ Restricted visitation due to COVID-19

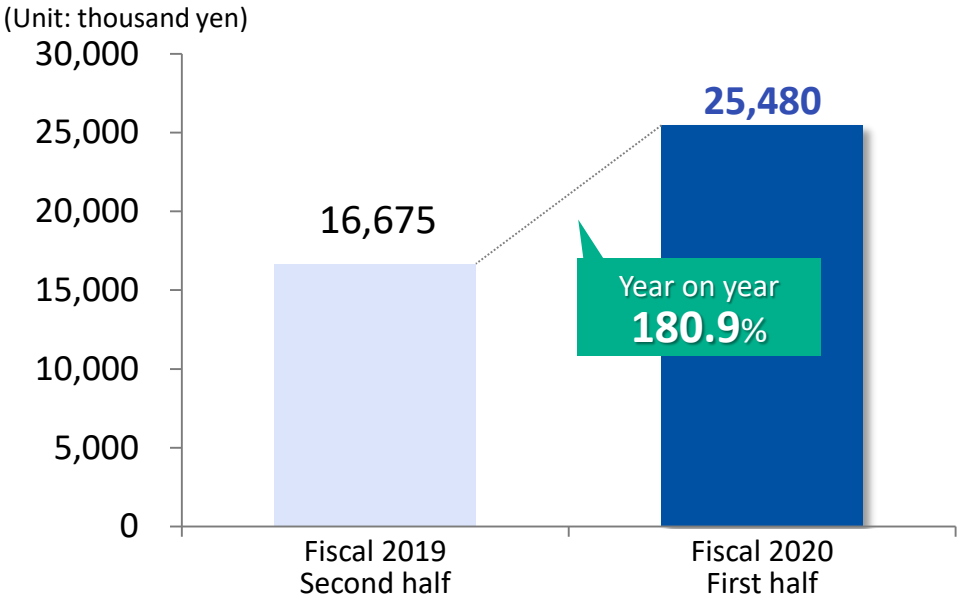
⇒ Higher percentage of CS Set usage

⇒ Increase in sales at existing contracted hospitals (facilities)

University Hospital A *No visitation allowed



Convalescent Hospital B *No visitation allowed



Needs for CS Set

Although some existing contracted hospitals have fewer inpatients, **the number of CS Set users is on the rise due to restricted visitation** by family members, etc.
Some non-contracted hospitals are also **interested in introducing** CS Set due to concerns over infection.

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(2) Challenges under the COVID-19 pandemic

Mounting needs

Challenges

- Lack of touchpoint with key persons of medical (nursing care) institutions
- Delay in cultivation of new customers

Catching up with mounting needs for introduction from the standpoint of infection prevention

⇒ Some are requesting visits scheduled for as soon as the pandemic is over

Response to mounting needs

✓ Pressing ahead with business talks not only through conventional face-to-face meetings but also utilizing non-face-to-face meetings such as web meetings, etc.

Stable provision of service products

Challenges

- Stable supply of service products
- Provision of substituting goods for some products (due to high cost)

Review of supply chains/BCP measures

ELAN Logistics Center

✓ Stockpiling some products

✓ Discussing supplement with ELAN's proprietary logistics in addition to existing logistics network

(3) Efforts on diversification of work styles

✓ Promote initiatives that lead to higher productivity (reduction of overtime work) and better personal life with an aim to improve life-work balance.

Establishment of work-from-home system

Could also remove obstacles in working due to childbirth, child-rearing, etc.

Expansion of off-peak commuting

Introduction of shift-work system (set by each department) in addition to conventional flexible-working-hours system

Introduction of "business casual" day

- **Proactive utilization of web meetings**
  - ✓ Reduction of travel time
    - ➢ Reduction of travel expenses as well
  - ✓ Increase in in-house communication

(4) Free provision of ELAN@meet's, an app for preventing the three Cs (Closed spaces, Crowded places, Close-contact settings)

Released as a new service in response to concerns over the spread of COVID-19

*Currently available only for Android (iOS version not yet approved).

Features of ELAN@meet's

- **Installation of the app is not necessary except for acquisition of information on the three Cs**
- **Gives consideration to privacy by not acquiring personal information**
- **Visualization of information on the three Cs, not the possibility of COVID-19 infection**

[Differences COCOA Released by the Ministry of Health, Labour and Welfare]

	COCOA	**ELAN@meet's**
Information collection	Location information of smartphones (SP)	
Method of information provision	Application (APP)	
Information provided	Contact information among APP users	Status of the three Cs
Personal information	Anonymized contact record	No collection (consideration for privacy)
Covid-19	Specialized, and sends notice on possible contact with infected individuals	Not specialized, and calls for attention by visualizing status of the three Cs
Installation of the APP in SP	Collects information of SP users with APP installation	Information on SP without APP installation is also subject for collection

(5) Supporting medical institutions through provisions of supplies (donation of face masks)

Supporting medical institutions through provisions of supplies

- April 2020 -

Endorsing "support for COVID-19 countermeasures" by M3, Inc., ELAN provided free masks to medical institutions on the front line.

Progress of activities

- As of June 30, 2020 -

With the expansion of support network

Total of 2 million masks

to about 15,000 medical institutions

Source: Website of M3, Inc.

(6) Impact on overseas activities

- **Collaboration with BIHS**

  (India, Boston Ivy Healthcare Solution Private Limited)

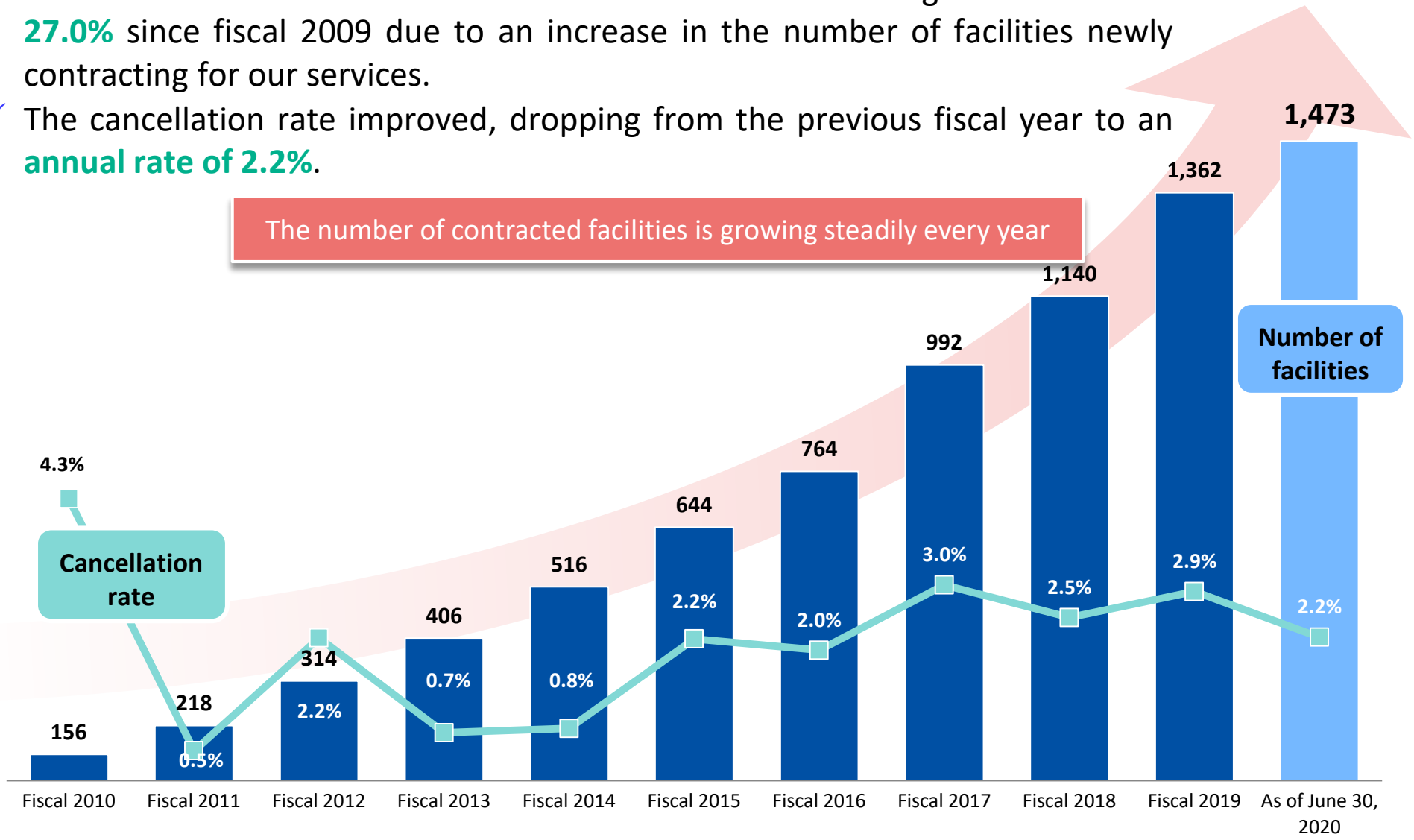
Although business performance of BIHS, in which ELAN invests, has remained steady, part of the activities for applying the company's digital technology to ELAN's business has slowed due to overseas travel restrictions.

- **Global recruitment**

Since overseas activities for hiring talented new graduates have been restricted due to overseas travel restrictions, no new graduates will be hired overseas this fiscal year. Instead, will try to hire new graduates studying in Japan.

Change in Number of Facilities Introducing Our Services

- ✓ The number of contracted facilities has increased at an average annual rate of **27.0%** since fiscal 2009 due to an increase in the number of facilities newly contracting for our services.
- ✓ The cancellation rate improved, dropping from the previous fiscal year to an **annual rate of 2.2%**.

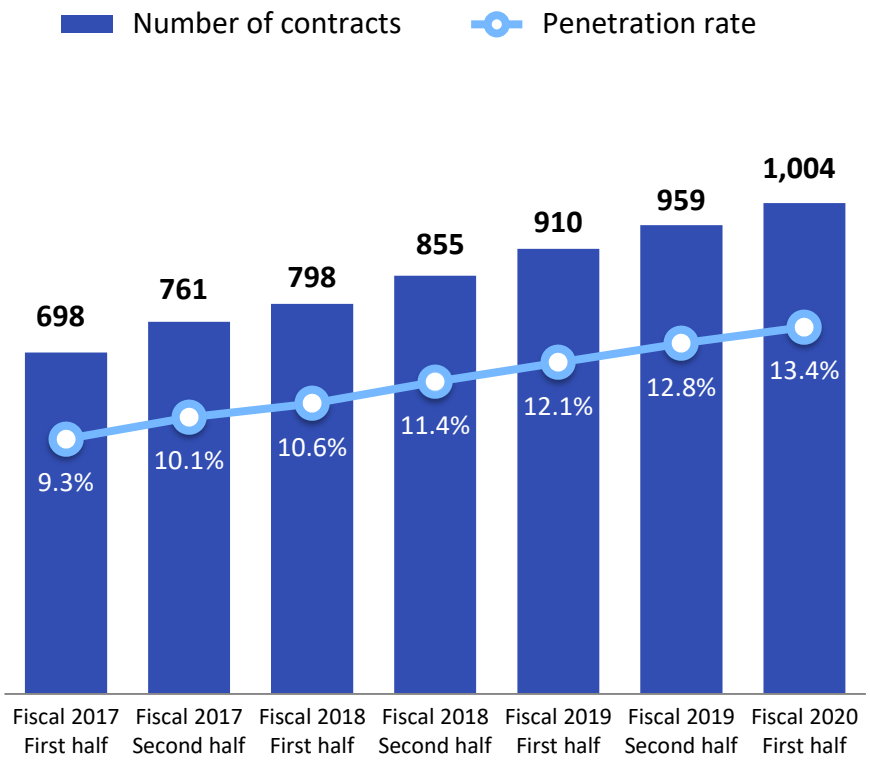


Cancellation rate for the first half = Number of cancellations in last 12 months / (Contracts at end of first half of previous year + New contracts in last 12 months)

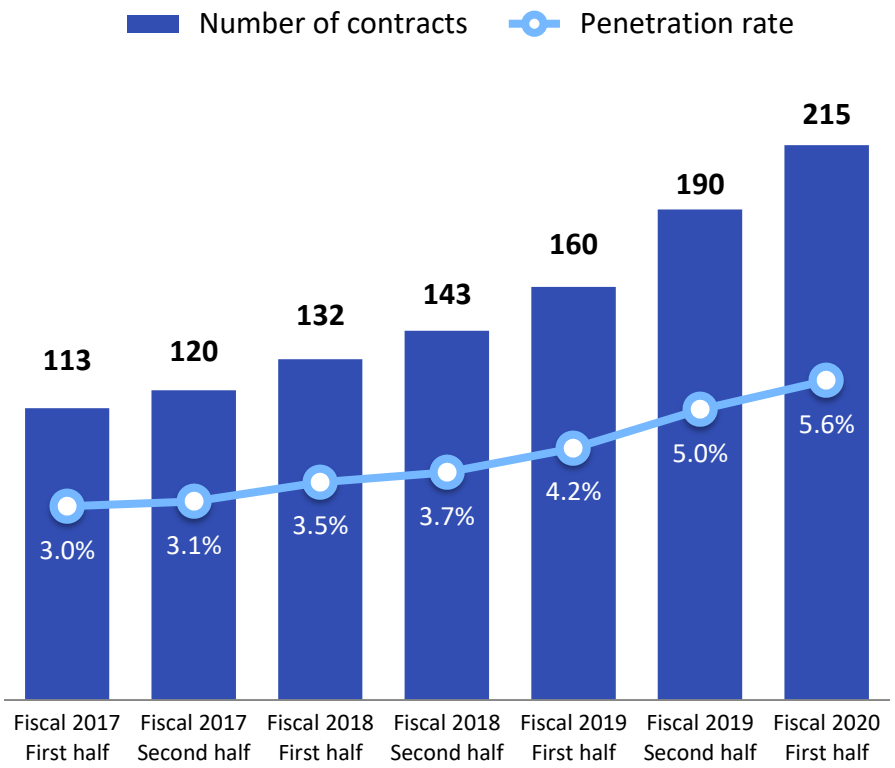
Change in Penetration Rates of Facilities

- ✓ With the number of contracted hospitals exceeding 1,000, the penetration rate has reached **13.4%** and entered a phase of wider public acceptance.
- ✓ With the number of contracted senior nursing care facilities exceeding 200, the penetration rate has reached **5.6%.**

Penetration Rate of Hospitals (with 50 or more beds)



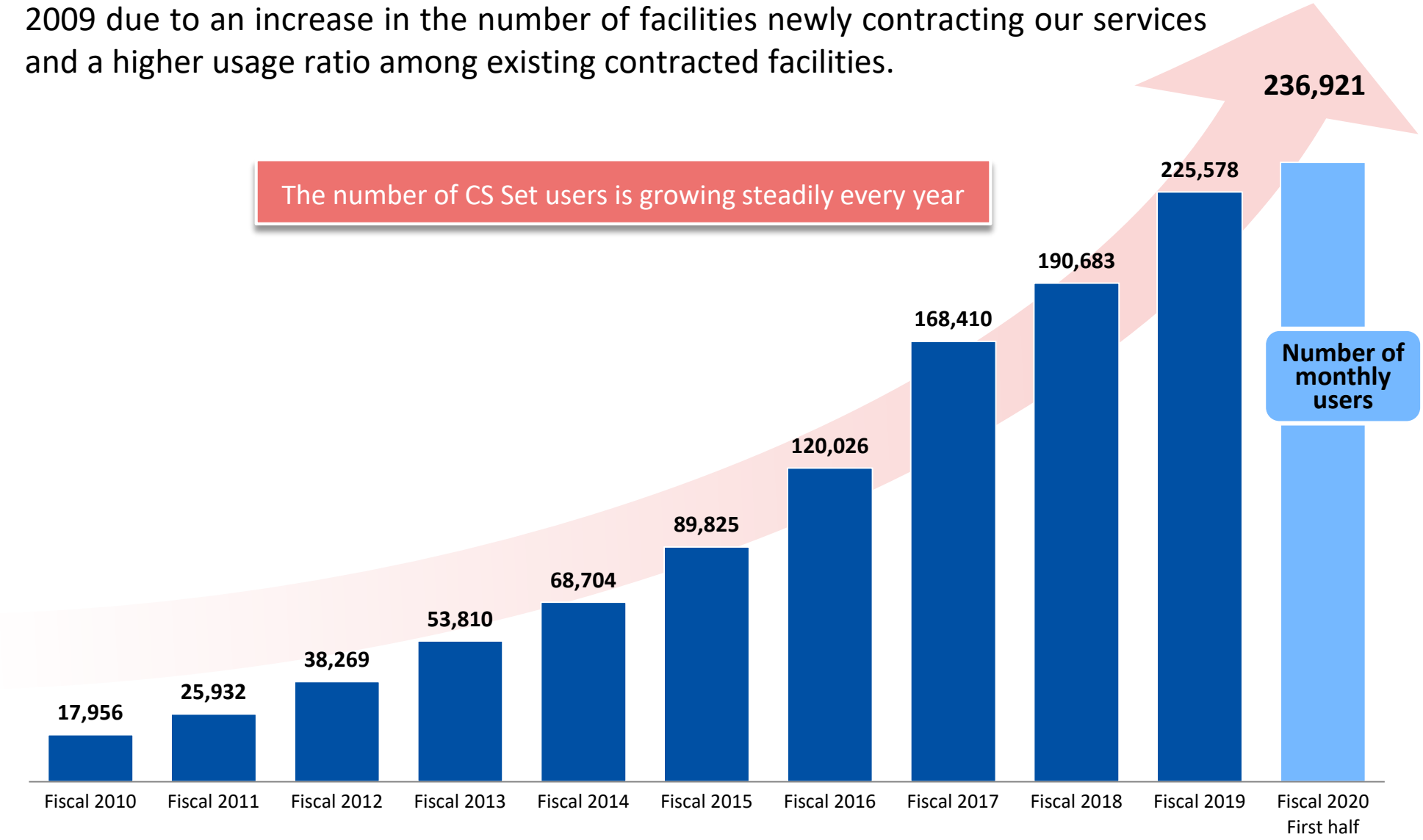
Penetration Rate of Senior Nursing Care Facilities (with 50 or more beds)



*Prepared by ELAN in reference to the survey results of Survey of Medical Facilities 2018 and Survey of Institutions and Establishments for Long-Term Care 2017 by Ministry of Health, Labour and Welfare.

Changes in the Number of Monthly Users

- ✓ The number of monthly users has increased at an annual rate of **31.0%** since fiscal 2009 due to an increase in the number of facilities newly contracting our services and a higher usage ratio among existing contracted facilities.

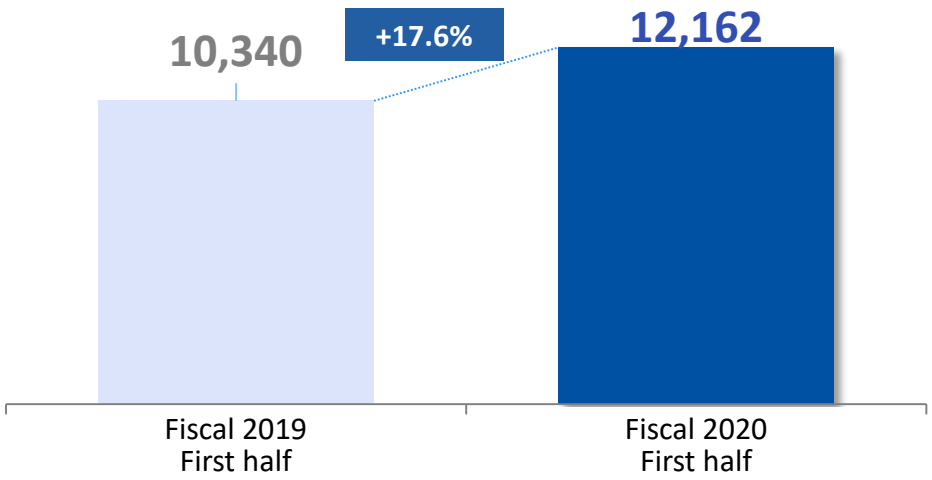


The figure at the end of each fiscal year is represented for number of monthly users shown above.

Consolidated Statement of Income

ELAN

Net sales (millions of yen)



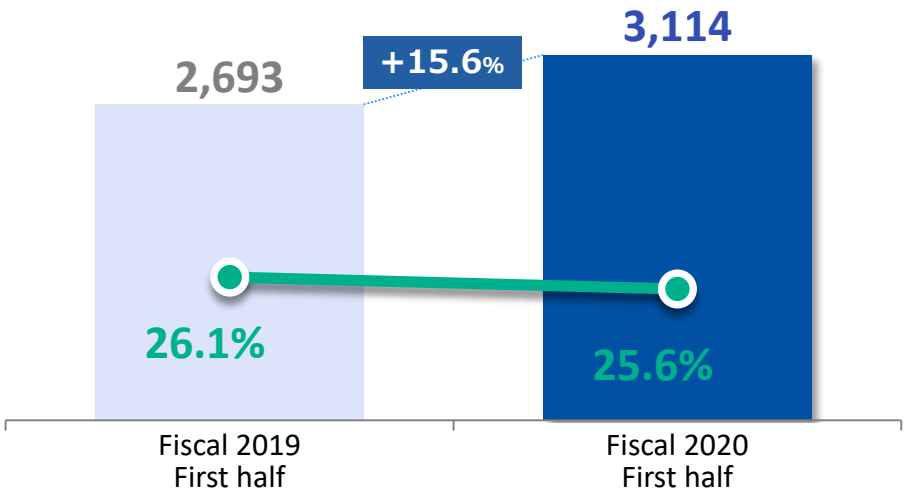
Year on year **+1,822** million yen

Number of facilities with CS Set contract

+237 facilities

- Fiscal 2019 2Q: 1,236 → Fiscal 2020 2Q: 1,473

Gross profit (millions of yen)



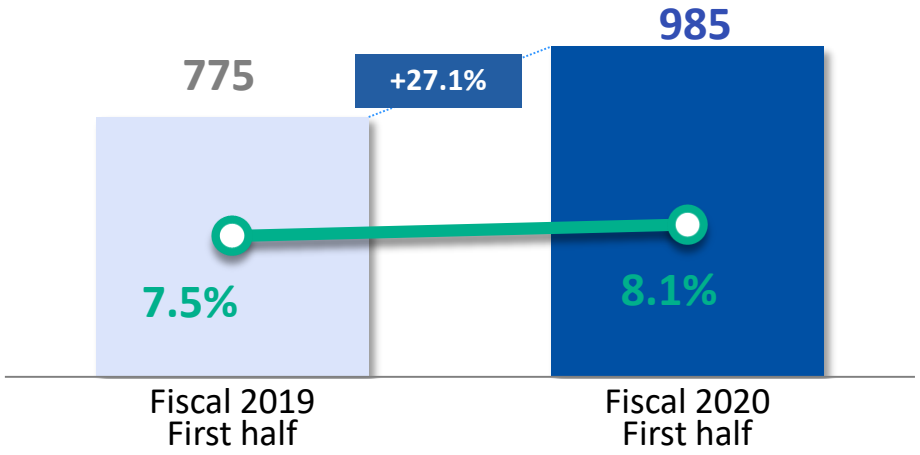
Year on year **+421** million yen

Gross profit margin was -0.4% year on year due in part to an increase in purchase costs caused by COVID-19

Consolidated Statement of Income

ELAN

Operating profit (millions of yen)

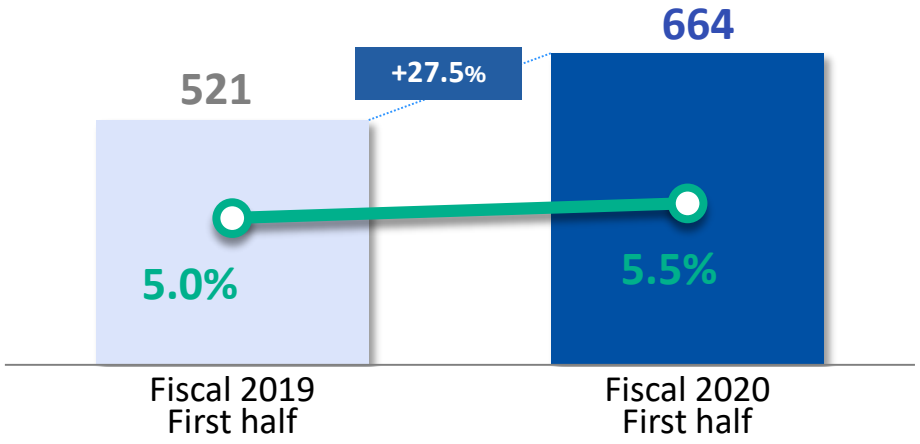


Year on year **+210** million yen

Decrease in SG&A expenses due to a decrease in expenses for business travels, business meetings, etc. due to COVID-19

Operating profit (year on year) +0.6%

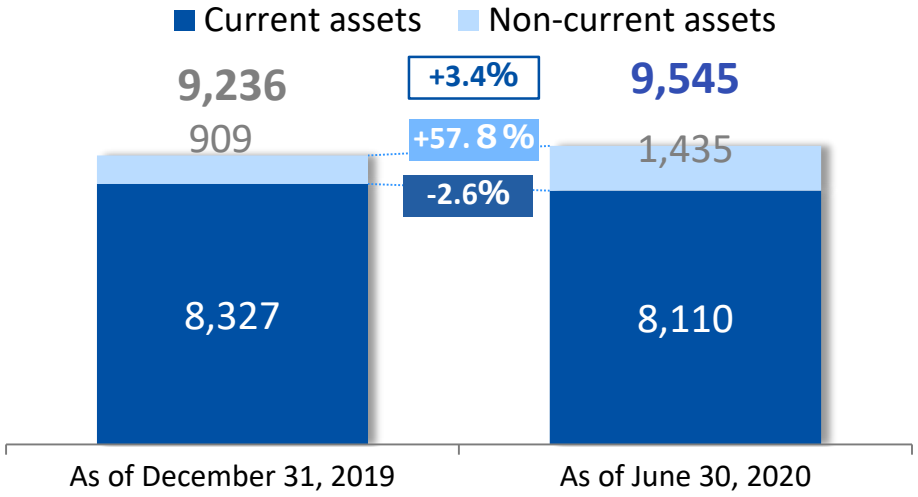
Profit attributable to owners of parent (millions of yen)



Year on year **+143** million yen

Consolidated Balance Sheet

Assets (millions of yen)



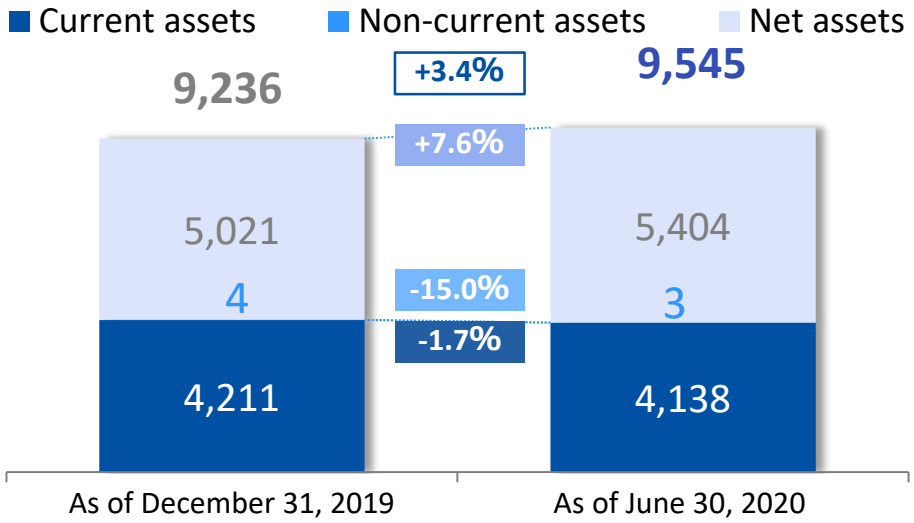
Total assets Comparison with the end of the previous fiscal year

+309 million yen

Cash and deposits 3,245 million yen (-226 million yen)

Investment securities (investment in Classico, etc.) +541 million yen

Liabilities/net assets (millions of yen)



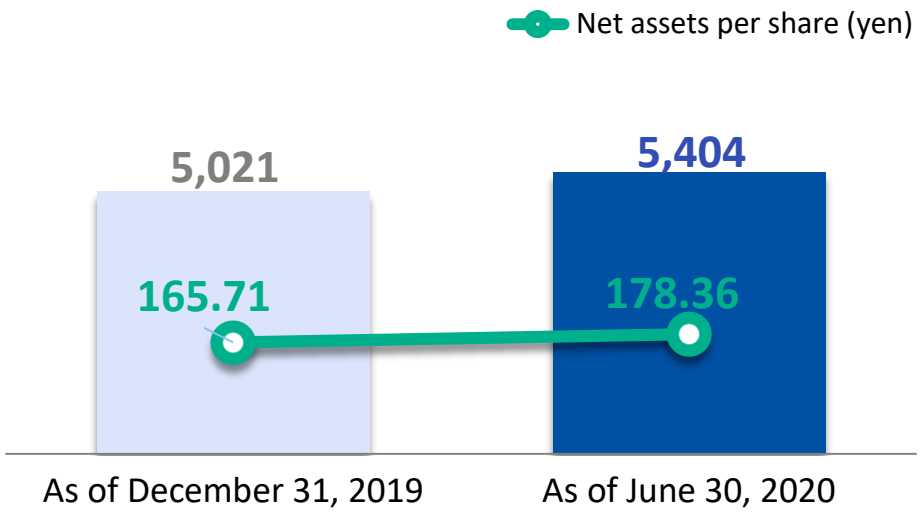
Total liabilities Comparison with the end of the previous fiscal year

-73 million yen

Loans None

Consolidated Balance Sheet

Net assets (millions of yen)



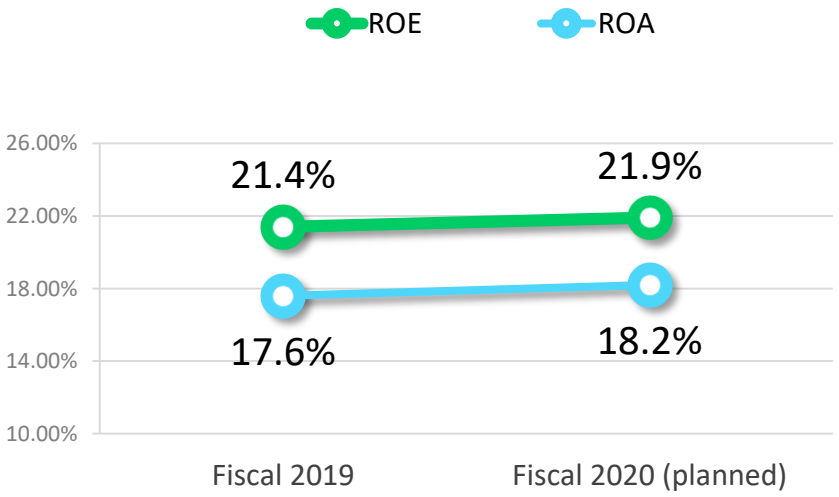
Net assets Comparison with the end of the previous fiscal year

+383 million yen

BPS Fiscal 2019 4Q: 165.71 yen

→ Fiscal 2020 2Q: 178.36 yen (+7.6%)

ROA/ROE



ROA Comparison with the end of the previous fiscal year

+ 0.6%

***Liquidation ratio 196.0%**
(197.7% in the previous fiscal year)

ROE Comparison with the end of the previous fiscal year

+ 0.5%

Consolidated Statement of Cash Flows

ELAN

(millions of yen)

	Fiscal 2019 First Half (Consolidated)	Fiscal 2020 First Half (Consolidated)	Difference
Cash flows from operating activities	**181**	**625**	**+443**
Cash flows from investing activities	**(35)**	**(578)**	**(542)**
Cash flows from financing activities	**(211)**	**(272)**	**(61)**
Net increase (decrease) in cash and cash equivalents	**(66)**	**(226)**	**(159)**
Cash and cash equivalents at beginning of period	**3,033**	**3,447**	**+414**
Cash and cash equivalents at end of period	**2,966**	**3,221**	**+254**

Points

- ✓ C/F from operating activities: Up 625 million yen due to increase in sales and profit
- ✓ C/F from investing activities: Used 550 million yen due to capital and business alliance with Classico
- ✓ C/F from financing activities: Used 272 million yen for increased annual dividend of 9 yen (7 yen in the previous fiscal year)

*Separately **concluded an agreement for establishment of commitment line with a financial institution** in preparation for possible delay in debt-collection schedule due to the impact of COVID-19. **(Maximum loan amount: 2,000 million yen)**

2. Growth Strategy for the Second Half of Fiscal 2020 (With Covid-19)

Bringing smiles to your hospital/elderly facility stay

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Business Strategies for Fiscal 2020

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- ✓ Aim to increase the number of new contracts by reorganizing marketing areas and working more closely
- ✓ Enhance added value of services through group-wide efforts to differentiate ELAN from other companies

Business Strategies for Fiscal 2020	Initiatives in First Half of Fiscal 2020
☐ **Nationwide expansion** • Open Okinawa Branch • Expand acceptance of the "CS Set R" and "CS Set LC Hospitalization Guarantee" • Launch CS Set for foreigners • Develop and provide new added value	Although some plans have been pushed back to later dates due to COVID-19, needs for CS Set with further added value have been on the rise, increasing the number of facilities contracting our services to 111 (net). Advanced the development of original patient wear with Classico, Inc.
☐ **Create new businesses** • Strengthen ties with BIHS • Start provision of new services • Start proof-of-concept trials for new businesses	With the start of the Kikumimi service, we will press ahead with preparation for release of additional new services.
☐ **Reinforce the capabilities of the ELAN Group** • Merger with LTASK • Reinforce and expand the operations of ELAN Service Corporation • Launch logistics operations • Start hiring new graduates globally	Having completed the merger with LTASK, we are promoting our businesses with a sense of unity. ELAN Service Corporation is also preparing for business expansion through new initiatives.

Opening of Okinawa Branch

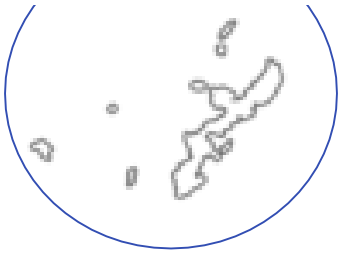
- ✓ Impact of COVID-19
  - ⇒ Preparing for opening scheduled in the second half of Fiscal 2020
- ✓ Opening of Okinawa Branch
  - ⇒ Provision of CS Set service in 47 prefectures across the nation
- ✓ In Okinawa
  - ⇒ Trial of provision of CS Set for foreigners is scheduled.

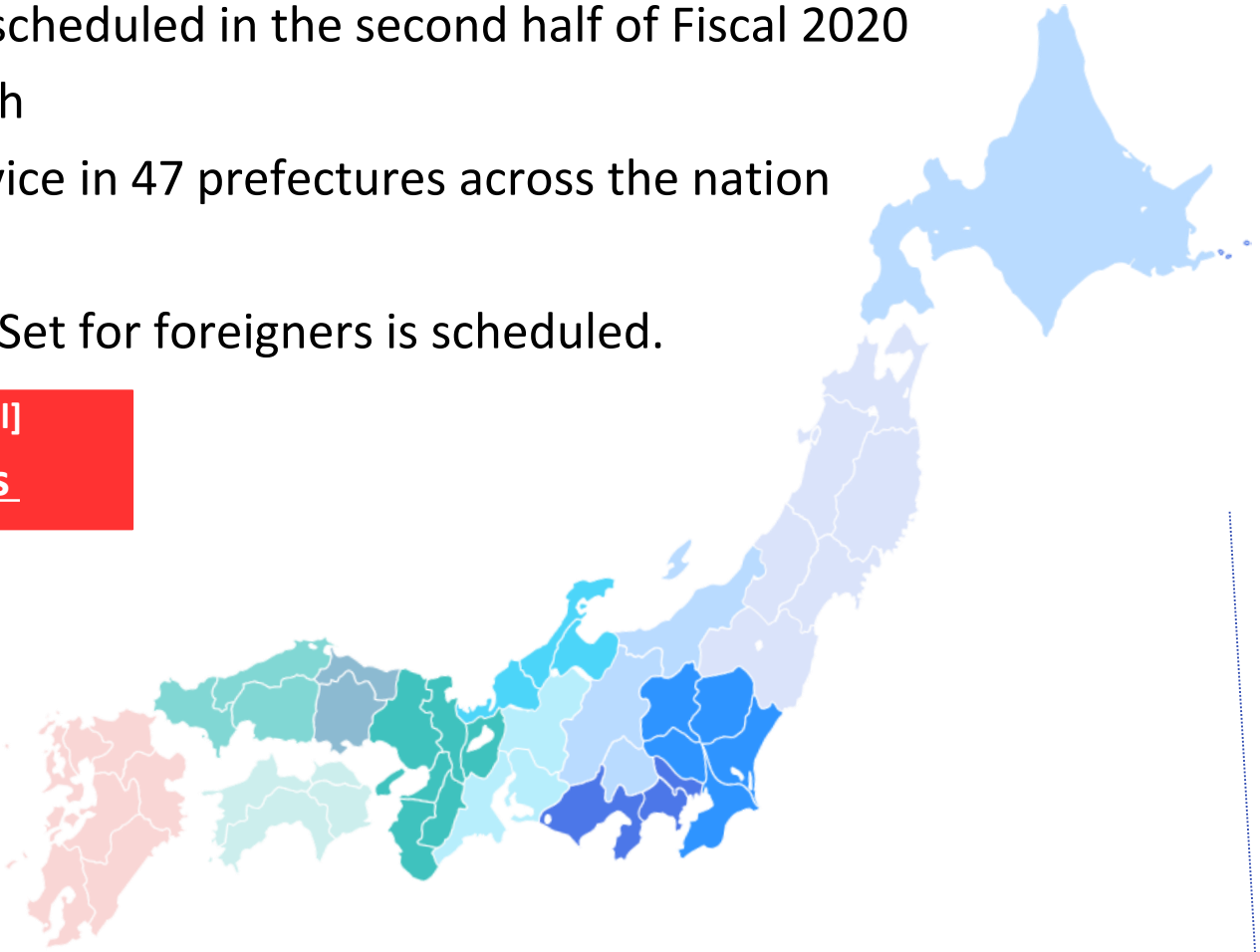
[Service scheduled for trial]

CS Set for foreigners

[Under preparation]

Okinawa Branch





47 Prefectures Across the Nation　Network of CS Set Service Provision

Patient Registration Card App (Scheduled for Release within the Year)

ELAN

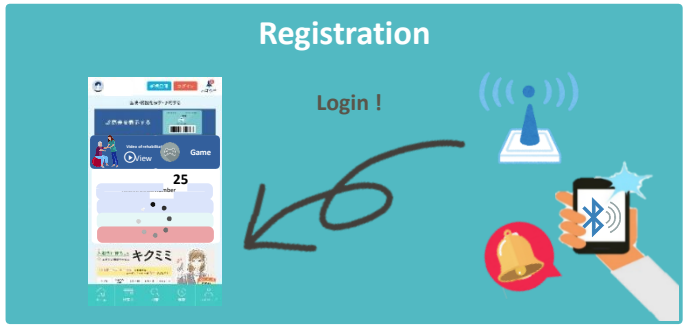
✓ In addition to a function as a patient registration card, it serves as a platform (app) to resolve problems.

Reservations can be made around the clock using the app.

Users can make reservations easily without confusion because only the available time will be shown to choose from.

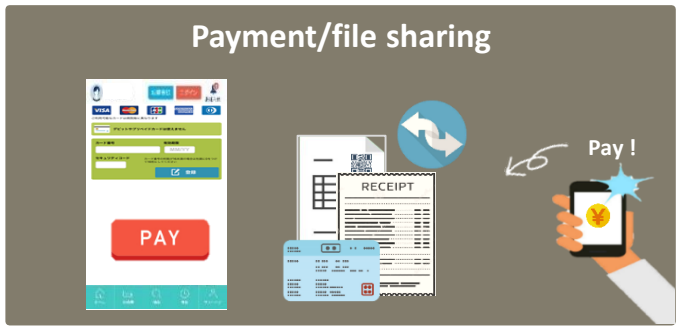
Confirmation notices for registered insurance cards are sent on the first of each month.

Able to receive image files of insurance cards from user patients or send out files such as detailed statements from medical institutions.



Users will be registered automatically upon visiting a hospital and given a registration number.

A notice will be sent shortly before their appointment with the doctor.



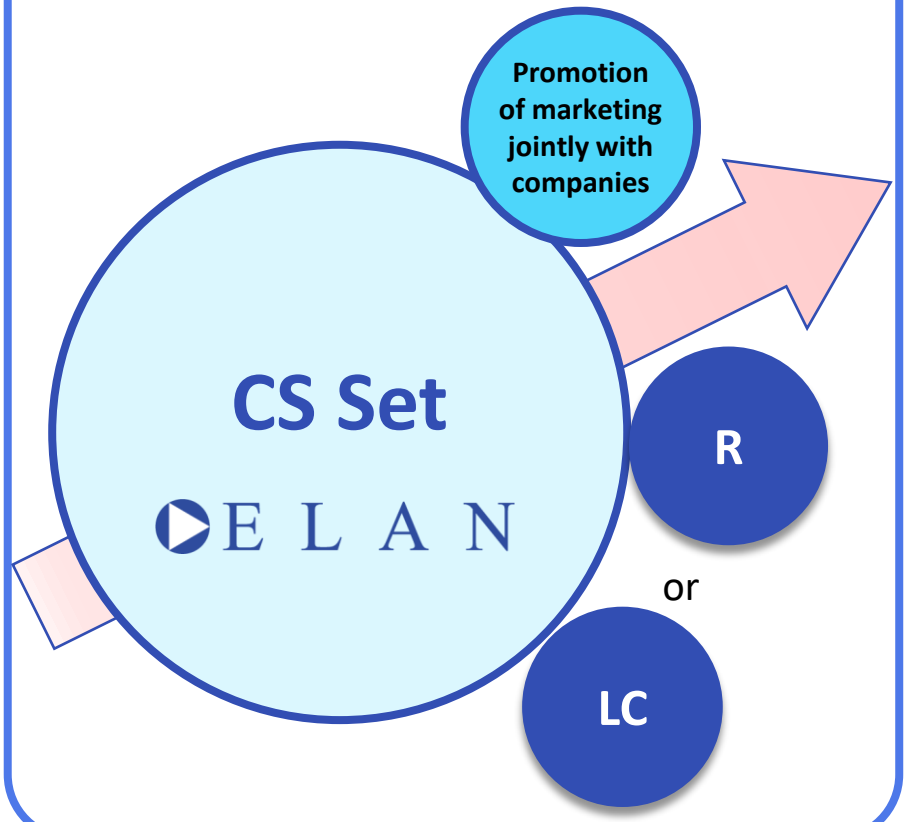
Files such as images of insurance cards and detailed statements can be sent to/received from medical institutions and patients.

*The contents of e-mails will be encrypted.

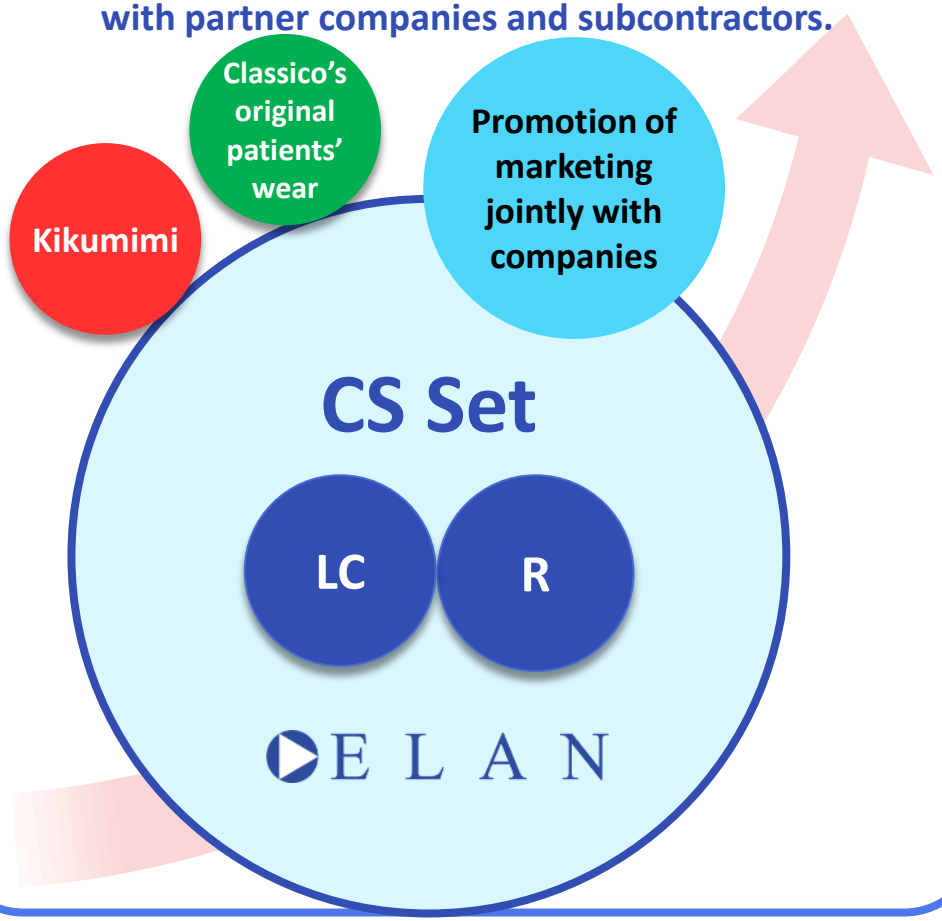
Kikumimi Service

✓ Aim for more new contracts by standardizing the CS Set LC Hospitalization Guarantee and CS Set R with the addition of the new service "Kikumimi."

Currently, added value is supplied to the CS Set in separate fashion.



"Kikumimi" has been launched as a peripheral service to CS Set which has added value of LC and R as the standard. We will work to increase new introduction in cooperation with partner companies and subcontractors.



Forecast of Operating Results for Fiscal 2020

ELAN

- ✓ Factoring in concerns over rising costs and the increase in needs for CS Set due to COVID-19, both sales and profit are revised upward from the initial forecast.
- ✓ Launching of a new business and upfront investment will also contribute to operating results for the next fiscal year and onward.

(millions of yen)

	Fiscal 2018 Full-year	Fiscal 2019 Mid-term	Fiscal 2019 Full-year	Fiscal 2020 Mid-term results	Progress rate	Fiscal 2020 Full-year forecast (Revised on Aug. 13)
Net sales	18,585	10,340	21,518	**12,162**	**48.6%**	**25,000**
Operating profit	1,278	775	1,492	**985**	**54.7%**	**1,800**
Ordinary profit	1,282	780	1,501	**991**	**55.1%**	**1,800**
Profit	865	521	989	**664**	**55.4%**	**1,200**
EPS	28.78	17.20	32.66	**21.94**		**39.60**
Dividend	14.00	-	9.00	**-**	**-**	**11.00**

3. Medium-Term Management Vision (After COVID-19)

Bringing smiles to your hospital/elderly facility stay

ELAN

ELAN Corporation

Management Philosophy and Corporate Mission

Management Philosophy

We contribute to the realization of a fulfilling living environment by pursing the best products and services that satisfy our customers and acting with passion.

Corporate Mission

We provide products and services that resolve “problems” in the healthcare field and create a chain of customers’ smiles.

*We have prepared a brand book verbalizing the company’s thoughts and motto as “ELAN Credo (Creed).”

(1) ELAN and SDGs

… Reliable, safe, and trustworthy services

… Establishing an organization that respects diversity

… Environment/culture allowing each person to work being himself/herself

… Basic rules for establishing culture

ELAN culture

- Cheerful, fun-loving, and energetic
- Face the person in front of us sincerely
- We always try to smile to deliver smiles to others

(2) The future we envision

Management philosophy
Realization of a fulfilling living environment
(society full of smiles)

SDGs

Present

Resolve problems during hospitalization to bring smiles

Medium term

Resolve problems before/after hospitalization to bring smiles

Long term

Resolve problems in the healthcare field to bring smiles

Vision

Brings smiles to the faces of everyone across the world
(more smiles)

Number of smiles →

Few — Many

(3) ELAN Credo

Society

Management philosophy

We contribute to the realization of a fulfilling living environment by pursing the best products and services that satisfy our customers and acting with passion.

Customers' smiles

We contribute to creating a "society full of smiles" by offering support to customers and delivering services that respect their wishes with passion.

Company/business

Business policy

"WIN-WIN-WIN" "Work, colleagues, reward" "Exciting job"

Uncompromising attitude

It is our policy to keep an attitude to think through until we find a way that will benefit all of us, without sacrificing anyone or anything and giving up.

Action guidelines

- **With high aspirations as a "professional," we endeavor to develop our skills.**
- **With a mindset of "being unsatisfied with current status," we take up challenges without being bound by previous examples or conventional practices.**
- **...** (and others to comprise a total of six items in the guidelines.)

Action with "heart"

≪Six guidelines≫ (1) Professionalism (2) Be unsatisfied with current status (3) Healthy sense of crisis (4) Teamwork (5) Trust relationship (6) Dream

Individuals

Mindset

"Cheerful, fun-loving, and energetic" "Work and have fun both with 120% energy" "Reflection, correction, improvement"

Our smiles

Work that gives a sense of challenge, growth and satisfaction; and mindset and culture to face seriously even recreational activities.

(4) Solving social issues

Management philosophy
Realization of a fulfilling living environment
(society full of smiles)

SDGs

CS Set business

Solving issues related to inpatients and medical/nursing care sites

Solution

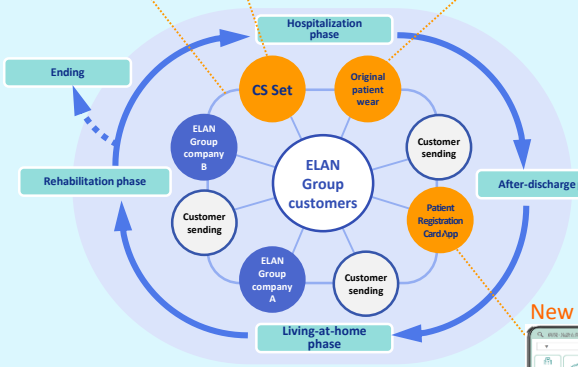
- Lack of manpower on site
- Difficulty in preparing personal care supplies
- Hospitals operating in the red

New business

Solving issues related to healthcare arising in line with changes in life stages of each person.

New !

New !



New !

New !

Society in which everyone can live healthily, peacefully, and safely, with smiles

Social background: declining birthrate and an aging population, single-person households, households where both spouses work, nuclear family households, etc. ⇒ Lack of reliable community (bonds)

(5) Initiatives (1)

CS Set business

Management philosophy
Realization of a fulfilling living environment
(society full of smiles)

SDGs

Development of original products considering barrier-free and the environment

"ELAN Medicated Toothpaste"

… ・ Incorporating a top that can be opened/closed with one hand (easy to use for people who cannot use hands freely) and stays with the tube.
・ Low-foam count and mild flavor for the elderly (not so minty)
・ Amount that can be easily used up (40-50 grams)

"100% Cotton Wet Towel"

… Made with 100% cotton, natural material that is gentle to the environment and skin

"Eight-able Cup"

… A cup with eight useful functions that help nursing and care workers as well as patients

(1) Stackable (2) Visible (3) Measurable (4) Hangable
(5) Tiltable (6) Holdable (7) Sealable (8) Pokable (straw)

(5) Initiatives (2)

CS Set business

Management philosophy
Realization of a fulfilling living environment
(society full of smiles)

SDGs

Support for disaster-affected people, medically intractable patients, and children suffering serious illnesses

Free distribution of CS Set to those affected by heavy rain in July 2020

... Distributed CS Set for free to those affected at contracted facilities along the Kuma River where damage was severe.

Creation of job opportunities for medically intractable patients

... Provided medically intractable patients who have few opportunities for finding work with opportunities to work at facilities that have introduced CS Set. (Collaboration with J-Believe Inc.)

国立成育医療研究センターの 医療型短期入所施設
もみじの家

Support for children with suffering serious illnesses

... Providing free towel rental services to Momiji House operated by the National Center for Child Health and Development, a medical facility for short-term admissions (Collaboration with Foundation for Severely-Ill Children and Their Families)

(5) Initiatives (3)

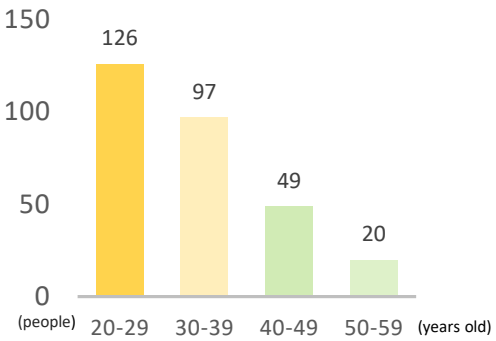
Culture Diversity

Management philosophy
Realization of a fulfilling living environment
(society full of smiles)

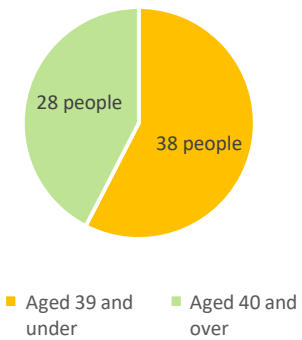
SDGs

Promoting participation and advancement of the young and females, and employment of the disabled

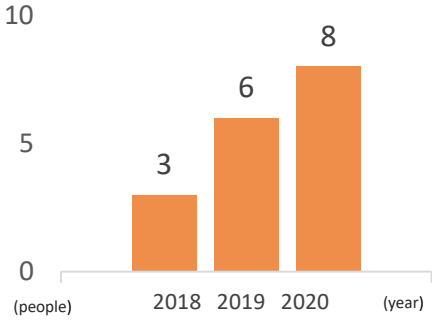
Age Composition



Ratio of the Young in Managerial Positions



Change in Number of Women in Managerial Positions



*All as of June 30, 2020

Acceptance of students from Matsumoto School for the Deaf as interns at an employment support facility for the disabled

*Suspended in the first half of fiscal 2020 to prevent the spread of COVID-19.
To resume in the second half of fiscal 2020

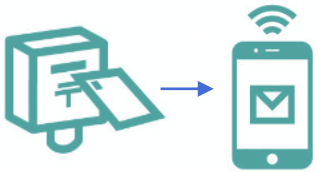
(5) Initiatives (4)

Considerations for the Environment

Management philosophy
Realization of a fulfilling living environment
(society full of smiles)

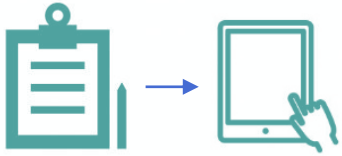
SDGs

Promoting paperless operations and recommending eco-friendly commuting



Sending post cards to users → Paperless

... Switching the method of sending notices of debit/credit card payment to CS Set users from postcards to SMS mainly for existing facilities in the Tokyo metropolitan area.



Use of paper in operations → Systemization and utilization of videos

... ・Preparation of bills	:	Introduced a new system and reduced paper output significantly.
・Inventory	:	Systemization; switching from writing on paper to inputting data to a tablet.
・Sales materials	:	Switching from paper material to proactive use of video.
・Meeting materials	:	Going paperless.

Recommending eco-friendly commuting

... Paying an "eco-friendly commuting allowance" to employees commuting on foot or by bike. Recommending methods of commuting that are eco-friendly.

(5) Initiatives (5)

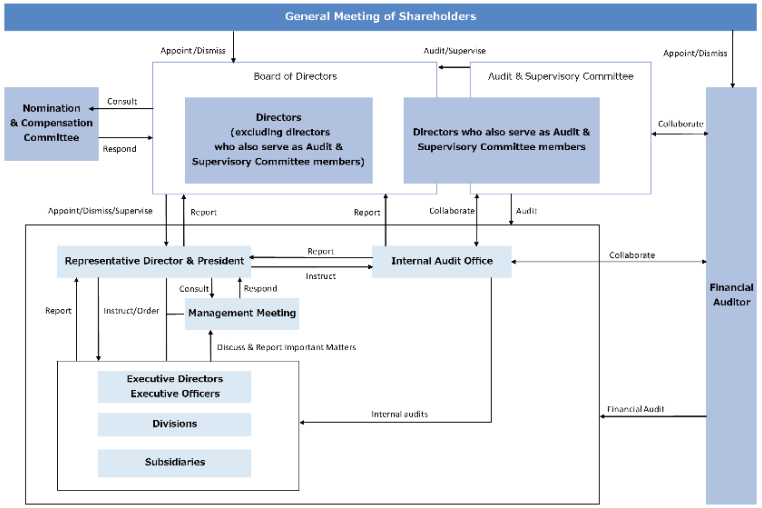
Governance

Management philosophy
Realization of a fulfilling living environment
(society full of smiles)

SDGs

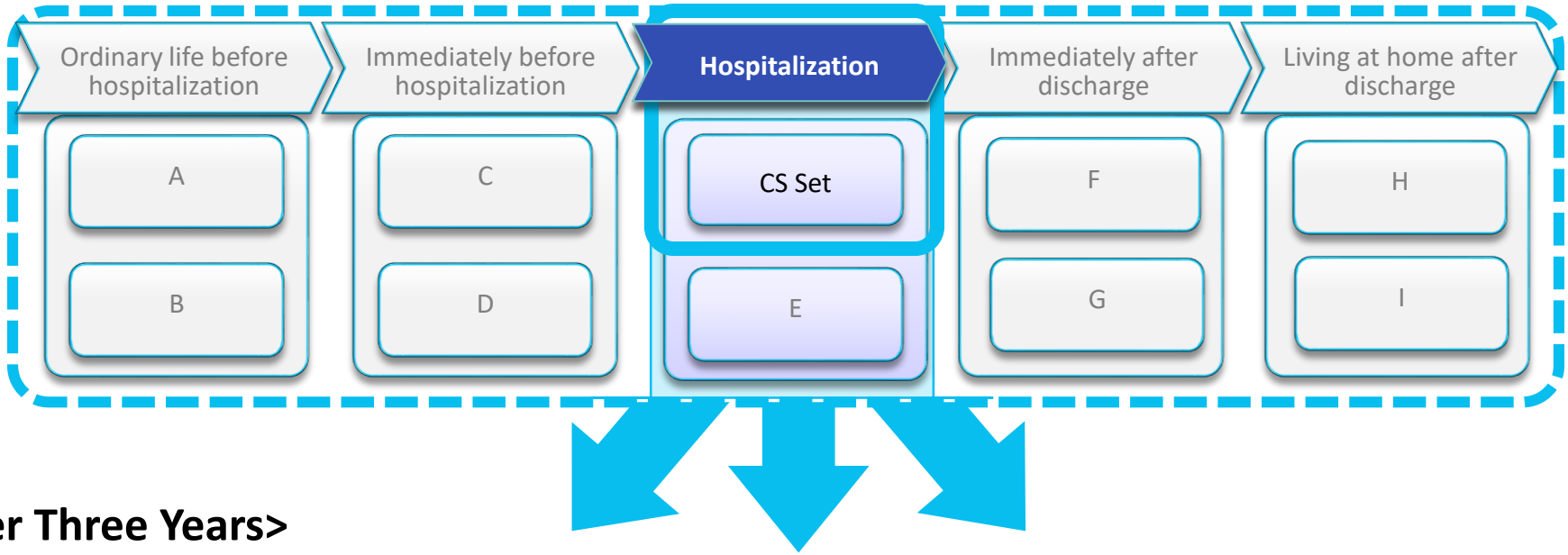
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Sound corporate management and reinforcement of organizational structure

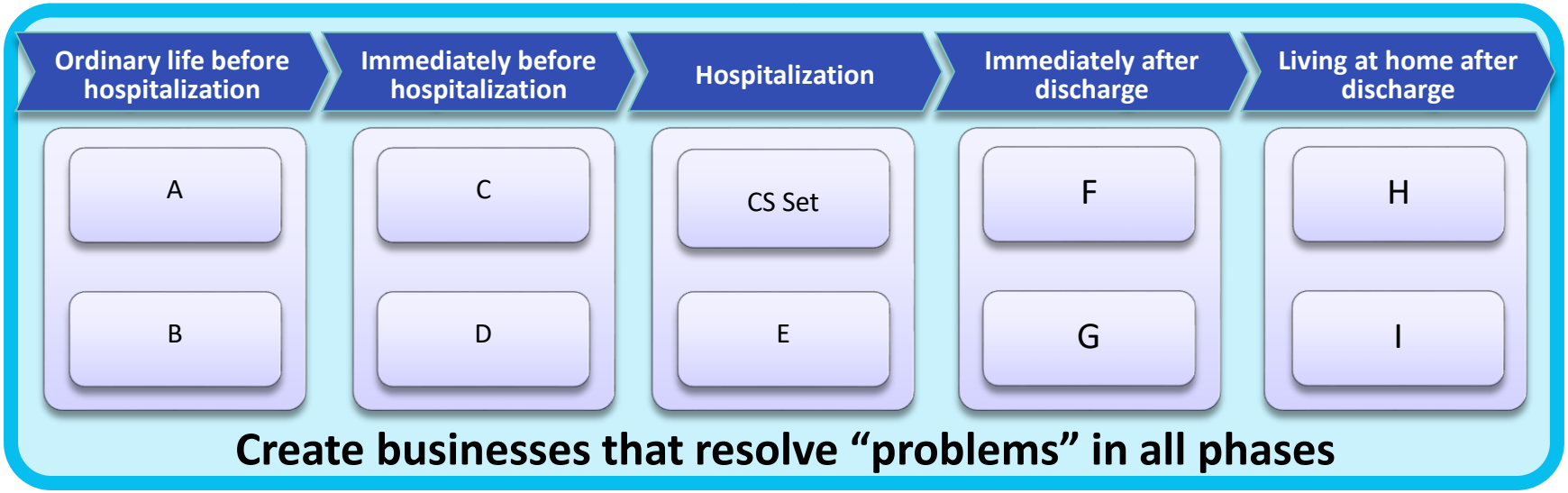


(1) Shift to a company with an audit and supervisory committee
(2) Appointment of female outside director
(3) Introduction of "Nomination & Compensation Committee," an arbitrary advisory body
(4) Implementation of viability evaluation of the board of directors
(5) Introduction of executive officer system

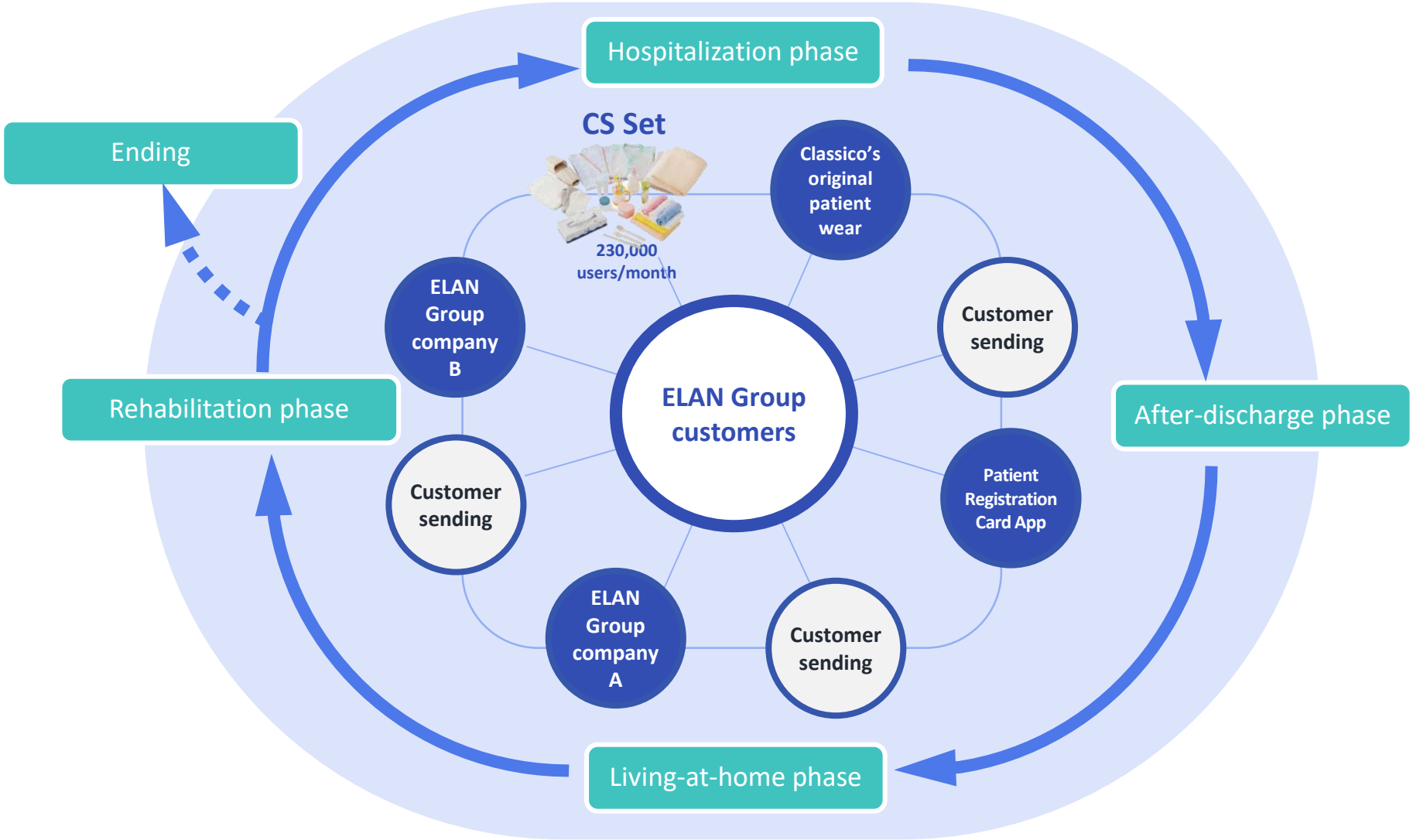
<Current> CS Sets make it a business to address “problems” during hospitalization



<After Three Years>



ELAN Group creates a platform for patients and their families.



Business Segments and Visions for the Next Three Years

ELAN

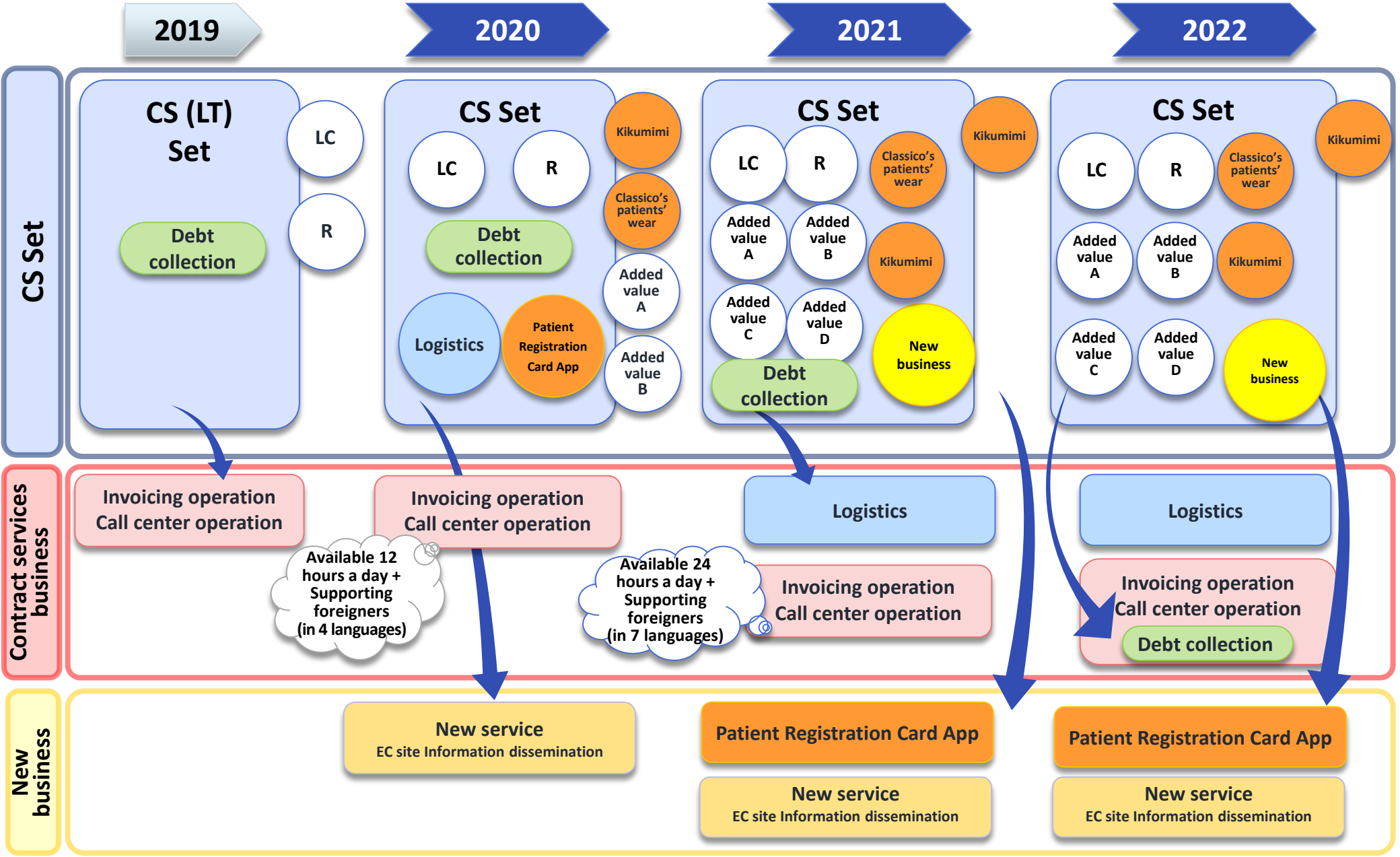
Expand business after dividing a single segment into multiple segments

CS Set business	**Expand acceptance of the CS Set business in Japan and start overseas operations** Provide original products as well as the CS Set R and CS Set LC and increase their added value to be accepted more widely
[Business vision]	**Aim for 20% or higher penetration rate in the target market by differentiating the CS Set from competitors' services**

Contract services business	**Launch and expand contract services business for hospitalization set-related work** Receive contracts for individual invoicing, debt collection, call center, logistics and other operations from other companies
[Business vision]	**Grow contract services business for hospitalization set-related work of other companies into a new earnings pillar**

New business	**New businesses that resolve "problems" in the healthcare field** Develop several new businesses that will not only provide services during the hospital stay but also resolve inconvenience before and after hospitalization
[Business vision]	**Develop several new businesses, including overseas operations, that will become a new earnings pillar**

Transformation of Businesses (3-Year Plan)



Vision in Numbers

ELAN

Aim for consolidated net sales of 38.0 billion yen in fiscal 2022

	2019 (Results)	2020 (Revised plan)	2022 (Planned)
Net sales	21.5 billion yen	25.0 billion yen	38.0 billion yen
Operating profit	1.49 billion yen	1.8 billion yen	3.0 billion yen
Operating profit margin	6.9%	7.2%	8.0%
Penetration rate of the target market	10%	12%	20%
Domestic base	20 bases	21 bases	23 bases
	Opened Shizuoka Branch Opened Hakodate Sales Office Started overseas research	Open Okinawa Branch Continue overseas research	Open more bases Start overseas operations

Medium-Term Management Vision for 2020 to 2022

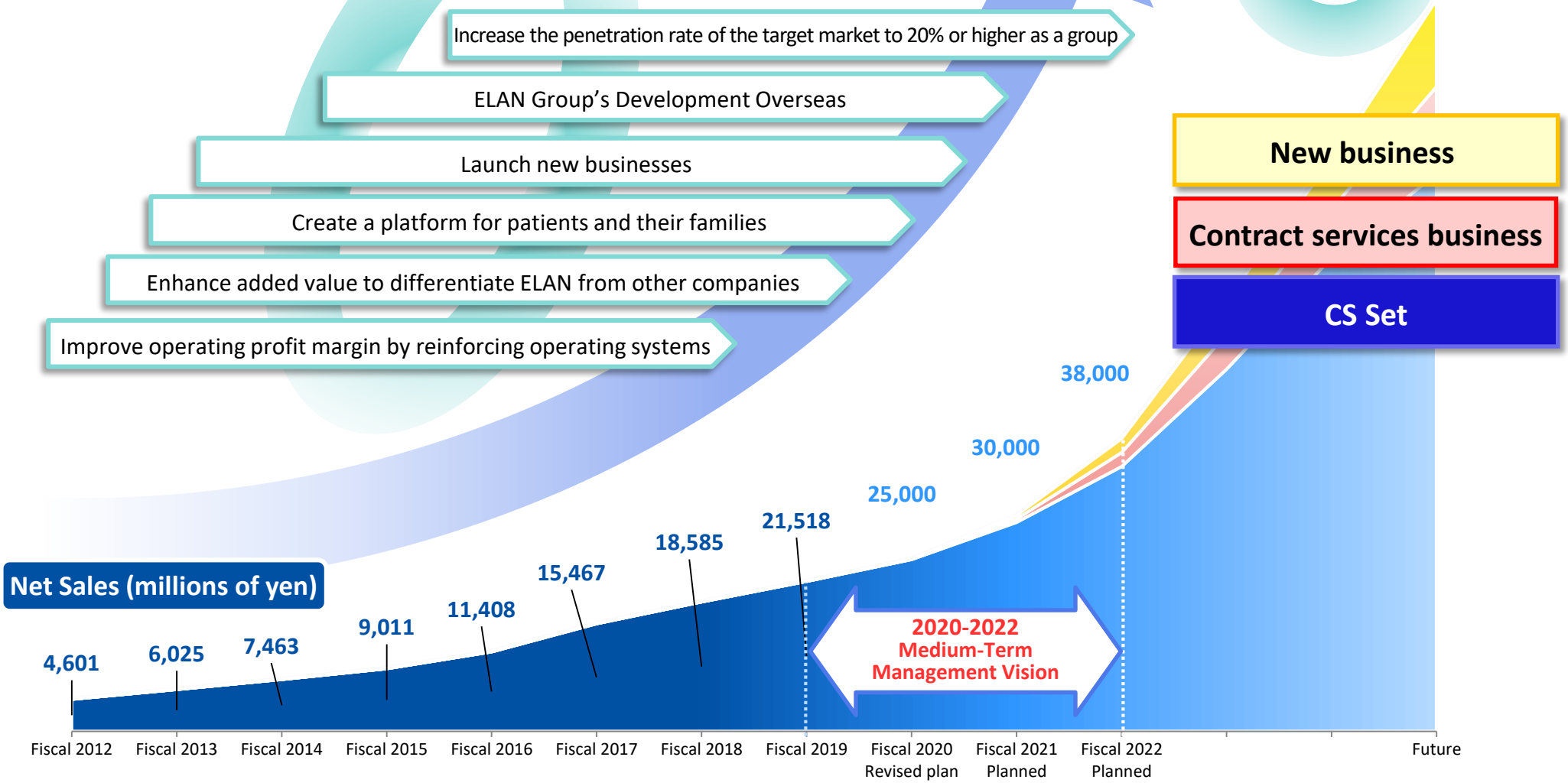
Illustrative Description of Growth Through Further Expansion

ELAN

Initiatives for Growth

- Increase the penetration rate of the target market to 20% or higher as a group
- ELAN Group's Development Overseas
- 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



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

4. Reference Materials (Including Business Descriptions)

Bringing smiles to your hospital/elderly facility stay

ELAN

ELAN Corporation

Introduction of Our Product: What is the CS Set?

The CS Set allows people to start hospitalization and end a hospital stay 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 yen × 7 days = 3,500 yen

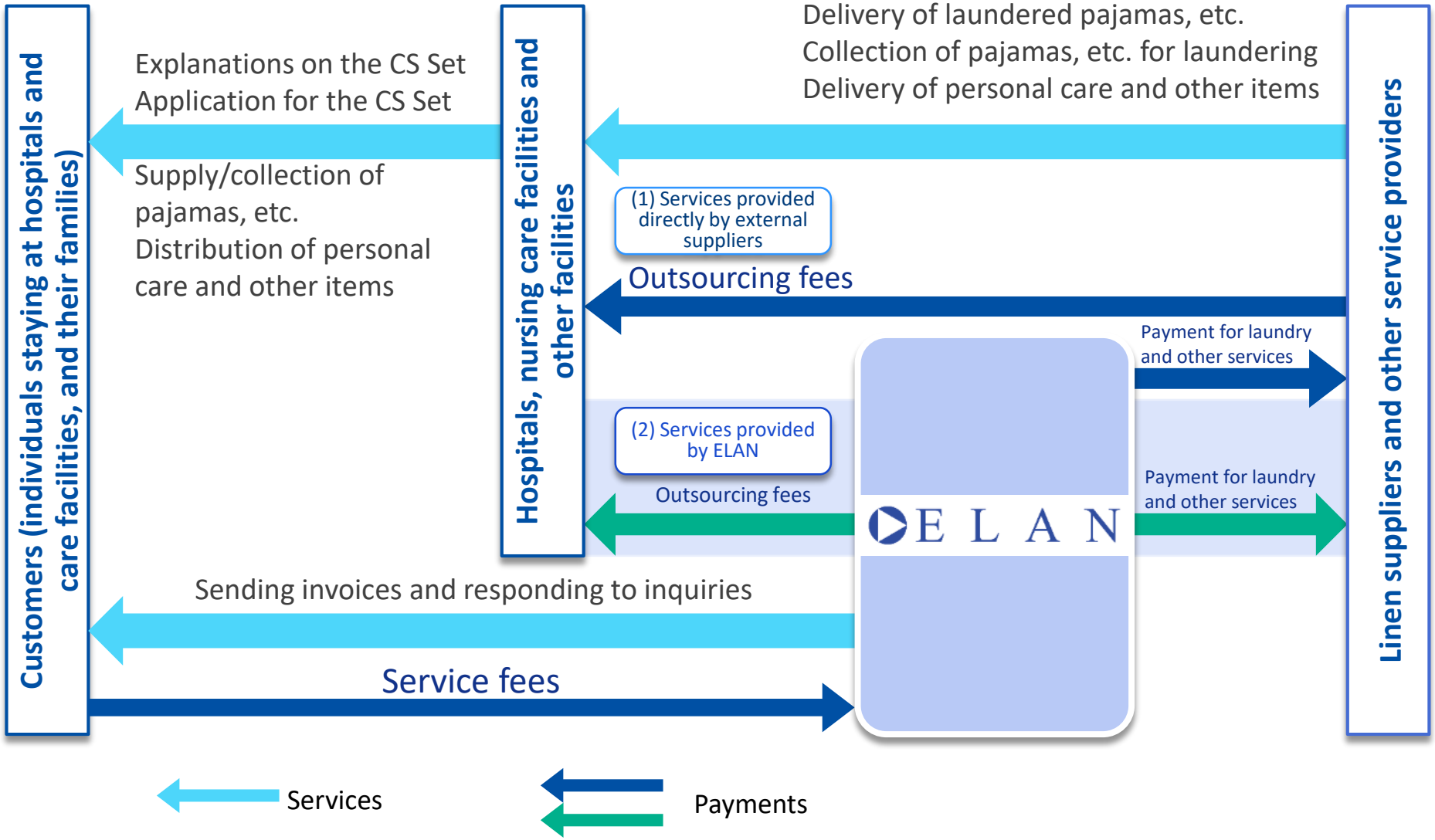
Personal care items

Towels

Clothing

Business Model

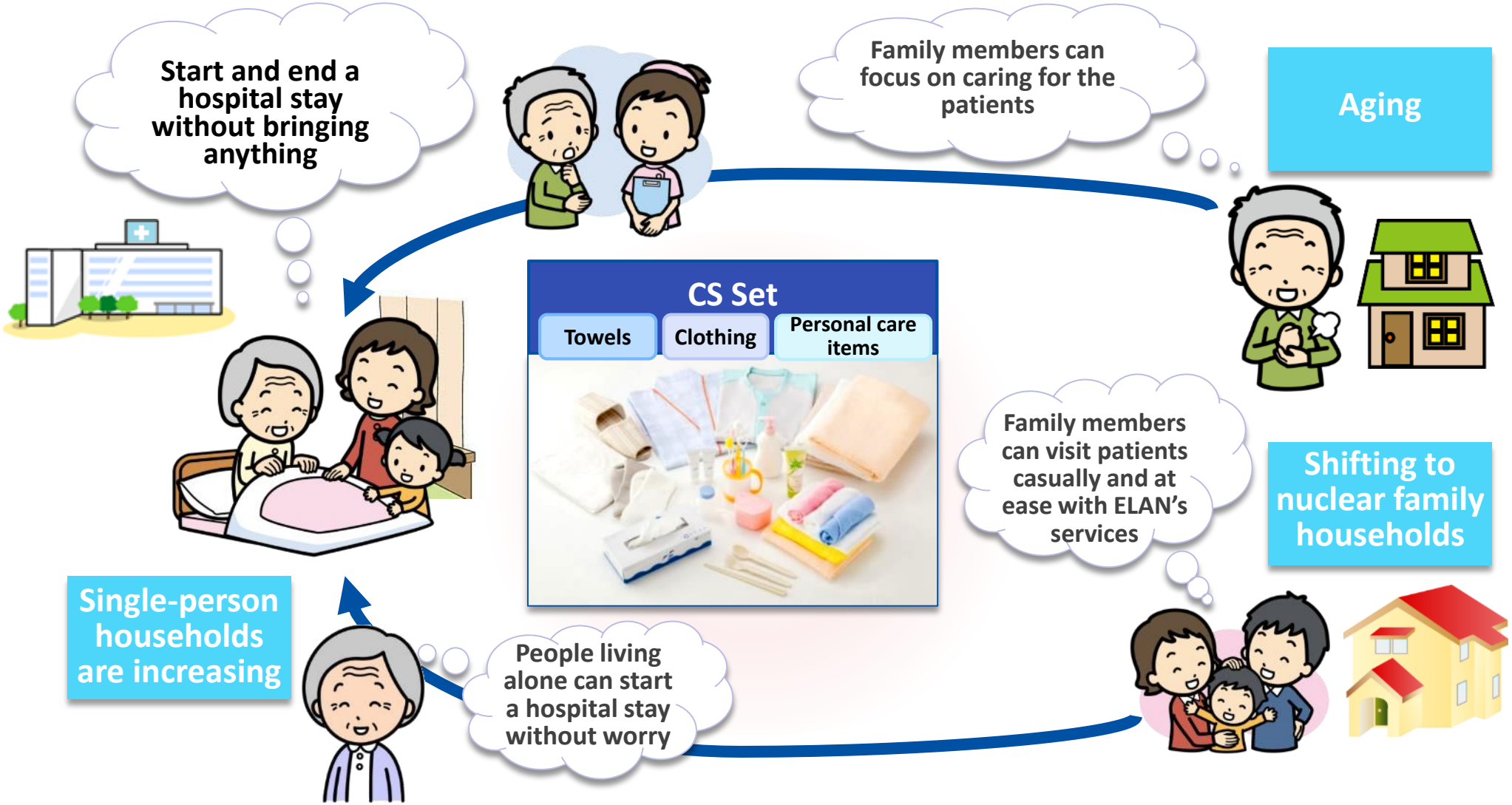
For (1) services provided directly by external suppliers and (2) services provided by ELAN, the roles of all parties involved are the same; only the contract format is different.



The CS Set Eliminates the Worries of Patients and Family Members

ELAN

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



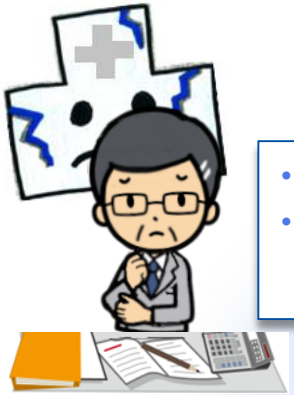
Many advantages for the nursing and care frontlines

Resolves problems for hospitals and nursing care facilities

Chronic labor shortage

Hygiene problems

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

ELAN

ELAN has pioneered the hospitalization support set business in an organized fashion

Three factors that have enabled ELAN, the pioneer, to predominantly lead the late starters

1 Know-how

- Ability to determine where the profitability threshold stands
- 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**

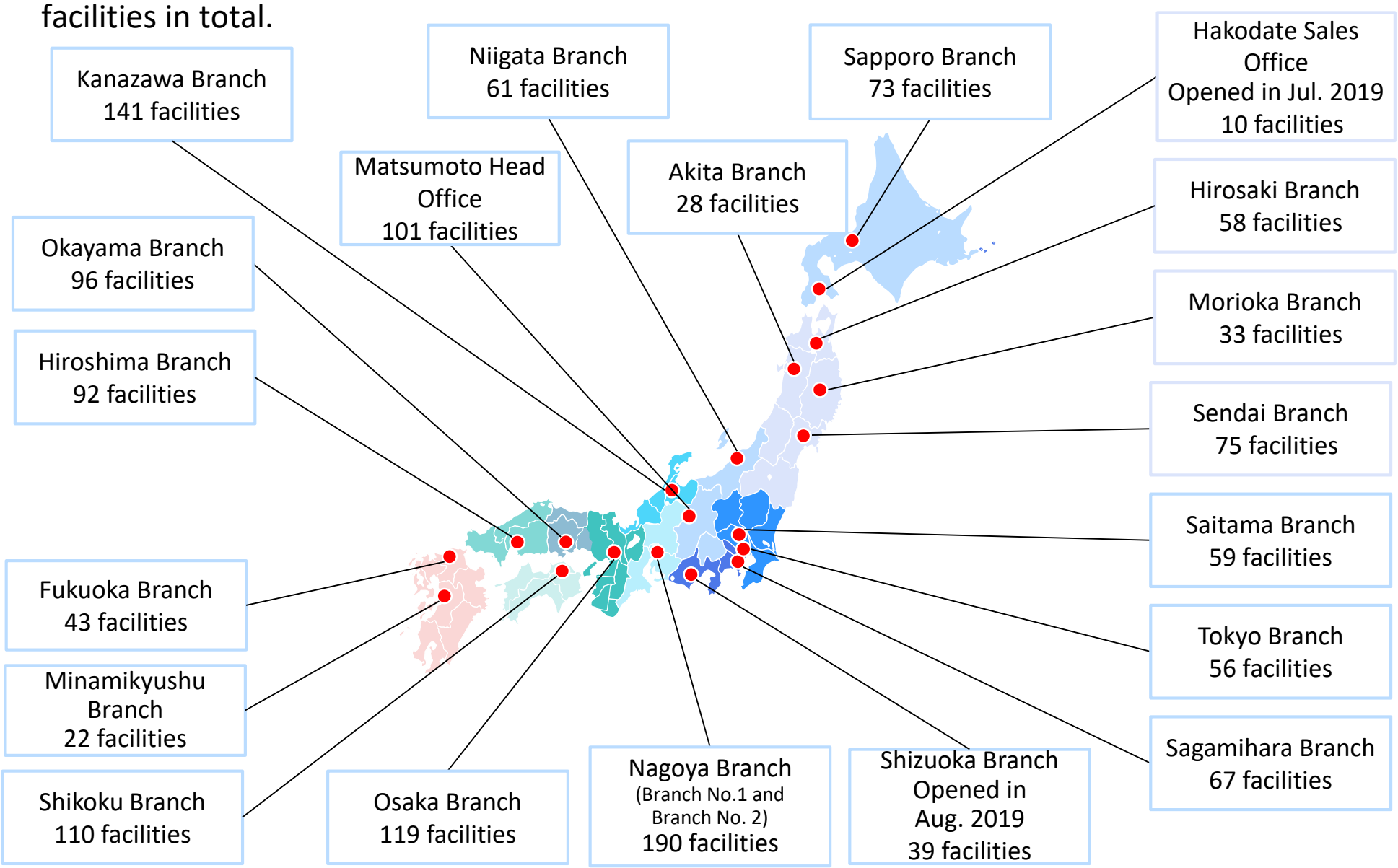
3 Positioning

- ELAN stands independent and **open** without being affiliated by any corporate group

ELAN's Operating Bases and Number of Contracted Facilities Throughout Japan (as of June 30, 2020)

ELAN

✓ The number of contracted facilities is increasing steadily throughout Japan, reaching 1,473 facilities in total.



ELAN Service Corporation

ELAN Corporation's individual invoicing and customer support departments relating to the CS Set spun off to form a company:

ELAN Service Corporation started operations

Built on the strengths of know-how in individual invoicing and customer support operations relating to the CS Set, ELAN Service works to improve customer satisfaction in an effort to further enhance productivity and added value.

✓ **ELAN Service launched operations after establishing an independent management structure and business operation structure**

An operating company specialized in individual invoicing and customer support operations

For better customer satisfaction

Responding to inquiries in foreign languages
- English・Mandarin Chinese
- Korean・Portuguese

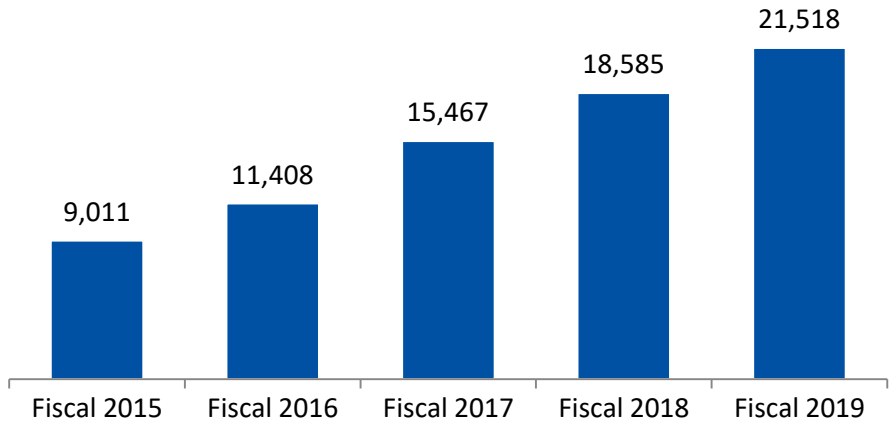
Accepting application from smartphones or PCs

Opening a portal website dedicated for users

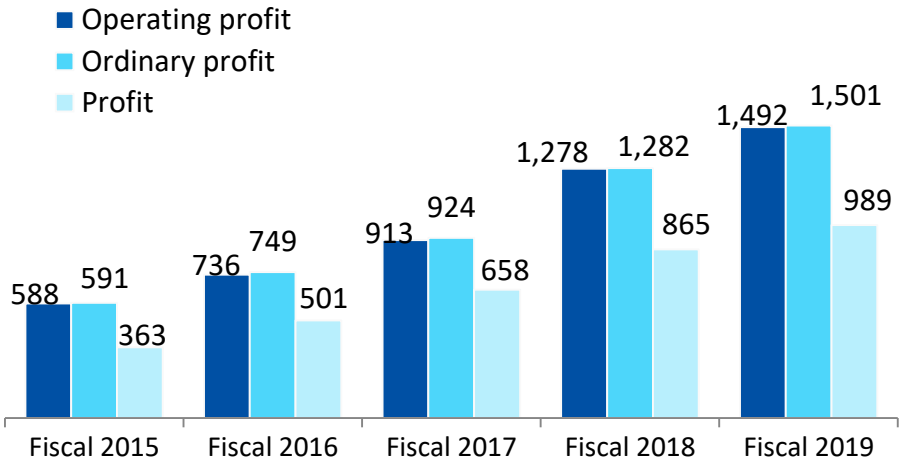
Payment for invoices by credit card, etc.

Fact Sheet (1)

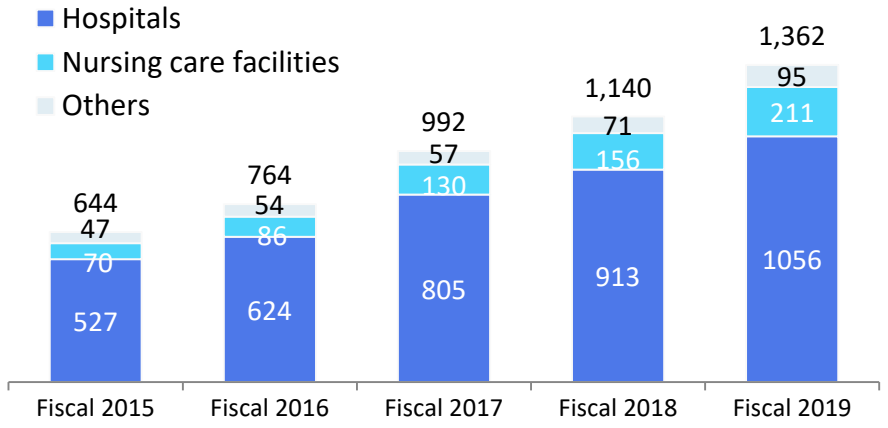
Change in Net Sales (millions of yen)



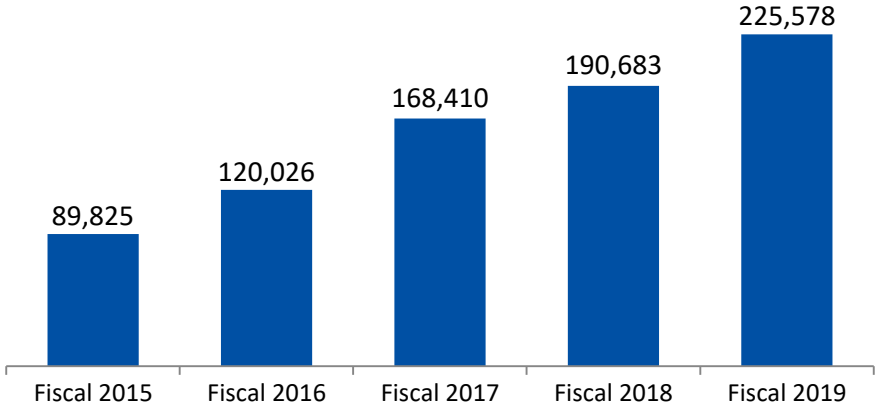
Change in Profits (millions of yen)



Change in Number of Contracted Facilities



Change in Number of Monthly Users (people)

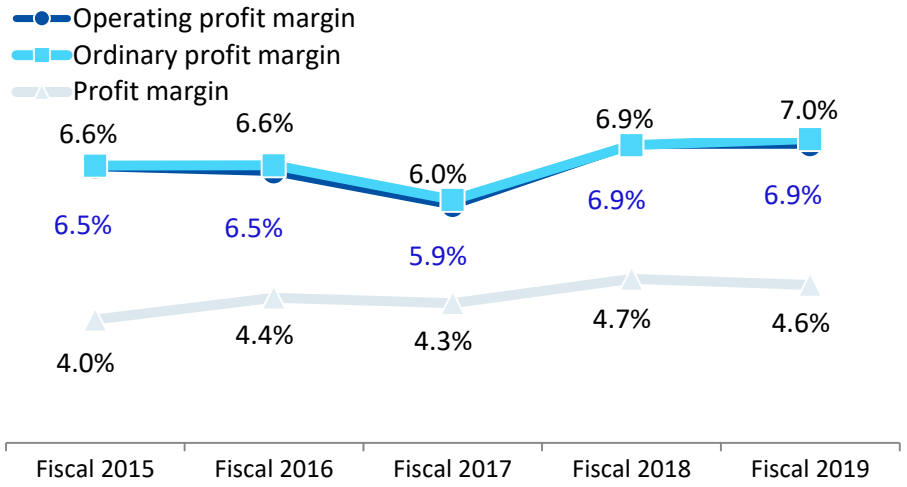


(Note) The figures are on a non-consolidated basis through fiscal 2016 and on a consolidated basis for fiscal 2017 and thereafter.

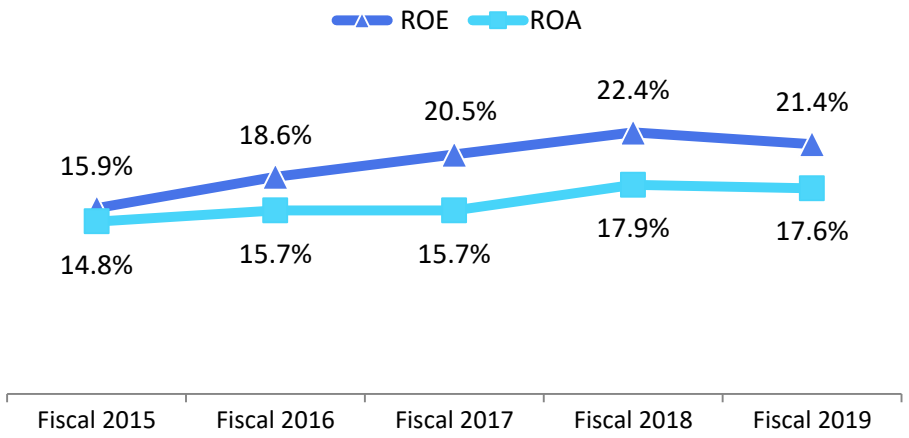
Fact Sheet (2)

ELAN

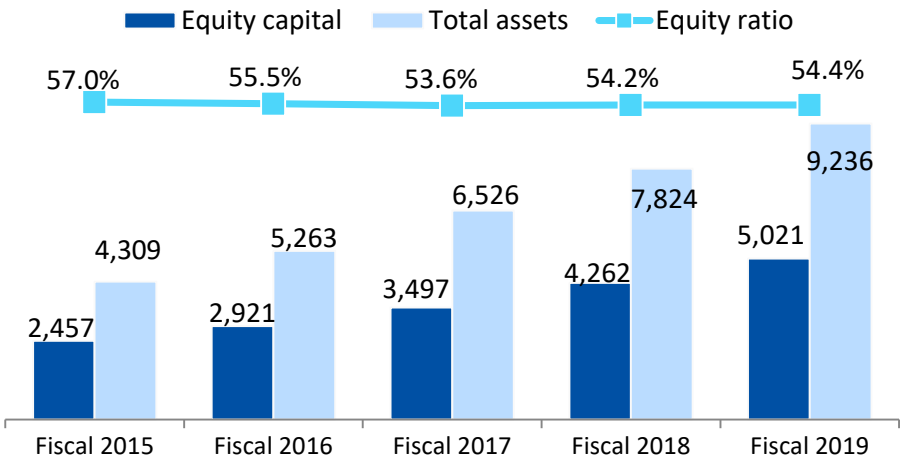
Change in Profit Margins



Change in ROE and ROA

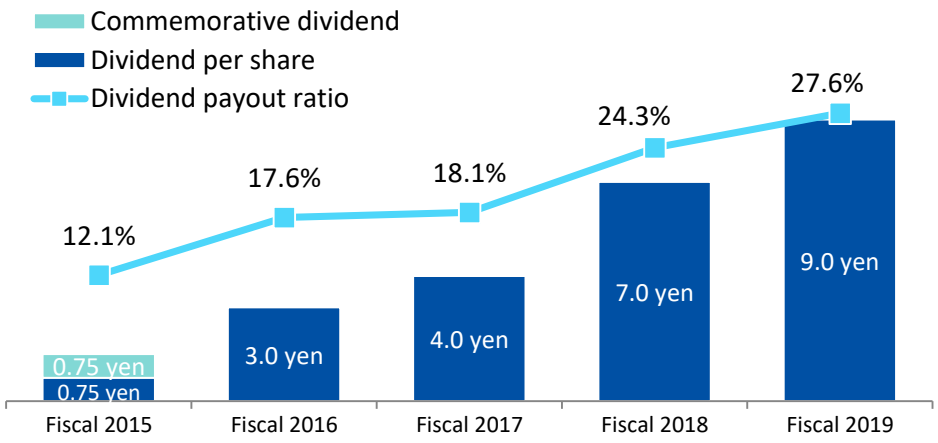


Change in Total Assets, Equity Capital, and Equity Ratio (millions of yen)



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

Change in Dividend per Share and Dividend Payout Ratio



(Note) Dividend per share has been retroactively adjusted to reflect the 2-for-1 stock split on July 1, 2015, the 2-for-1 stock split on October 1, 2017, and the 2-for-1 stock split on January 1, 2019.

[Disclaimer]

This material has been prepared by ELAN Corporation.

This material includes forward-looking statements such as strategies and outlooks.
These statements are based on the judgments of ELAN at the time this material was prepared (August 24, 2020), 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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