

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

Bringing smiles to your
hospital/elderly facility stay



Operating Results for the First Quarter of Fiscal 2021 Ended March 31, 2021

ELAN Corporation

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

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

Since the media report last January, our company has provided necessary services to accommodate intentions and policies of medical institutions while also reminding all our employees to take measures for prevention of the spread and implementing off-peak commuting, teleworking, etc.

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

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1. Business model introduction



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

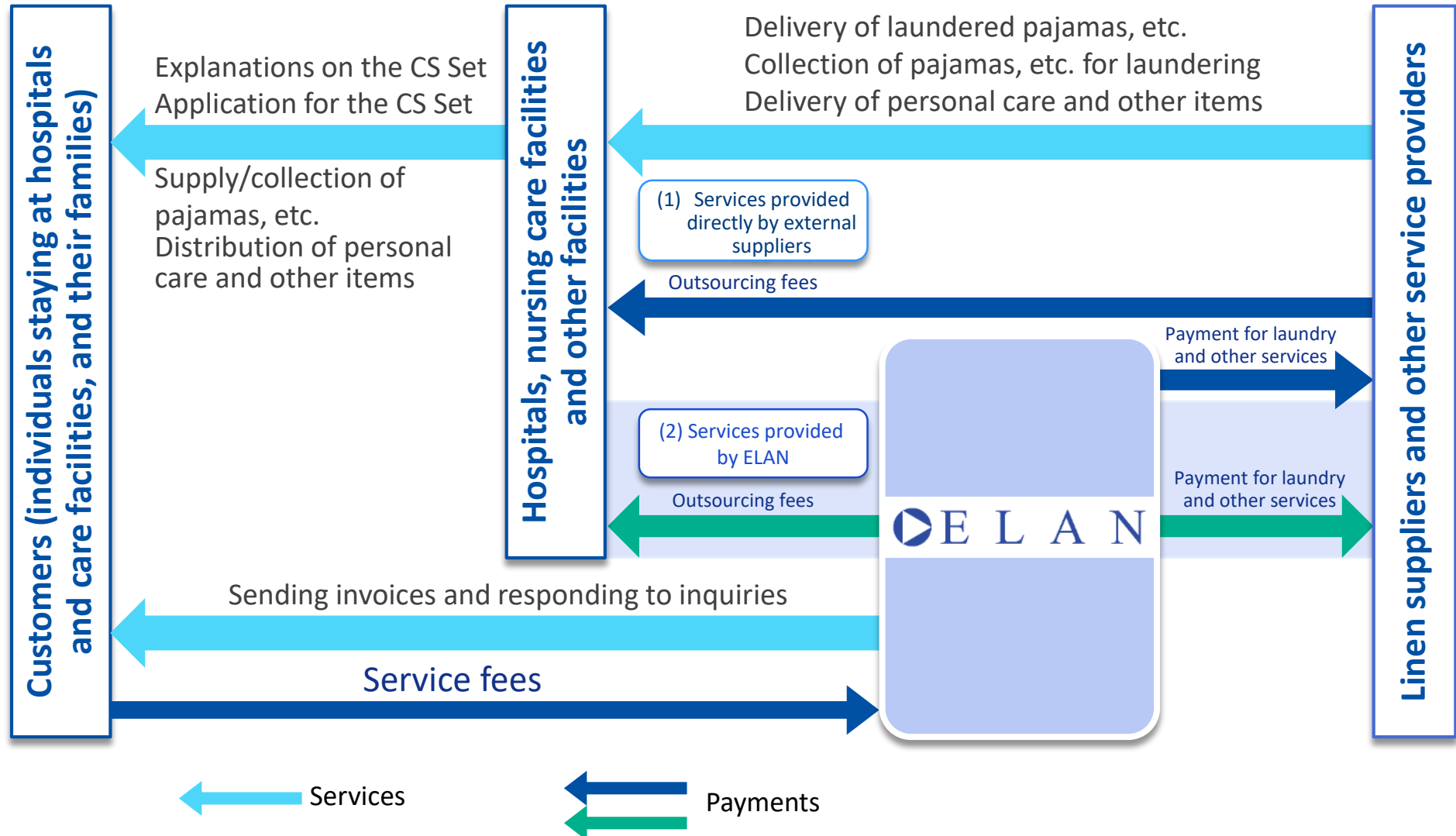
Note: The daily fees shown below are for reference.

	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		

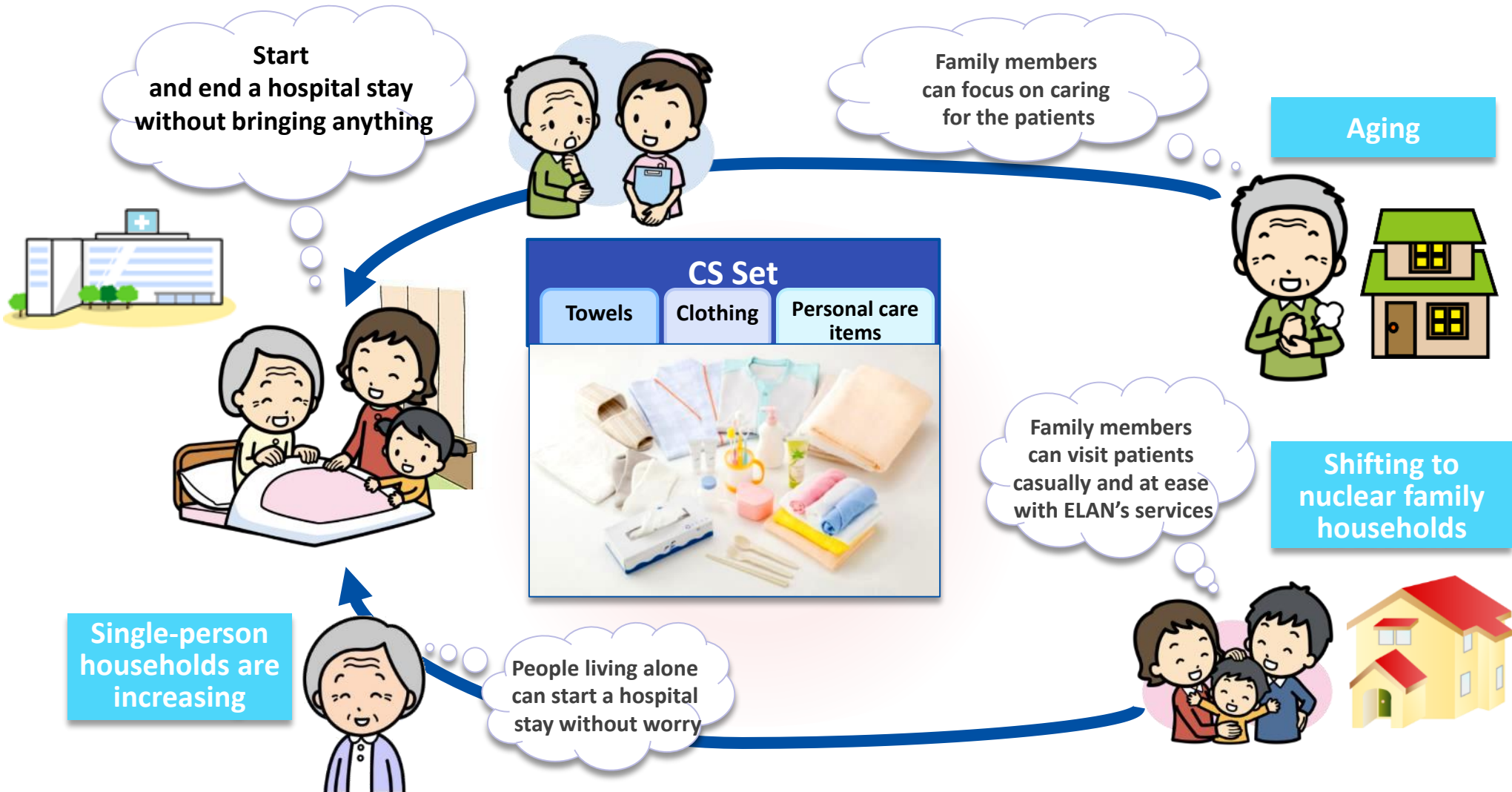
(Example) Seven-day hospital stay under Plan B
500 yen × 7 days = 3,500 yen



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



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



Many advantages for the nursing and care frontlines

Solves problems for hospitals and nursing care facilities



The staff can now focus on their nursing and care duties!

Chronic labor shortage

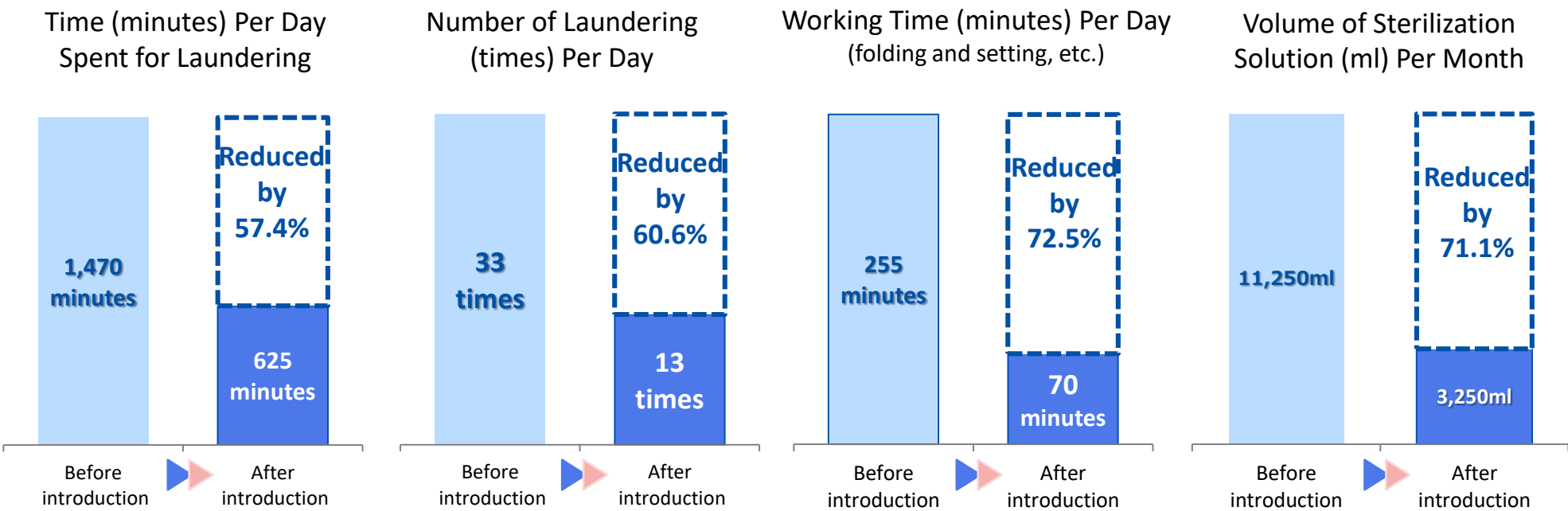
Hygiene problems



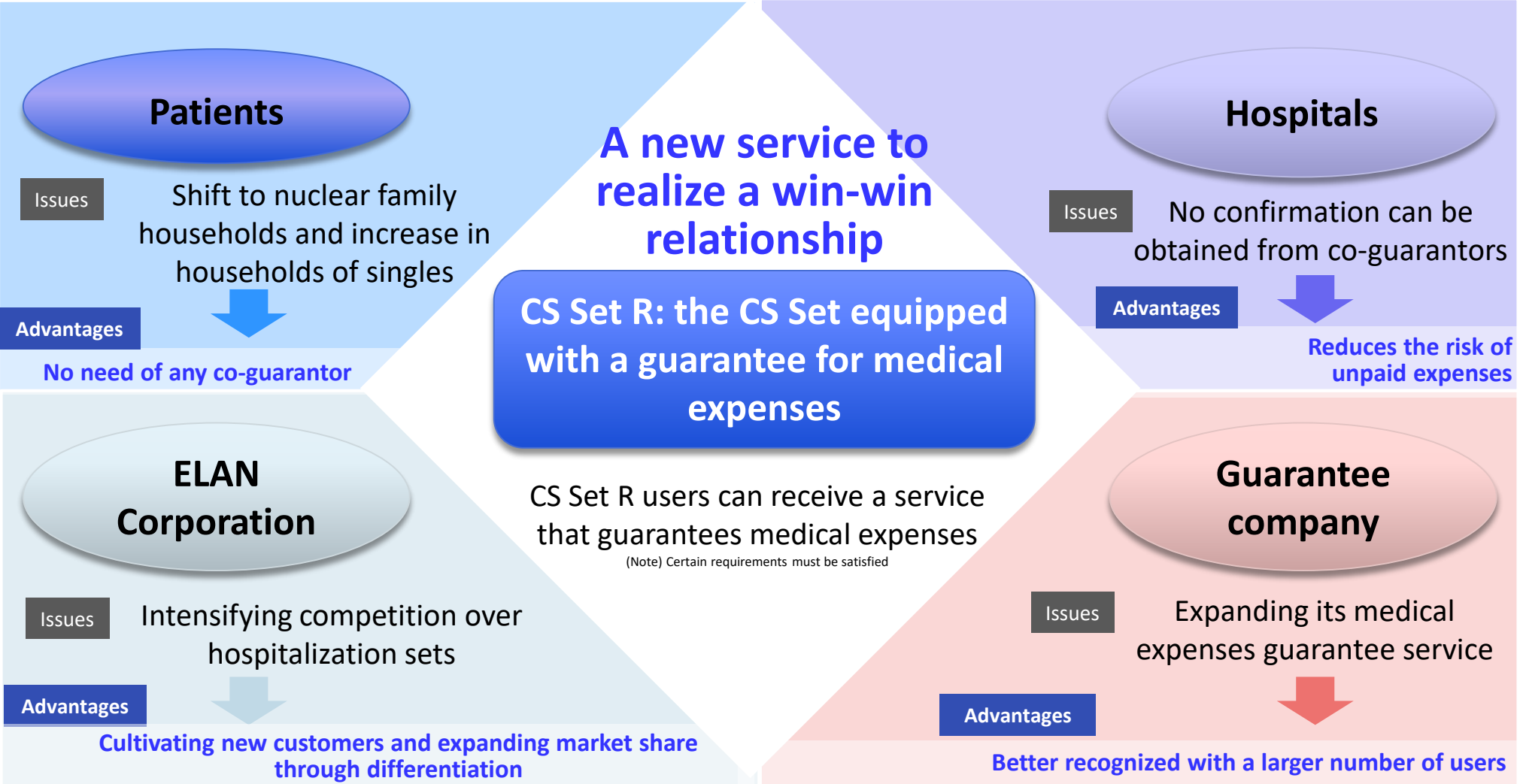
Significant saving of time and labor
The staff can focus on their nursing and care duties

Effects of Introducing the CS Set: A Case Example

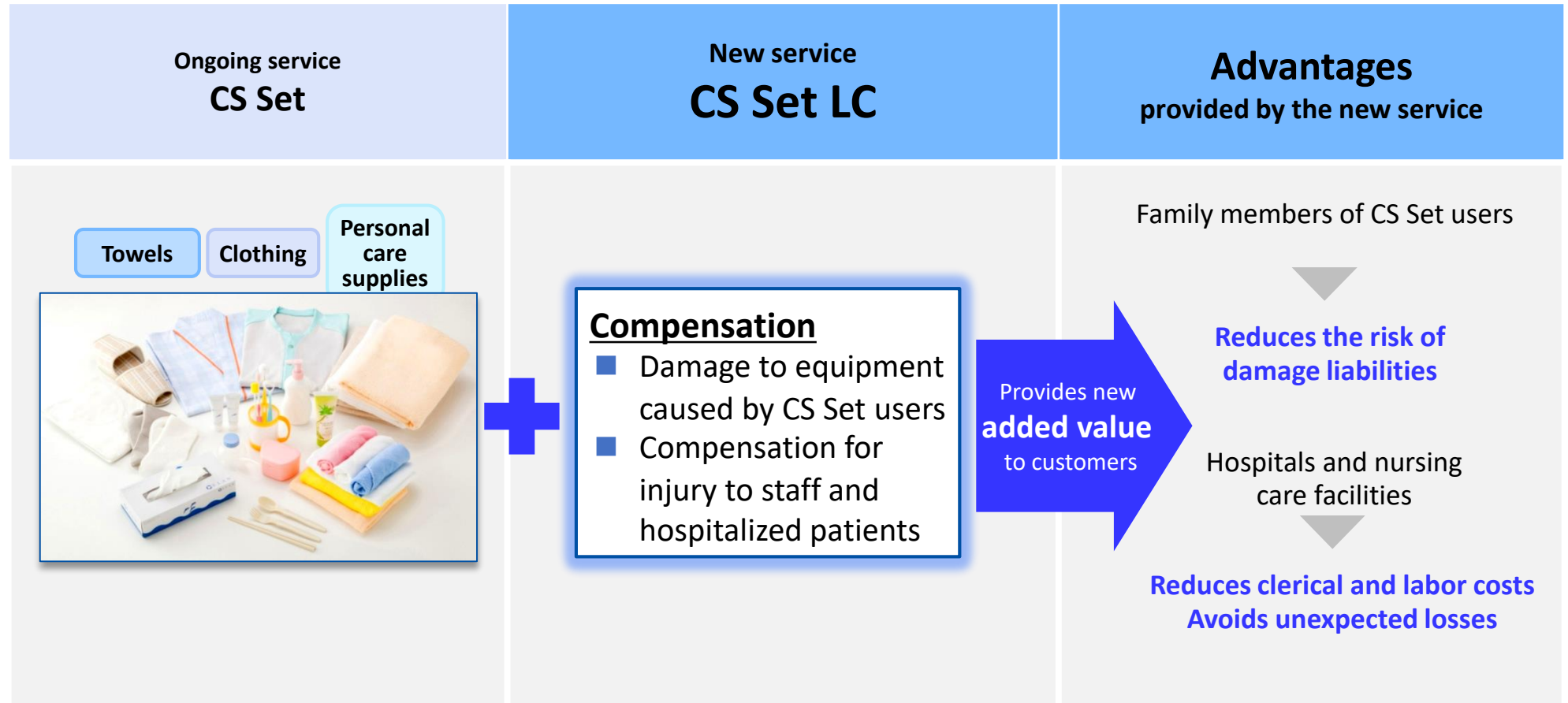
For using towels and mealtime aprons at a hospital with 250 beds



*Figures represent accumulated total values for 6 hospitals.



CS Set automatically equipped with a service to compensate damage accidents caused by patients using the CS Set



- 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 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

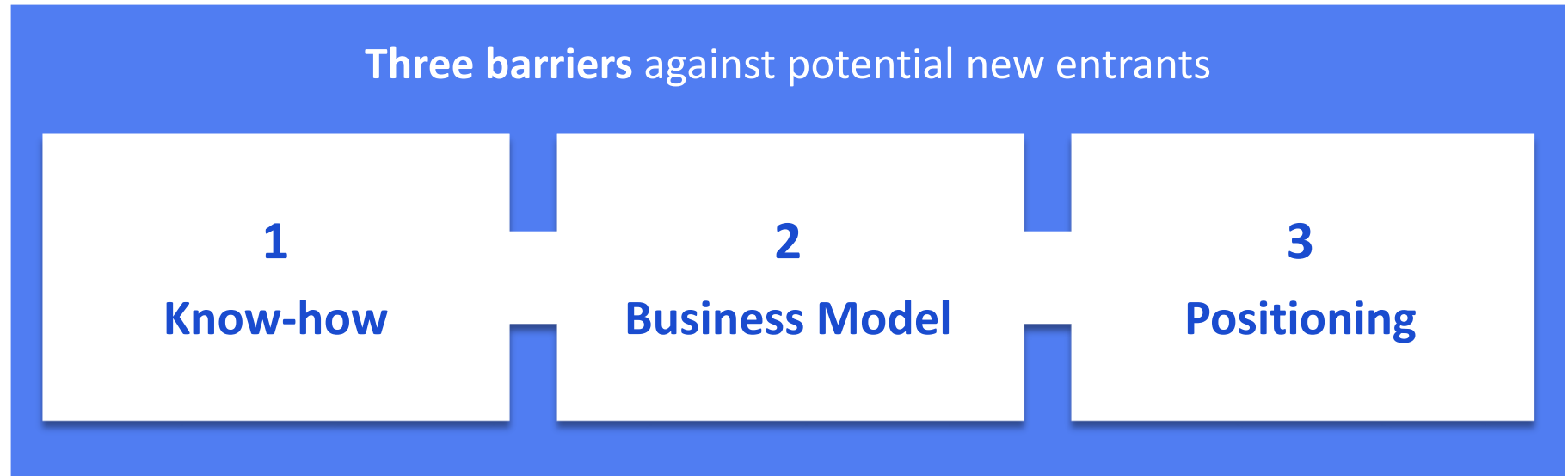
- A business model built on ongoing business relationships with partners to **achieve mutual success**

3

Positioning

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

Barriers to entry appear to be low but are actually high



Build **even higher barriers** against potential new entrants by accumulating know-how and firmly establishing our position in the industry

2. Operating Results for the First quarter of Fiscal 2021



Results for First quarter of Fiscal 2021

Suppression of new sales activities, increase of users of existing facilities, and control of activity expenses continued from the previous fiscal year, resulting in higher sales and profits.

Net sales

7,523 million yen
(YoY+25.7%)

Operating profit

731 million yen
(YoY+46.8%)

Ordinary profit

739 million yen
(YoY+46.2%)

Profit

507 million yen
(YoY+49.0%)

Number of contracted facilities

1,627 facilities

New contract +53/cancellation40(26 of them are in the same group)

Number of monthly users

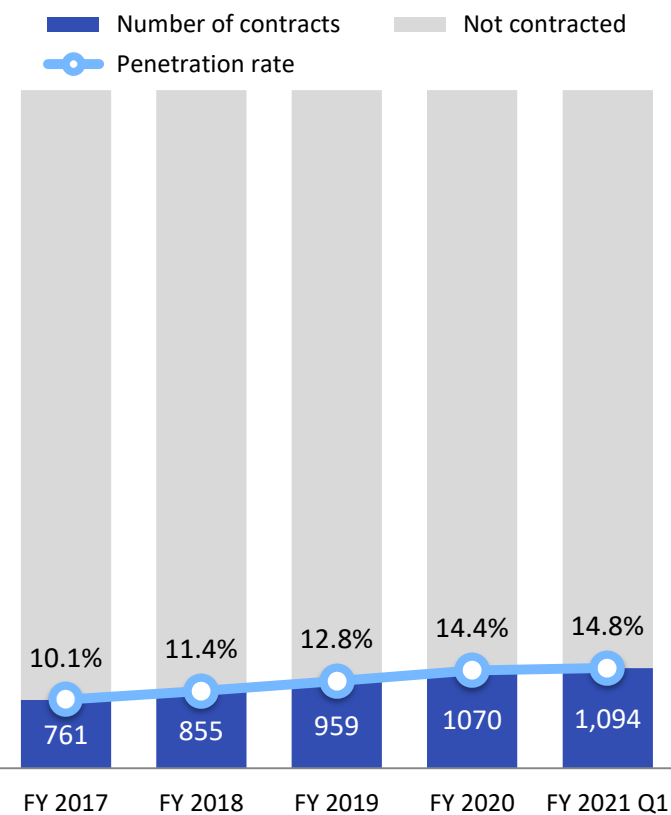
293,899 people

From the previous quarter +10,344people

Change in Penetration Rates of Facilities

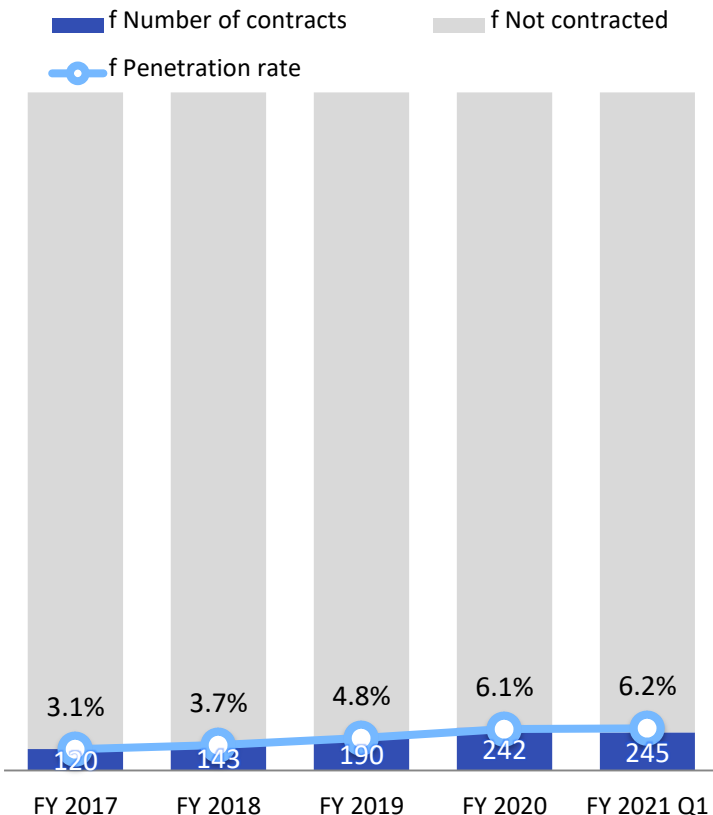
- With the number of contracted hospitals exceeding 1,000, the penetration rate has reached **14.8%** and entered a phase of wider public acceptance.
- With the number of contracted senior nursing care facilities exceeding 200, the penetration rate has reached **6.2%.**

Penetration Rate of Hospitals
(with 50 or more beds)



ELAN's target is **7,413** facilities

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

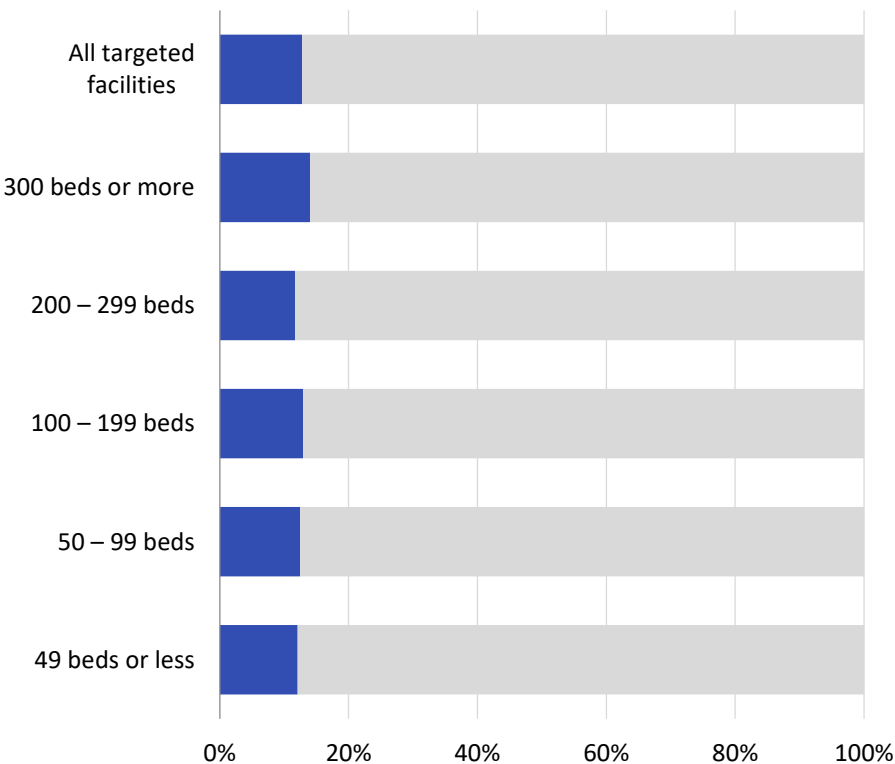


ELAN's target is **3,976** facilities

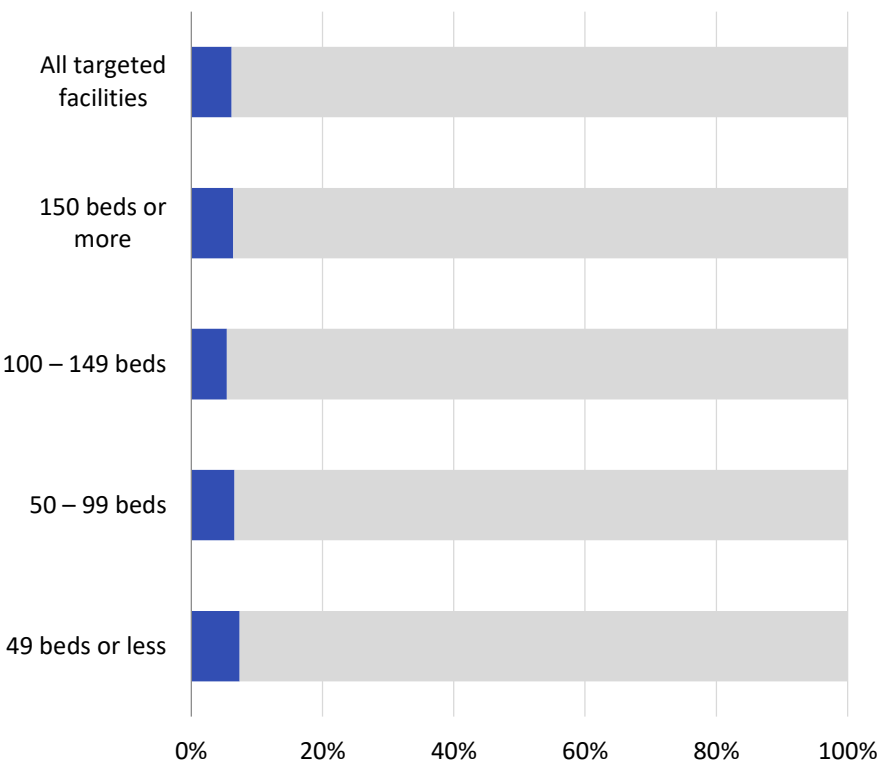
* Prepared by ELAN in reference to the survey results of Survey of Medical Facilities 2019 and Survey of Institutions and Establishments for Long-term Care 2019 by Ministry of Health, Labor and Welfare.

■ There is little difference in the penetration rate by number of beds in both hospitals and senior nursing care facilities, and contracts have been concluded evenly.

**Penetration Rate of Targeted Hospitals
by Number of Beds**



**Penetration Rate of Targeted Senior Nursing Care
Facilities by Number of Beds**



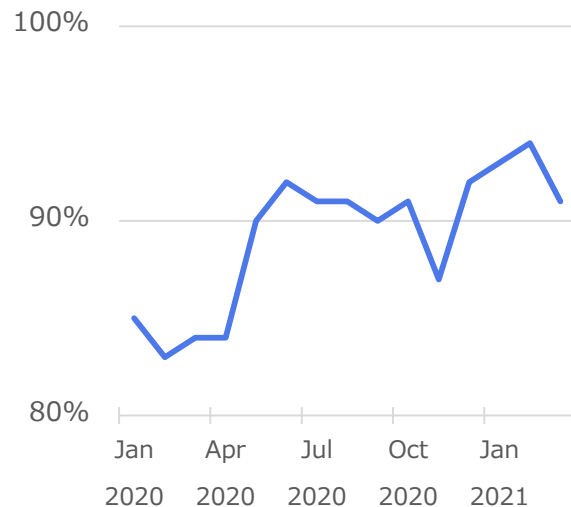
*1 The blue parts of the charts above represent the penetration rate of our services.
*2 Prepared by ELAN in reference to the survey results of Survey of Medical Facilities 2019 and Survey of Institutions and Establishments for Long-term Care 2019 by Ministry of Health, Labor and Welfare.

Mounting needs for CS Set under the COVID-19 pandemic

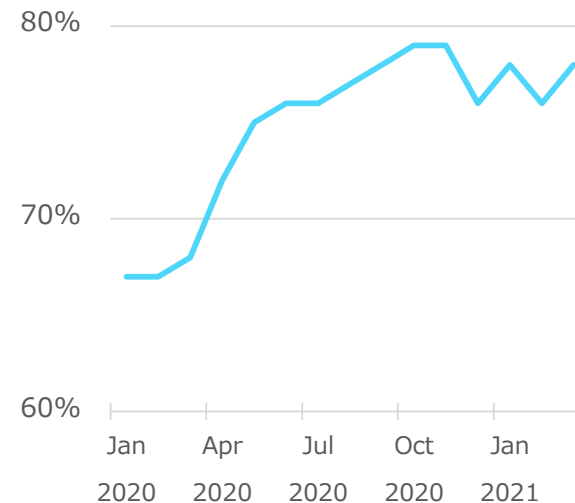
Restricted visitation due to COVID-19

- ⇒ Higher percentage of CS set usage
- ⇒ Increase in sales at existing contracted hospitals (facilities)

Usage rate transition
General hospital A (about 180 beds)



Usage rate transition
Chronic hospital B (about 160 beds)



*Usage rate = Monthly total number of CS set ÷ Monthly total number of hospitalized patient

*Since the calculation is based only on the CS set (clothes, towels, etc.) without including the number of disposable diaper sets used, the usage rate may actually be higher than the graph value.

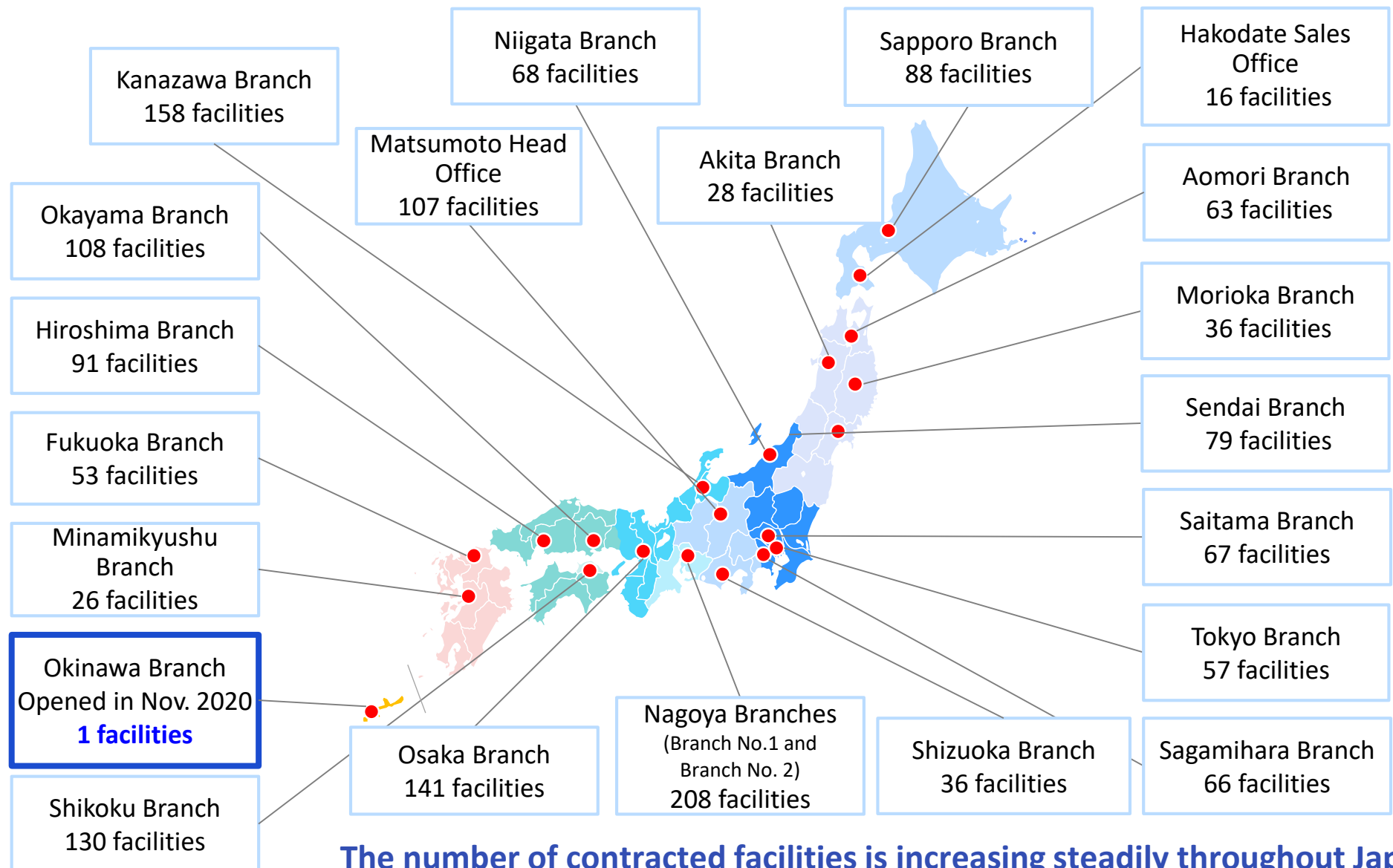
POINT

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.

The number of users is not expected to decrease after the COVID-19 pandemic.

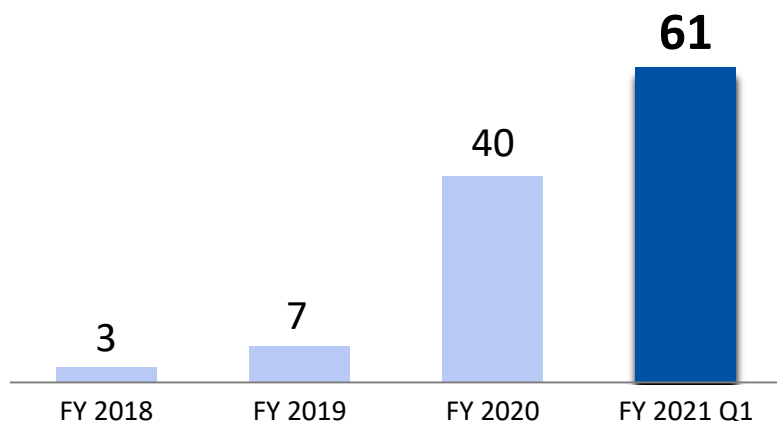
Okinawa Branch's first contract record



The number of contracted facilities is increasing steadily throughout Japan

R increased by **21** and LC increased by **8**, entering an expansion phase

Number of facilities contracts for CS Set R



Points of CS Set R

[Benefit from introduction]

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

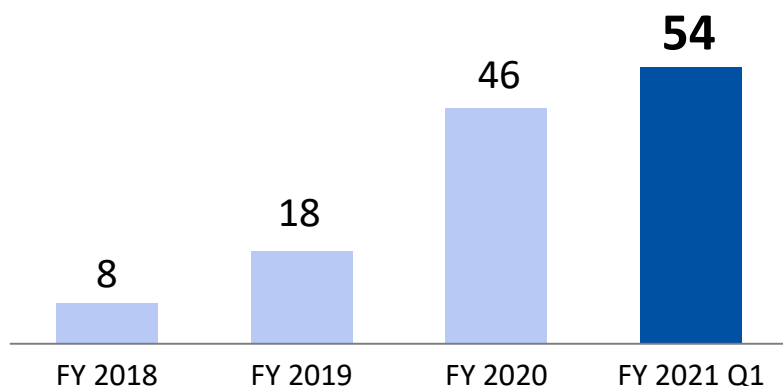
[Number of introductions]

There was an increase in the number of introductions toward the end of the year due to adding R from the initial phase of proposals from around April.

[Usage]

High usage ratio of the services is realized in general.

Number of facilities contracts for CS Set LC



Points of CS Set LC

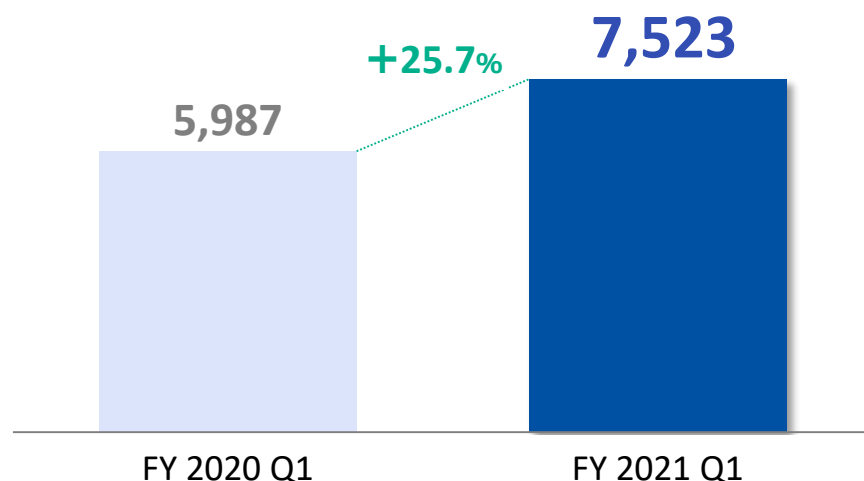
[Benefit from introduction]

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

[Actual case examples for compensation]

- Clogged the toilet by flushing a foreign object.
- Tore the nurse call cable.
- Broke the glass on the door by accidentally hitting it with an umbrella.

Net sales (millions of yen)



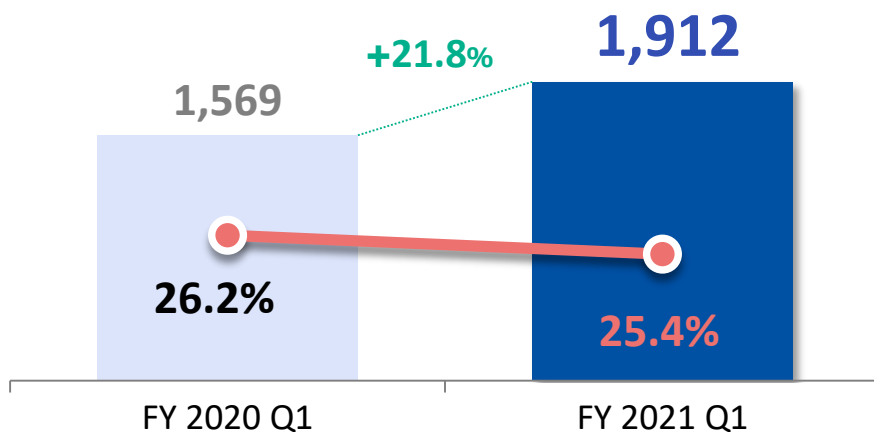
Year on year **+1,536** million yen

+244 facilities

Number of new contract facilities for CS set

• FY 2020 Q1 : **33** → FY 2021 Q1 : **53**

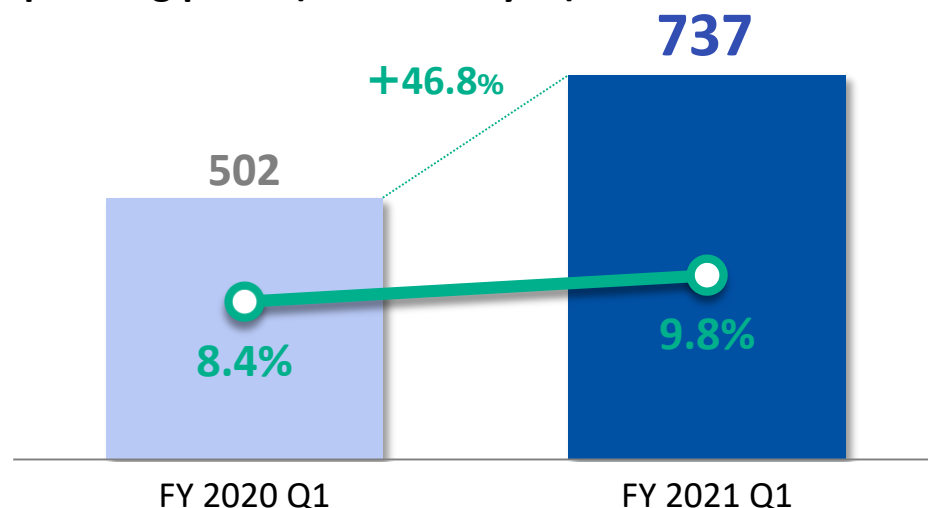
Gross profit (millions of yen)



Year on year **+342** million yen

Gross profit margin was **-0.8%** year-over-year basis due in part to increased initial cost due to number of new acquisitions

Operating profit (millions of yen)

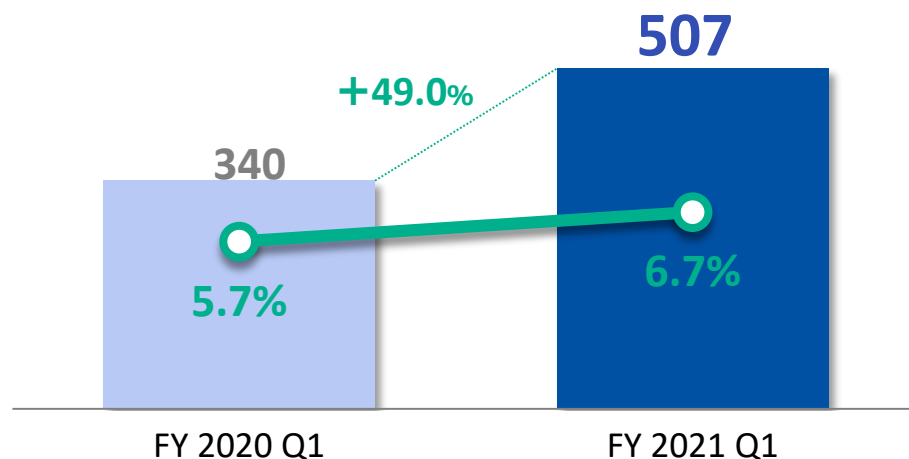


Year on year **+234** million yen

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

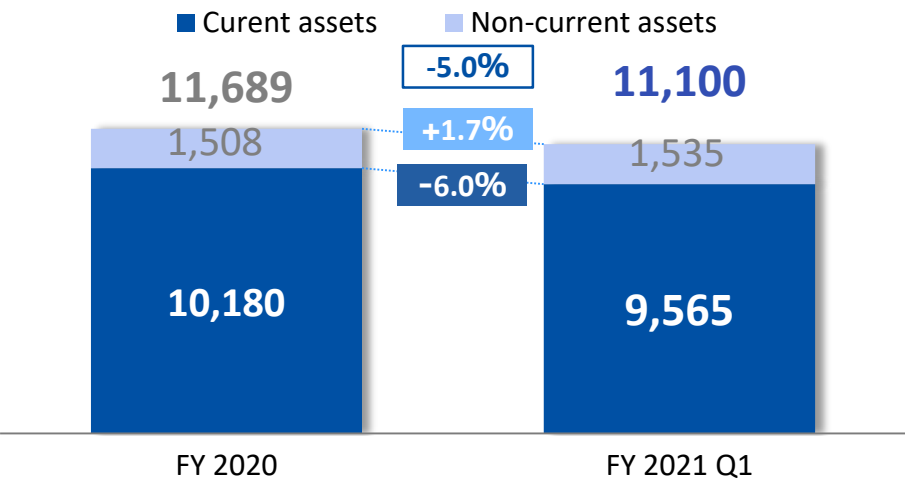
Operating profit (year on year) **+1.4%**

Profit attributable to owners of parent (millions of yen)



Year on year **+166** million yen

Assets (millions of yen)

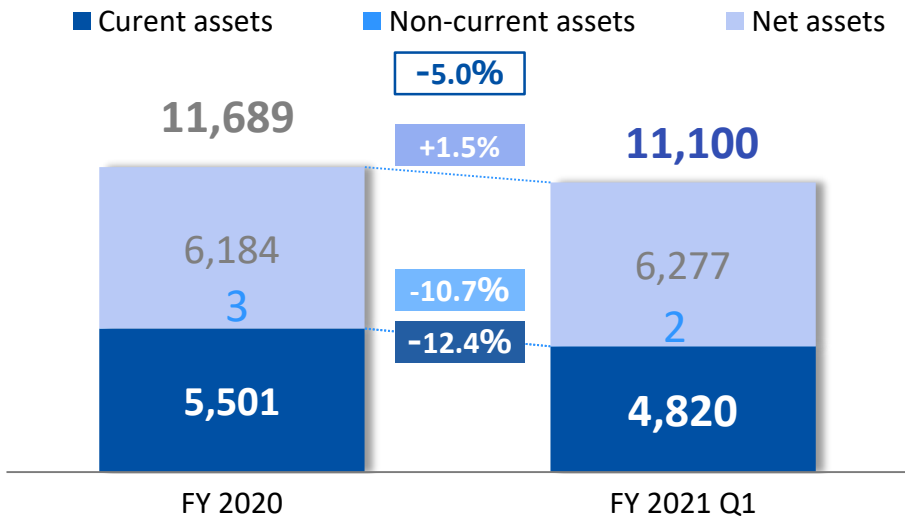


Total assets Comparison with the end of the previous fiscal year

-588 million yen

Cash and deposits due to corporate tax payment, etc.
-487 million yen

Liabilities/net assets (millions of yen)



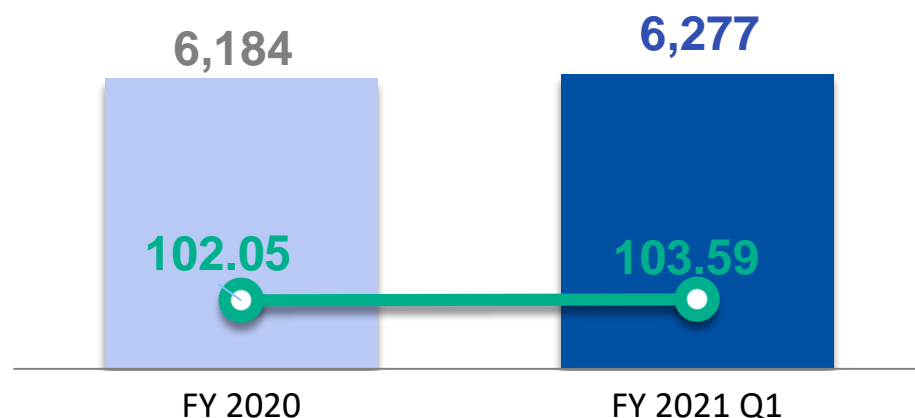
Total liabilities Comparison with the end of the previous fiscal year

-681 million yen

Loans **None**

Net assets (millions of yen)

Net assets per share(yen)



Net assets Comparison with the end of the previous fiscal year

+93 million yen

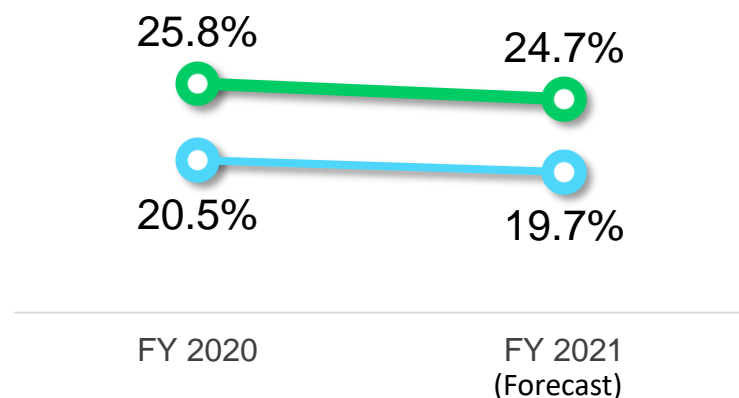
BPS FY 2020: 102.05 yen

→ FY 2021 Q1 : 103.59 yen (+1.5%)

(Note) Net assets per share (BPS) has been retroactively revised to take into account the impact of the 2-for-1 stock split implemented on January 1, 2021.

ROA/ROE

ROE ROA



ROA

Comparison with the end of the previous fiscal year

-0.8%

* Liquidation ratio 198.4%

(185.0% in the previous fiscal year)

ROE

Comparison with the end of the previous fiscal year

-1.1%



Started hospitalization set for foreign tourists visiting Japan.

...Prepaid hospitalization sets are now available nationwide so that foreigners visiting Japan can be hospitalized with peace of mind while traveling.



Certified as a “Kurumin” company

... As an excellent company based on the Act on Promotion of Measures to Support Raising Next-Generation Children (Next-Generation Act), we have acquired the certification "Kurumin" by the Minister of Health, Labor and Welfare.



Became a team towel sponsor of Matsumoto Yamaga FC.

...Matsumoto Yamaga FC, a soccer team representing Matsumoto City, where the head office is located As an official sponsor, provide towels and perform maintenance such as washing have started.

3. Earnings forecast of Fiscal 2021



Forecast of Operating Results for Fiscal 2021

- Based on the 1Q results, the earnings forecasts for the first half and the full year will be revised upward, taking into account the impact of the delay in normalization of activities due to the new corona being longer than the initial forecast.

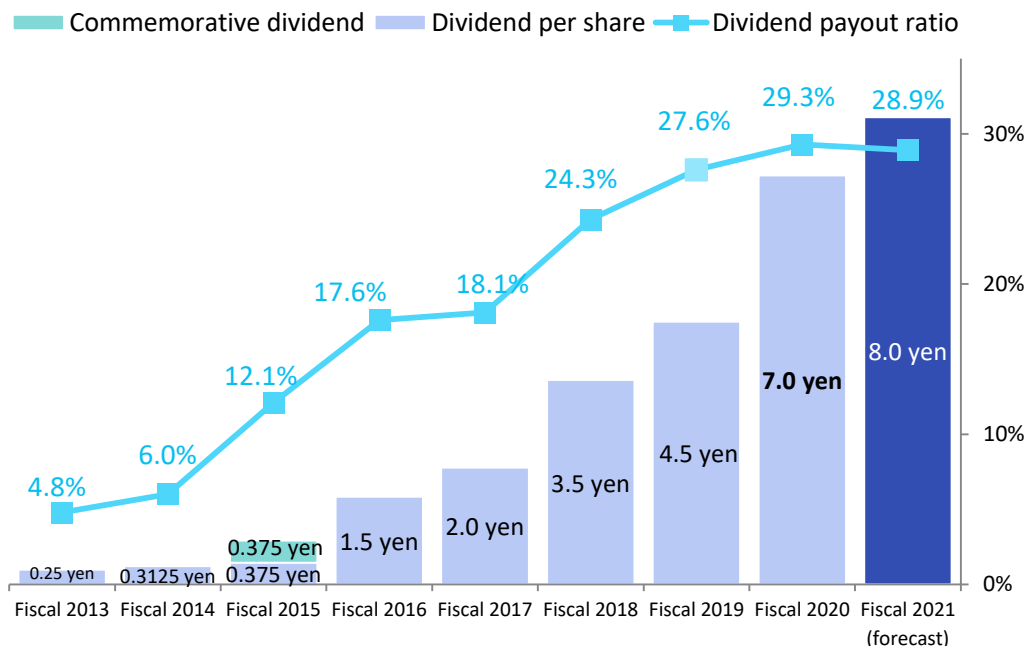
(millions of yen)

	Fiscal 2020 First Half results	Fiscal 2021 First Half forecast	YoY change	Fiscal 2020 results	Fiscal 2021 forecast	YoY change
Net sales	12,162	15,100	24.2%	26,056	31,000	19.0%
Operating profit	985	1,300	32.0%	2,068	2,500	20.9%
<i>Operating profit to net sales</i>	<i>8.1%</i>	<i>8.6%</i>		<i>7.9%</i>	<i>8.0%</i>	
Ordinary profit	991	1,310	32.1%	2,148	2,520	17.3%
<i>Ordinary profit to net sales</i>	<i>8.2%</i>	<i>8.7%</i>		<i>8.2%</i>	<i>8.1%</i>	
Profit	664	900	35.4%	1,446	1,680	16.2%
<i>Profit to net sales</i>	<i>5.5%</i>	<i>6.0%</i>		<i>5.6%</i>	<i>5.4%</i>	
EPS	10.97 yen	14.85 yen		23.87 yen	27.72 yen	

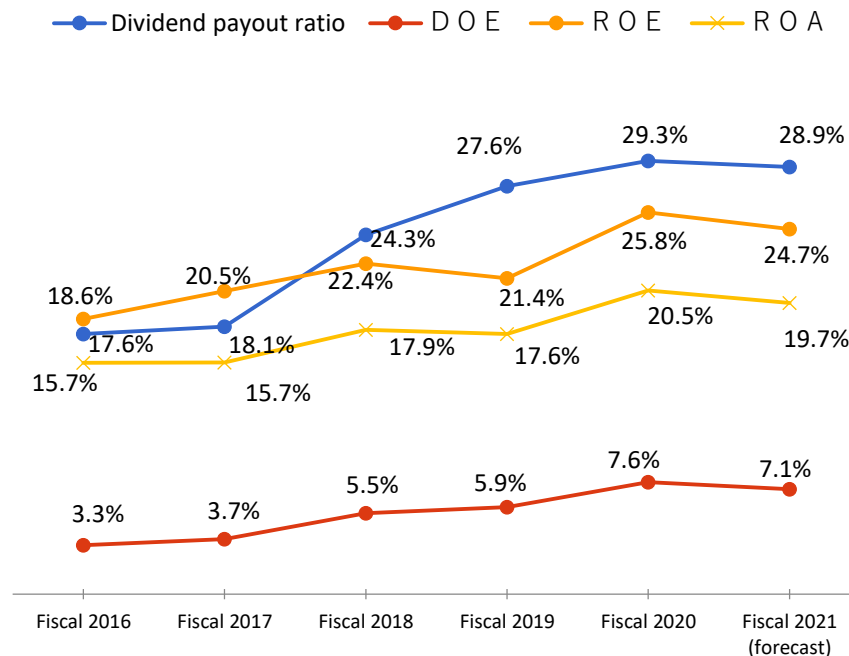
(Note) Profit (EPS) has been retroactively revised to take into account the impact of the 2-for-1 stock split implemented on January 1, 2021.

- Payment of year-end dividend for fiscal 2021 will be **8.0 yen** per share
(A year-on-year increase of 1.0 yen, as the dividend for fiscal 2020 would stand at 7.0 yen per share when considering the stock split conducted as of January 1, 2021)
- Consolidated dividend payout ratio for fiscal 2021 will be **28.9%**, down 0.4 percentage points year on year (29.3% for fiscal 2020)

Change in Dividend per Share and Dividend Payout Ratio



Changes in Financial Indicators



(Note 1) Dividend per share in the above graph has been retroactively adjusted to reflect the 100-for-1 stock split on July 28, 2014, the 2-for-1 stock split on July 1, 2015, the 2-for-1 stock split on October 1, 2017, the 2-for-1 stock split on January 1, 2019, and the 2-for-1 stock split on January 1, 2021.

(Note 2) Dividend payout ratio is on a non-consolidated basis through fiscal 2016 and on a consolidated basis for fiscal 2017 and thereafter.

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

	2019 (Results)	2020 (Results)	2021 (Planned)	2022 (Planned)
Net sales	21.5 billion yen	26.0 billion yen	31.0 billion yen	38.0 billion yen
Operating profit	1.49 billion yen	2.06 billion yen	2.50 billion yen	3.0 billion yen
Operating profit margin	6.9%	7.9%	8.0%	8.0%
Penetration rate of the target market	10%	11.7%	14.3%	20%
Domestic base	20 bases	21 bases	22 bases	23 bases
	Opened Shizuoka Branch Opened Hakodate Sales Office Started overseas research	Open Okinawa Branch Postponement of overseas research	Opened Chiba Branch Opened Osaka Branch No. 2 Postponement of overseas research	Open more bases Resumed overseas research

Medium-Term Management Vision for 2020 to 2022

Initiatives for Growth

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

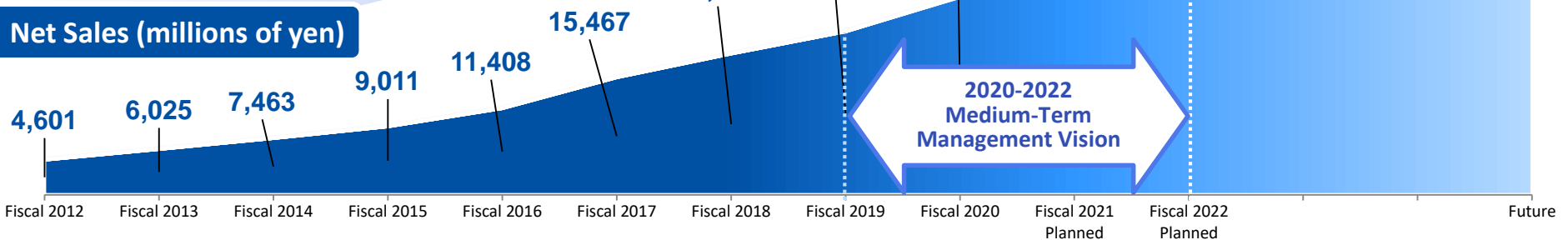
Next Stage

New business

Contract services business

CS Set

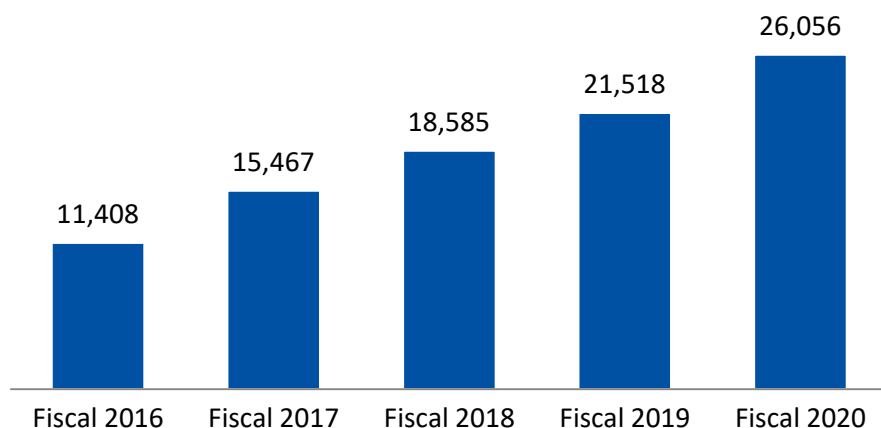
Net Sales (millions of yen)



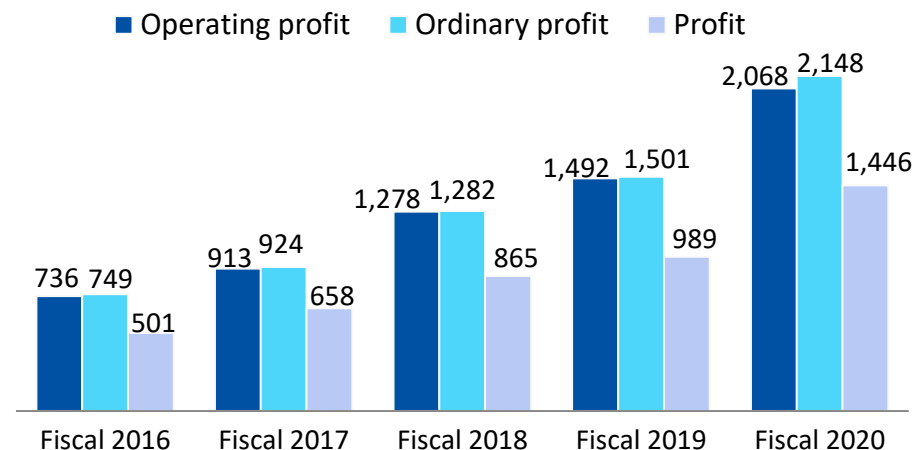
Note: The figures are on a non-consolidated basis through fiscal 2016 and on a consolidated basis for fiscal 2017 and thereafter.

Financial Highlights (1)

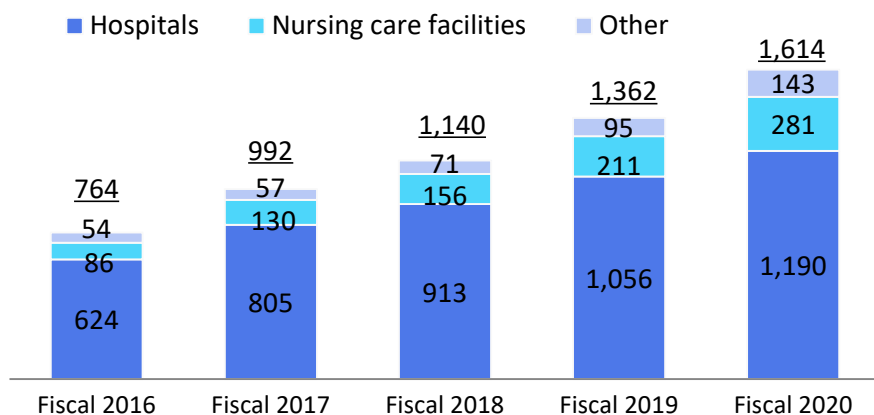
Change in Net Sales (millions of yen)



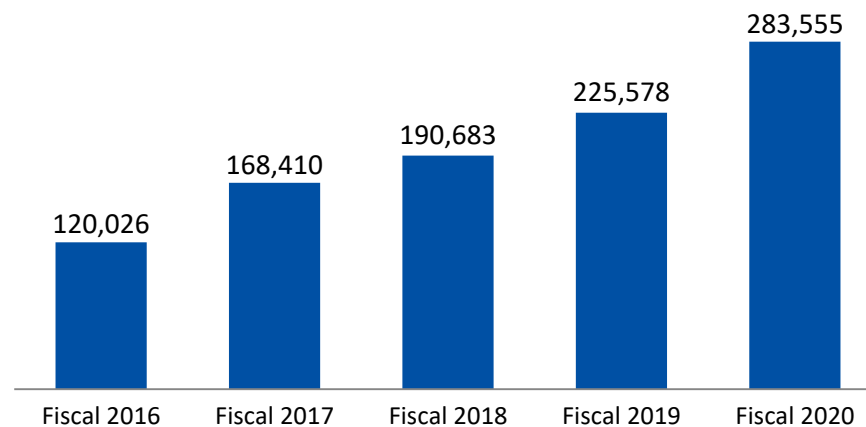
Change in Profits (millions of yen)



Change in Number of Contracted Facilities



Change in Number of Monthly Users (people)

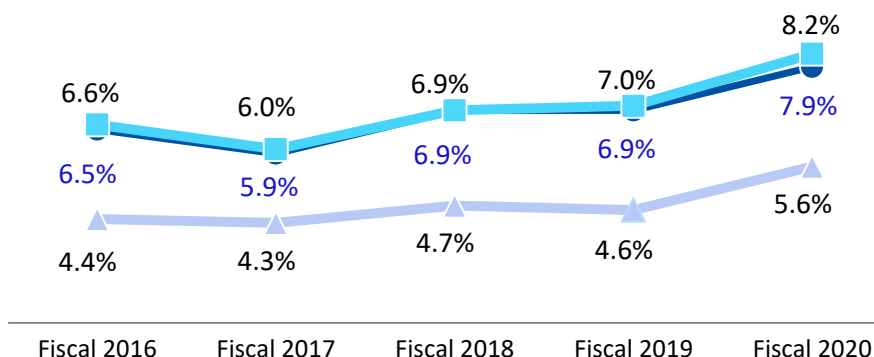


(Note) Figures are on a non-consolidated basis through fiscal 2016 and on a consolidated basis for fiscal 2017 and thereafter.

Financial Highlights (2)

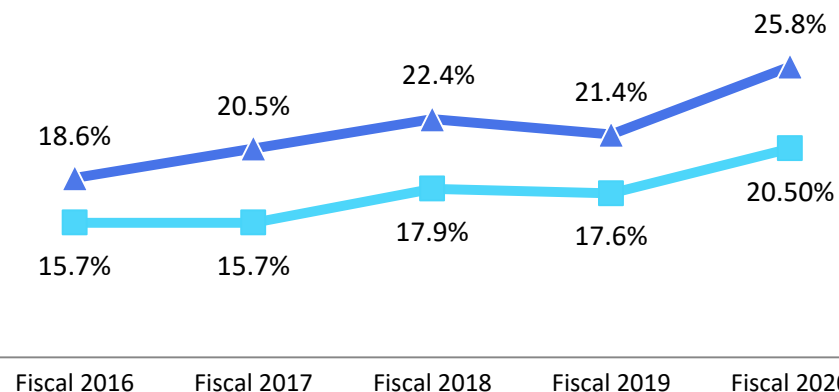
Change in Profit Margins

Operating profit margin Ordinary profit margin Profit margin

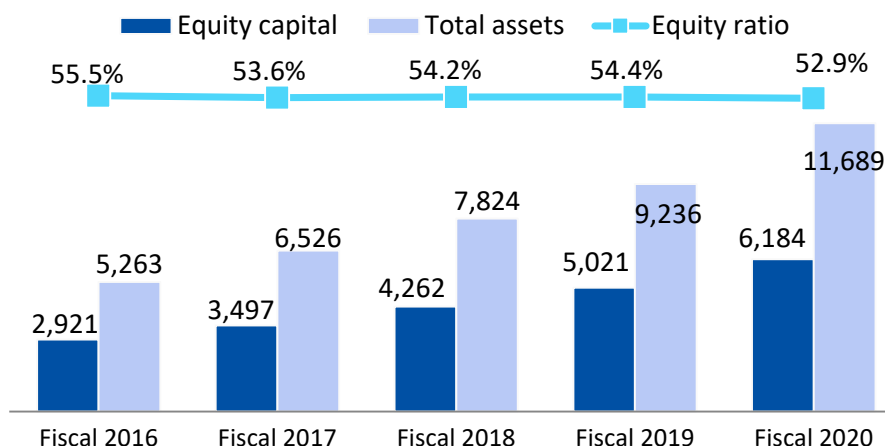


Change in ROE and ROA

ROE ROA



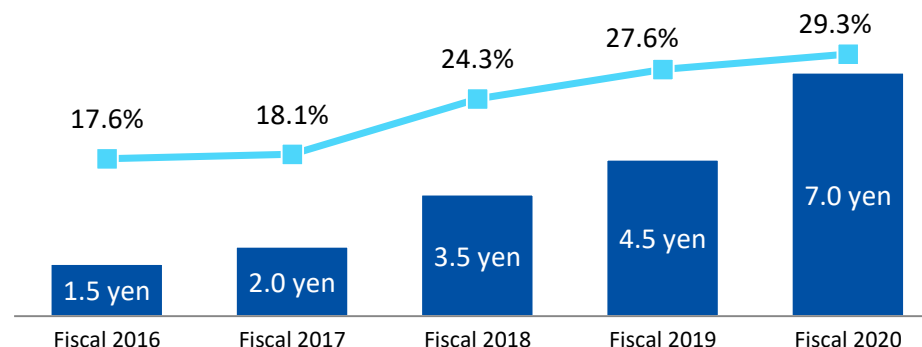
Change in Total Assets, Equity Capital and Equity Ratio (millions of yen)



(Note) 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

Dividend per share 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, 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 (February 22, 2021), 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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