Tokyo Stock Exchange (TSE) Prime Market
Securities code: 6099

Bringing smiles to your hospital/elderly facility stay

ELAN

ELAN Corporation

Operating Results for Fiscal 2024 Ended December 31, 2024

ELAN Corporation

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Bringing smiles to your hospital/elderly facility stay

ELAN

1. Full-Year Operating Results Fiscal 2024

1. To M3 Group

- In October 2024, through a tender offer by M3, ELAN became a consolidated subsidiary of M3 (55% shareholding).
- Mutual sales to hospitals have begun for both companies' clients, and studies of mid- to long-term synergies are in full swing.

2. Increase in Net sales and decrease in Operating profit

- Ney sales: +14.7% YoY due to an increase of 250 new CS set contracts and price pass-through.
- Operating profit: -2.4% YoY, Operating profit to net sales: 7.5% (-1.3 point YoY), due to one-time SG&A (M&A expenses of 133 million yen for 2 Vietnamese companies, tender offer-related expenses of 357 million yen by M3).

3. Overseas Expansion

- In August 2024, GREEN (laundry service business in Ho Chi Minh City, Vietnam) became a wholly owned subsidiary (Start of consolidation → BS: 3Q / PL: 4Q).

4. Retirement of Representative Director

- Hideharu Sakurai, Chairman and CEO and founder of the company, is scheduled to retire after the general shareholders' meeting in March 2025 and become an advisor. Tomohiro Minezaki, current President & COO, will succeed him as President & CEO.

Summary of Consolidated Financial Results for the Year Ended December 31, 2024

- The increase in Net sales was due to an increase in the number of users resulting from the acquisition of **350** new CS set contracts (**100** facilities cancelled) and progress in price shifting.
- The decline Gross profit was affected by cost of introducing Lifte (original patient clothing) at **200** facilities.
- The decline Operating profit was mainly due to M&A-related expenses in Vietnam, and M3's tender offer related expenses .

(Millions of yen)

	FY 2023 ①	FY 2024 ②	YoY Change ②-①	Main factors	FY 2024 Forecast ③※1	To forecast ②-③
Net sales	41,425	47,513	+6,088	● New CS set contracts ● GREEN (Vietnam) sales 269 million yen (recorded only for Q4 after consolidation)	50,000	(2,486)
Gross profit	9,751	10,716	+965	● Promotion of Lifte(original patient clothing)	–	–
Gross profit to net sales(%)	23.5	22.6	(1.0)		–	–
SG&A	6,085	7,139	+1,053	● One-time expenses of 133 million yen related to M&A of 2 Vietnamese companies and 357 million yen related to tender offer of M3 were recorded.	–	–
SG&A to net sales(%)	14.7	15.0	+0.3		–	–
Operating profit	3,665	3,577	(87)		4,200	(622)
Operating profit to net sales(%)	8.8	7.5	(1.3)		8.4%	(0.9)
Ordinary profit	3,681	3,544	(136)		4,230	(685)
Ordinary profit to net sales(%)	8.9	7.5	(1.4)		8.5%	(1.0)
Profit Attributable to Owners of Parent	2,518	2,354	(164)		2,850	(495)
Profit to net sales(%)	6.1	5.0	(1.1)		5.7%	(0.7)

※1 Forecast as of February 14, 2024

Sales and Profit by Segment (Domestic/Overseas)

- Started PL consolidation of GREEN (a wholly owned subsidiary in Vietnam) from Q4,2024.
- GREEN's Gross profit and Operating profit in 2024 are higher due to one-time factors (since the figures are for October-December only).

(Millions of yen)

	2022	2023	2024
Net sales	36,264	41,425	47,513
Domestic	36,264	41,425	47,243
Overseas Vietnam	0	0	269
India	0	0	0
Gross profit	9,027	9,751	10,716
Domestic	9,027	9,751	10,545
Overseas Vietnam	0	0	171
India	0	0	0
Operating profit	3,391	3,665	3,577
Domestic	3,391	3,665	3,480
Overseas Vietnam	0	0	96※1
India	0	0	0

※1 Operating income in Vietnam includes goodwill amortization (for GREEN) of 20 million yen.

Status of overseas expansion

- The start date of consolidation is “GREEN: **BS from 3Q2024, PL from 4Q2024**” and “TMC: **BS & PL from 1Q2025(forecast)**”.

Country	Company	Business type	Investment ratio	Consolidated balance sheet	Companies accounted for using the equity method
India	Boston Ivy Healthcare Solution Pvt. Ltd.（BIHS）	Sales of medical materials, etc.	5% or less	×	×
India	Quick Smart Wash Pvt. Ltd.（QSW）	Laundry service for hospitals	42.18%	×	×
India	AKAL	Temporary staffing	5% or less	×	×
Vietnam	GREEN LAUNDRY JOINT STOCK COMPANY（GREEN）	Laundry service for hospitals	100%	**BS：From 3Q2024 PL：From 4Q2024**	-
Vietnam	TMC VIET NAM TRADING AND SERVICE JOINT STOCK COMPANY（TMC）	Laundry service for hospitals	51%（forecast）	**BS：From 1Q2025(forecast) PL：From 1Q2025(forecast)**	-

- The balance sheet of GREEN, a subsidiary in Vietnam, started to be consolidated from 3Q2024. Therefore, **831** Millions of yen goodwill was recorded.

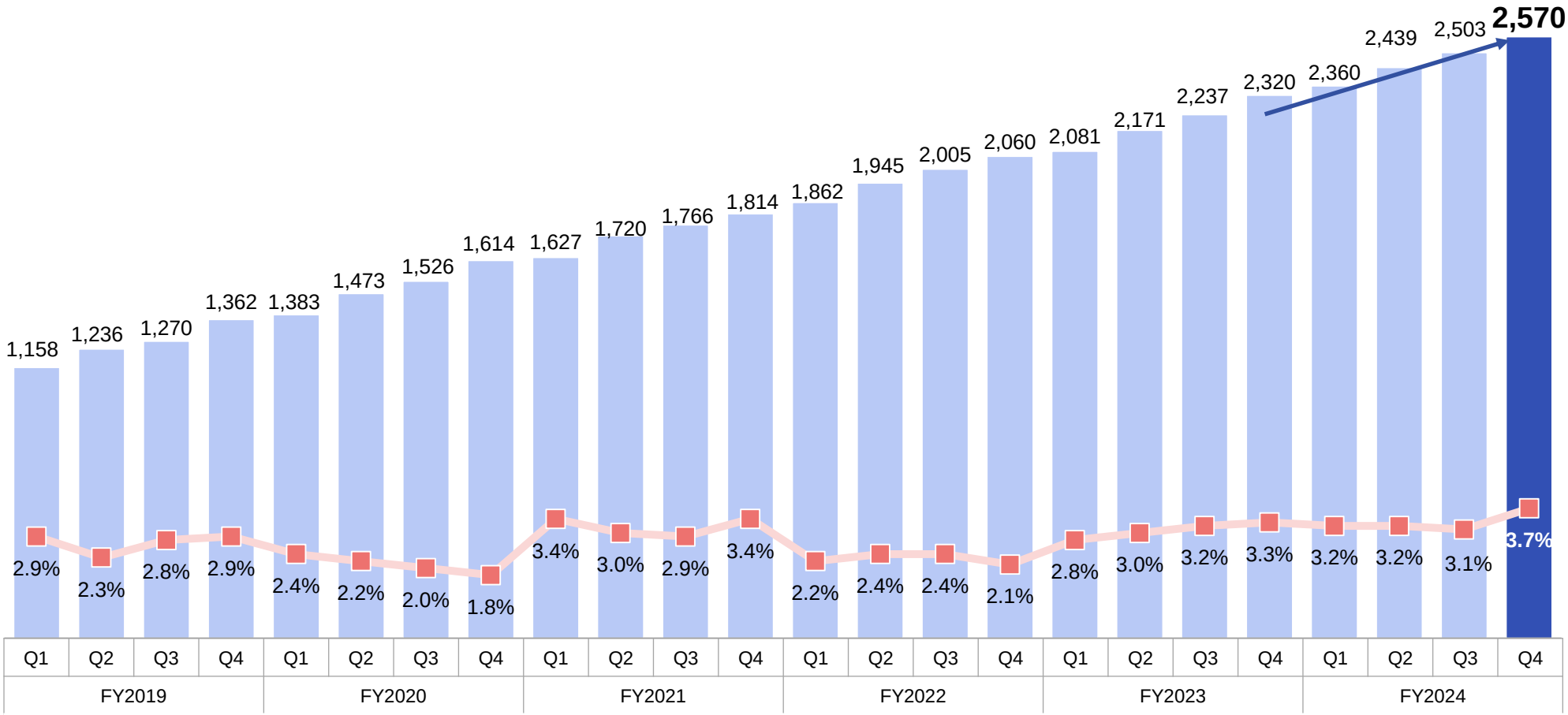
(Millions of yen)

	FY 2023 ①	FY 2024 ②	YoY Change ②-①	Main factors
Total assets	18,993	21,605	+2,612	
Supplies	520	741	+221	● Inventory of original patient clothes (Lifte)
Goodwill	0	813	+813	● Due to the acquisition of GREEN in Vietnam
Total liabilities	8,178	9,104	+925	
Total net assets	10,814	12,501	+1,687	

Contracted facilities and Cancellation rate（at last month of quarter）

- Contracted facilities (at last month of quarter) increased **10.8**% YoY.

Contracted facilities and Cancellation rate（**at last month of quarter**）

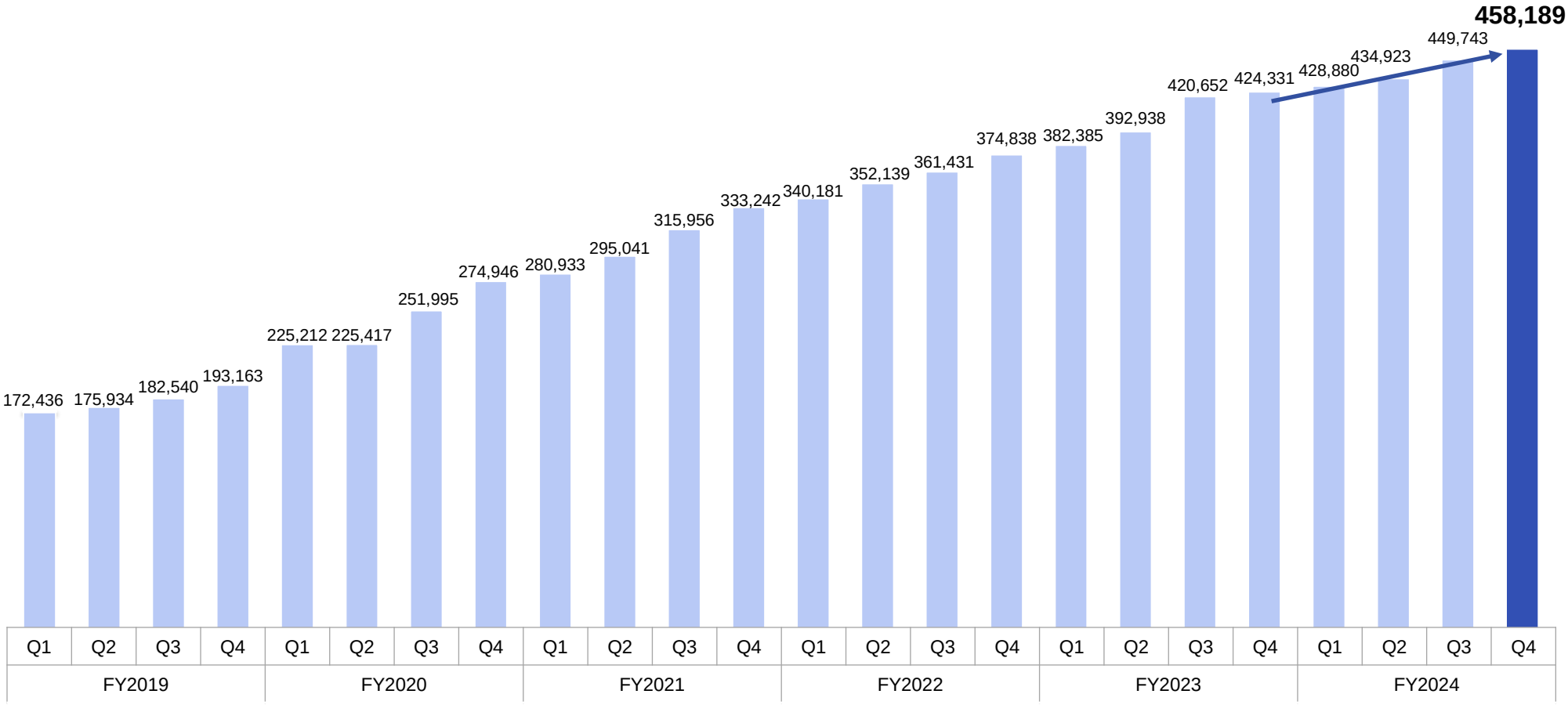


Note: Cancellation rate for the year = Number of cancellations in current year / (Contracts at end of previous year + New contracts in current year)

Monthly Users（Average during the quarter）

- Monthly Users（Average during the period）increased **8.0**% YoY.

Monthly Users（Average during the period）



Facility Penetration Rates

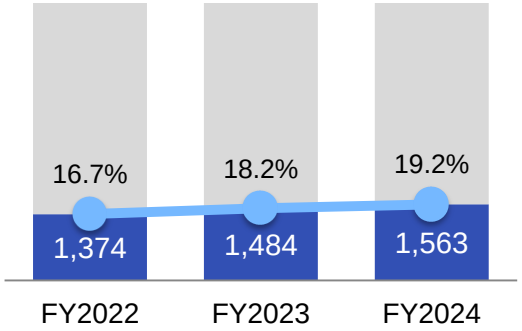
【Changes from the previous financial results presentation】

- Until Q3, 2024, we had only disclosed graphs of facility penetration rates for “Hospitals (with 50 or More beds)” and “Long-term Care Health Facilities / Integrated Facilities for Medical and Long-term Care(with 50 or More Beds)”. However, we received feedback that it was difficult to get a full picture of contracted facilities.
- Therefore, “Hospitals” and “Long-term Care Health Facilities / Integrated Facilities for Medical and Long-term Care” include those with less than 50 beds, and “Clinics with beds” and “Other Nursing Care Facilities” . are also added so that the entire range of contracted facilities can be grasped.

Medical insurance

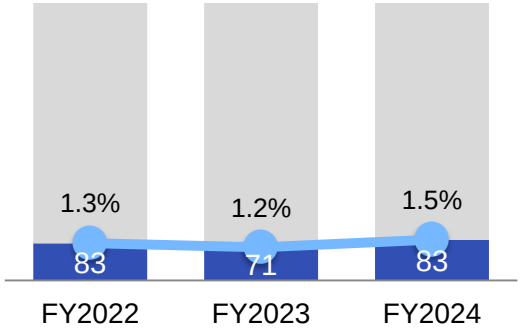
Large to medium scale

Hospitals（8,122 facilities）



Small scale

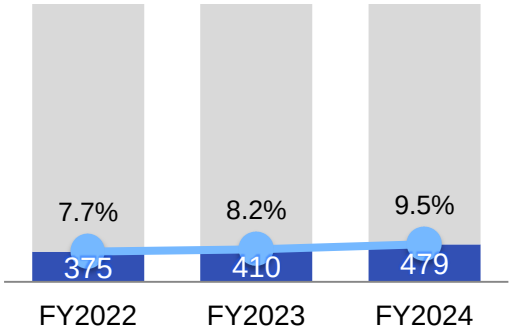
Clinics with beds（5,641 facilities）



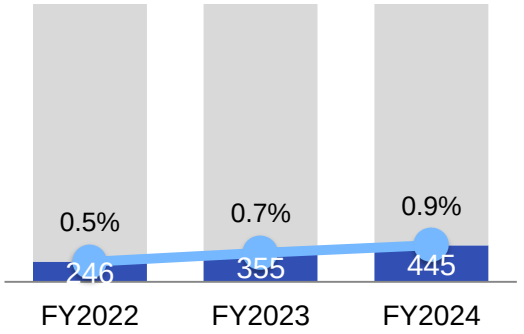
The total number of medical facilities with inpatient facilities with less than 20 beds.

Nursing insurance

Long-term Care Health Facilities / Integrated Facilities for Medical and Long-term Care（5,041 facilities）



Other nursing care facilities（48,153 facilities）



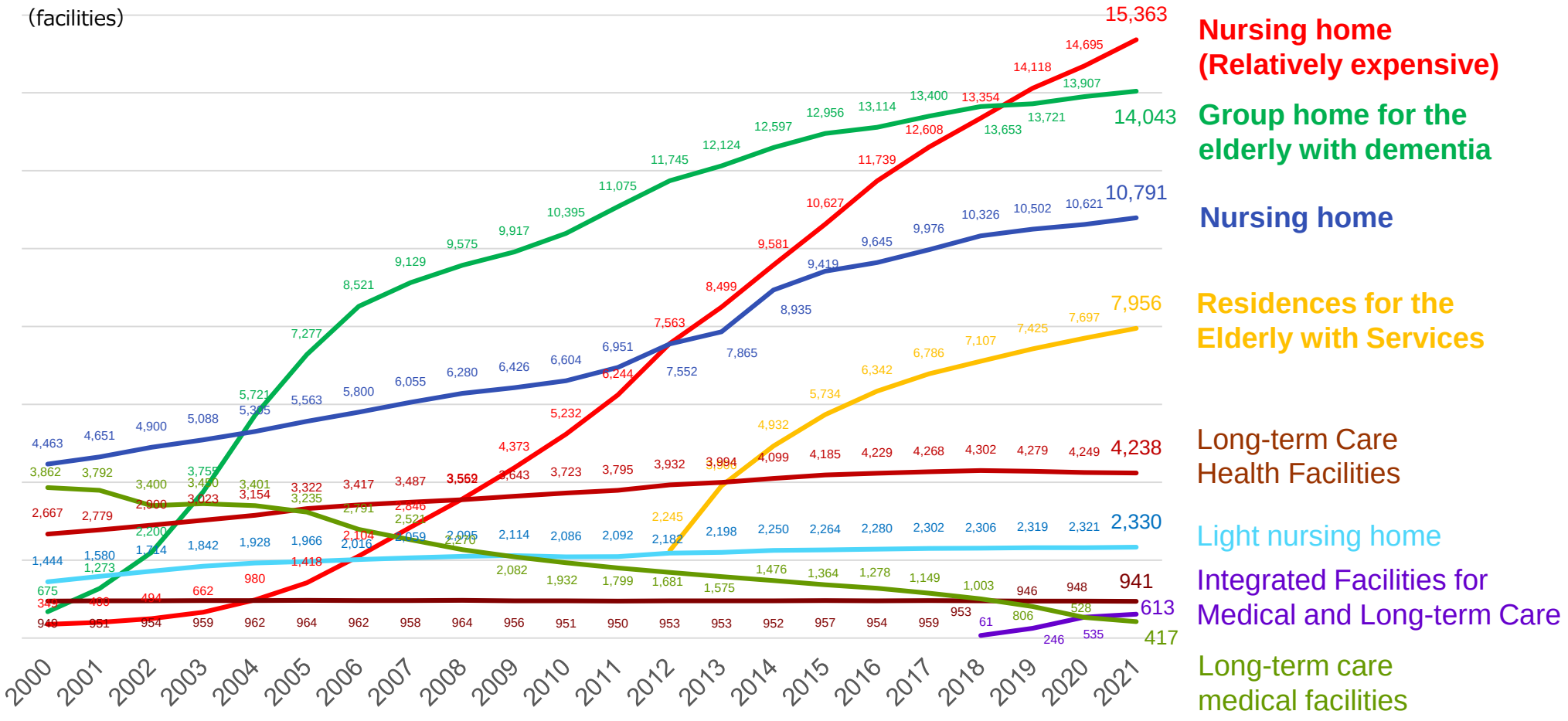
This figure shows the total number of the top four facilities in 2021 within the graph on the next page.

Notes: Prepared by ELAN with reference to the Survey of Medical Facilities 2023 and the Survey of Institutions and Establishments for Long-term Care 2023 by the Ministry of Health, Labor and Welfare.

Number of facilities and housings for the elderly

- The facilities tabulated in the “Other nursing care facilities” graph on the previous page are the top four facilities in the graph below.
- These are facilities that provide care in an environment similar to a typical home.
- We consider that facility types, which are growing in number, can be promising targets.

Number of facilities and housing for the elderly



Notes: Prepared by Elan based on page 10 of the document linked here (Ministry of Health, Labor and Welfare meeting materials).

Annual Trends in Key Indicators

- Unit price per facility is continuously increasing due to higher utilization rates, progress in passing on higher procurement costs, and the spread of new services.

Annual Trends in Key Indicators

		2020	2021	2022	2023	2024	Main Factors
Net sales	Millions of yen	26,056	31,635	36,264	41,425	47,513	
year on year	%	21.1%	21.4%	14.6%	14.2%	14.7%	
Contracted facilities	Facility	1,614	1,814	2,060	2,320	2,570	
year on year	%	18.5%	12.4%	13.6%	12.6%	10.8%	
Facility unit price	Millions of yen	16.1	17.4	17.6	17.9	18.5	◆ Increasing trend due to higher utilization, price pass-through, and spread of new services.
year on year	%	2.2%	8.0%	0.9%	1.4%	3.5%	
4Q Monthly Average Number of Users※1	People	274,946	333,242	374,838	424,331	458,189	
year on year	%	42.3%	21.2%	12.5%	13.2%	8.0%	

※1 Calculation formula: (number of users in October + number of users in November + number of users in December) ÷ 3

Annual trends in New services and New products

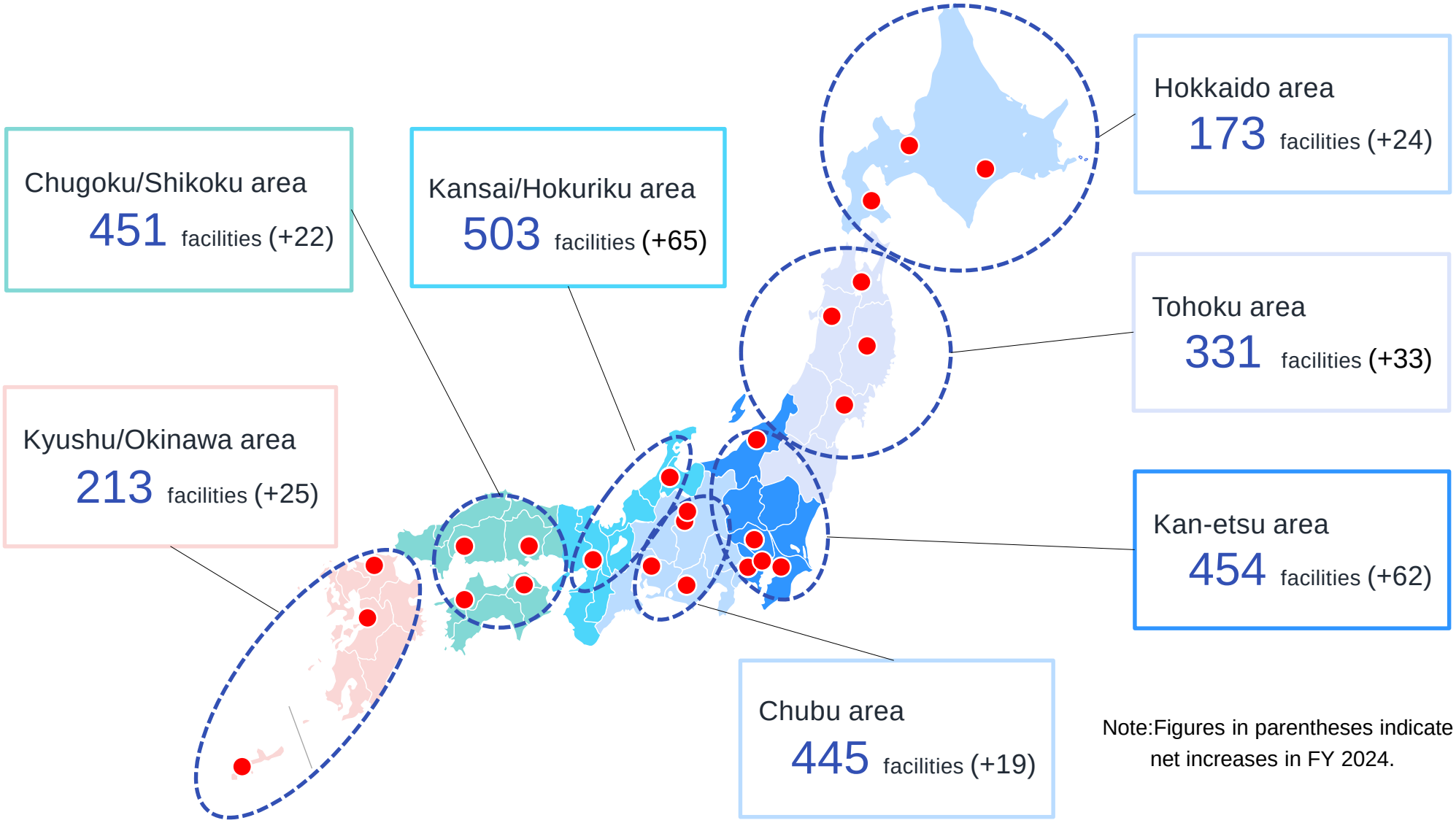
- Continue to develop and promote new services and products, aiming to increase the unit price per facility.
- Implement regional sales strategies by dividing areas into “areas that focus on developing new facilities” and “areas that focus on up-selling to existing facilities.
- Lifte(Original patient gowns) introduced in **92** facilities in 4Q alone.

Annual trends in New services and New products

		2020	2021	2022	2023	2024	Most Recent Initiatives
Number of facilities with CS Set R	Facility	40	101	149	230	278	◆ Trial is underway to allow facilities to operate on tablets when applying for compensation.
Adoption rate of CS Set R	%	2.5%	5.6%	7.2%	9.9%	10.8%	
Number of facilities with CS Set LC	Facility	46	83	123	192	230	
Adoption rate of CS Set LC	%	2.9%	4.6%	6.0%	8.3%	8.9%	
Number of facilities with Lifte	Facility	0	1	8	52	252	◆ Increased number of installations in Q4 due to higher sales priorities
Adoption rate of Lifte	%	0.0%	0.1%	0.4%	2.2%	9.8%	
(New service/product under development)		-	-	-	-	-	
(New service/product under development)		-	-	-	-	-	
(New service/product under development)		-	-	-	-	-	

ELAN's Operating Bases and Number of Contracted Facilities Throughout Japan (as of December 31, 2024)

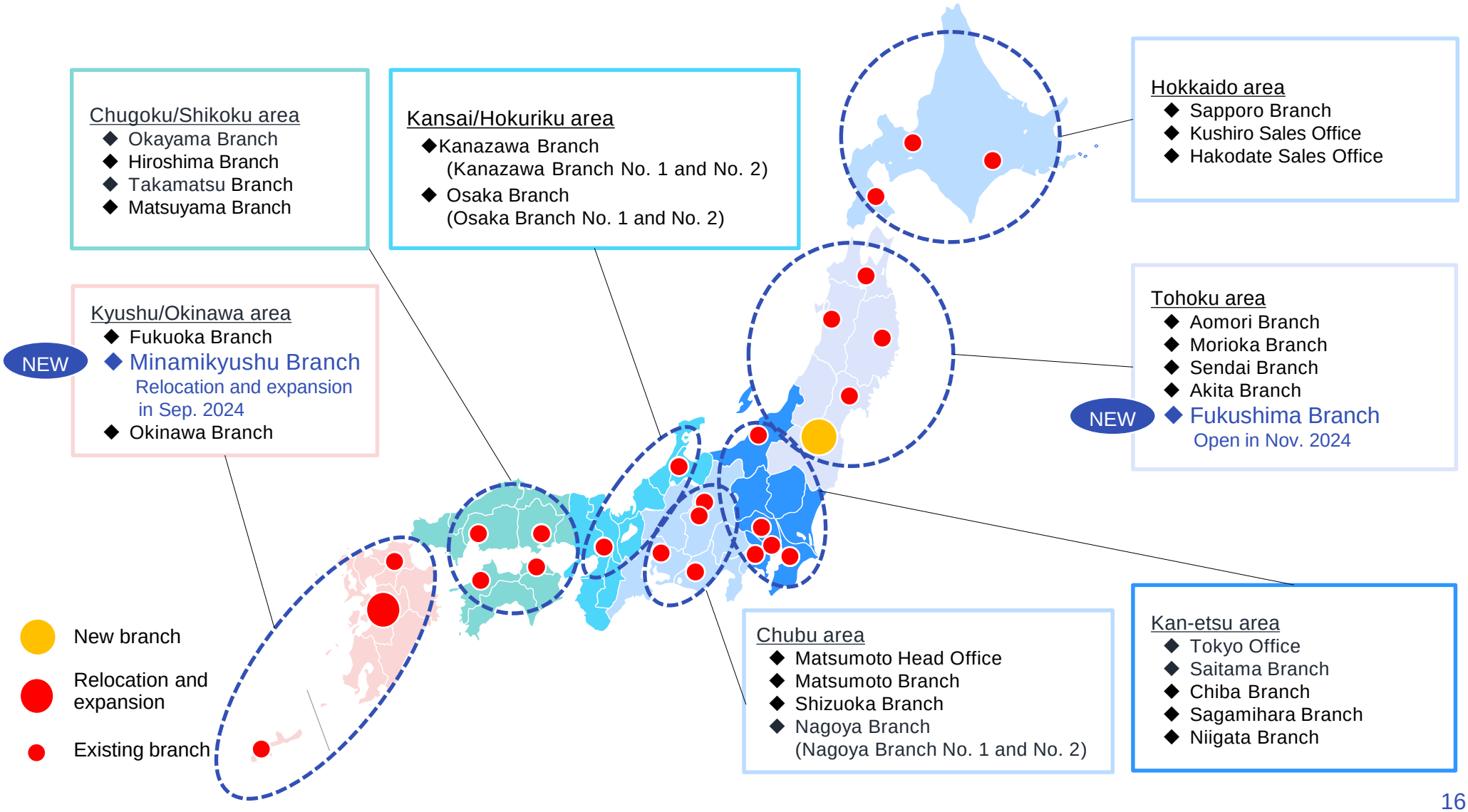
- The net increase in the Kan-etsu area and Kansai/Hokuriku area was slightly higher than in other areas.



Note:Figures in parentheses indicate net increases in FY 2024.

Open New Branches in 2024

- Opened new branches (Koriyama). Existing branches relocated and expanded (Minamikyushu). To strengthen salesforce.



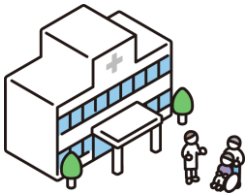
Role of Domestic Subsidiaries

ELAN

Outsourcing contract

CS set contract

Facilities



Customers



ELAN COULEUR Corporation

Explanations on the CS Set
Application for the CS Set
Supply/collection of pajamas, etc.
Distribution of personal care and other items

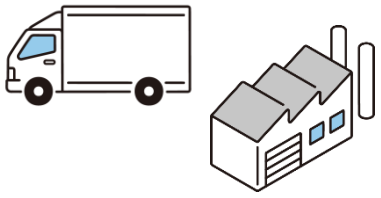
Delivery and inventory control of clothing and towels

Delivery and inventory control of personal care items

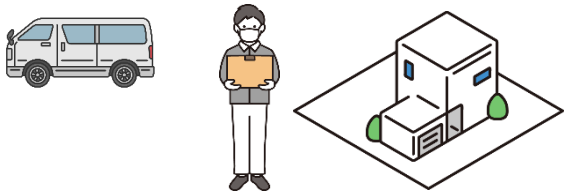
Sending invoices

Service fees
Inquiries

Linen suppliers



ELAN LOGISTICS Corporation



ELAN Service Corporation



Key Indicators of Domestic Subsidiaries

		2020	2021	2022	2023	2024
ELAN Service Corporation						
Number of contracted companies (hospitalization set)	Companies	0	4	5	9	13
Number of Facilities (hospitalization set)	Facilities	0	22	30	36	65
Number of contracted companies (other)	Companies	0	0	0	2	4
Number of Facilities (other)	Facilities	0	0	0	2	11
ELAN LOGISTICS Corporation						
Number of Facilities for delivery	Facilities	0	73	110	242	376
ELAN COULEUR Corporation						
Number of contracted facilities	Facilities	0	0	0	63	67
Number of employees with disabilities※1	People	0	0	0	13	25

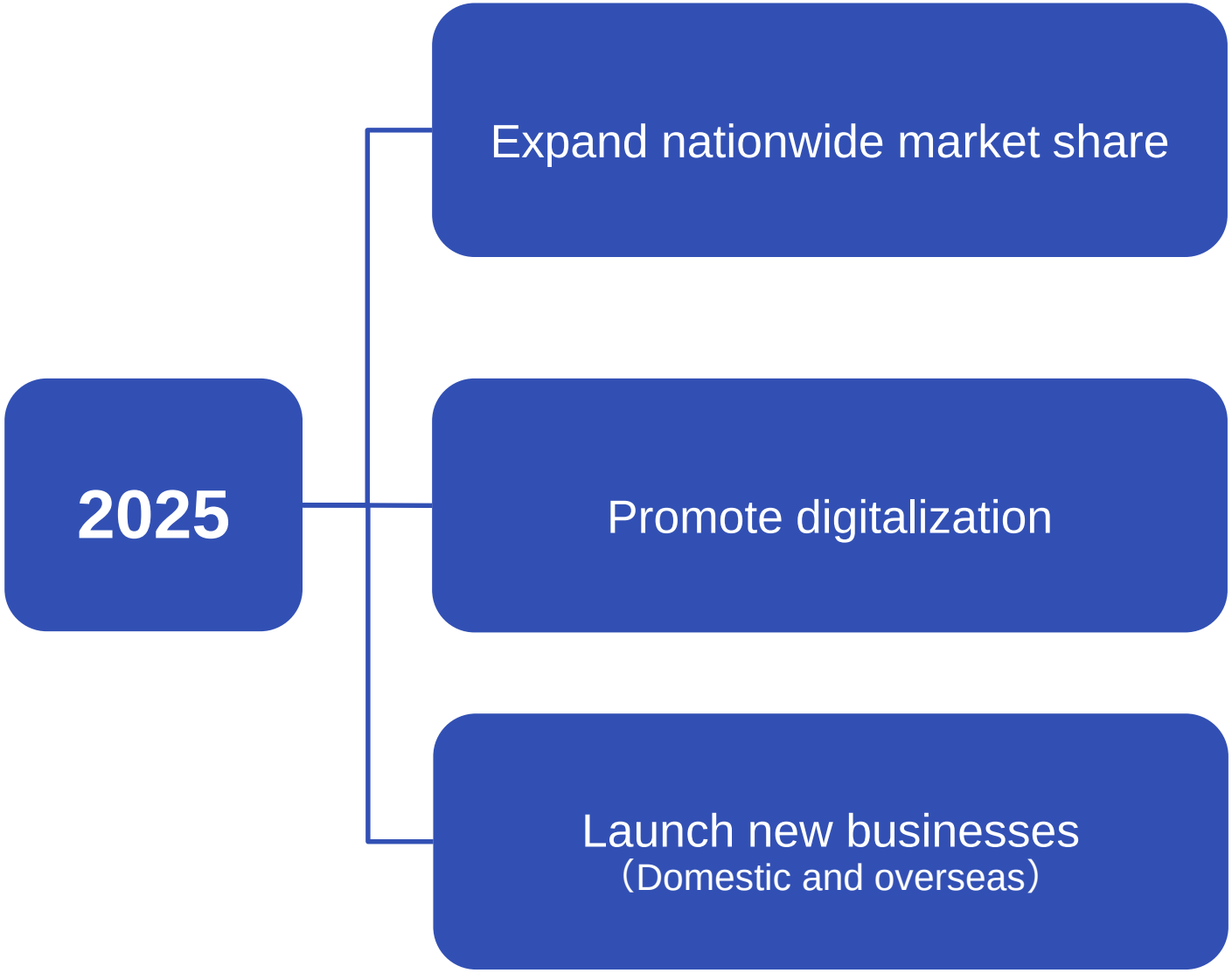
※1 ELAN COULEUR Corporation aims to create employment opportunities for people with disabilities and to support hospitals in hiring people with disabilities.

Bringing smiles to your hospital/elderly facility stay

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2. Earnings forecast of Fiscal 2025

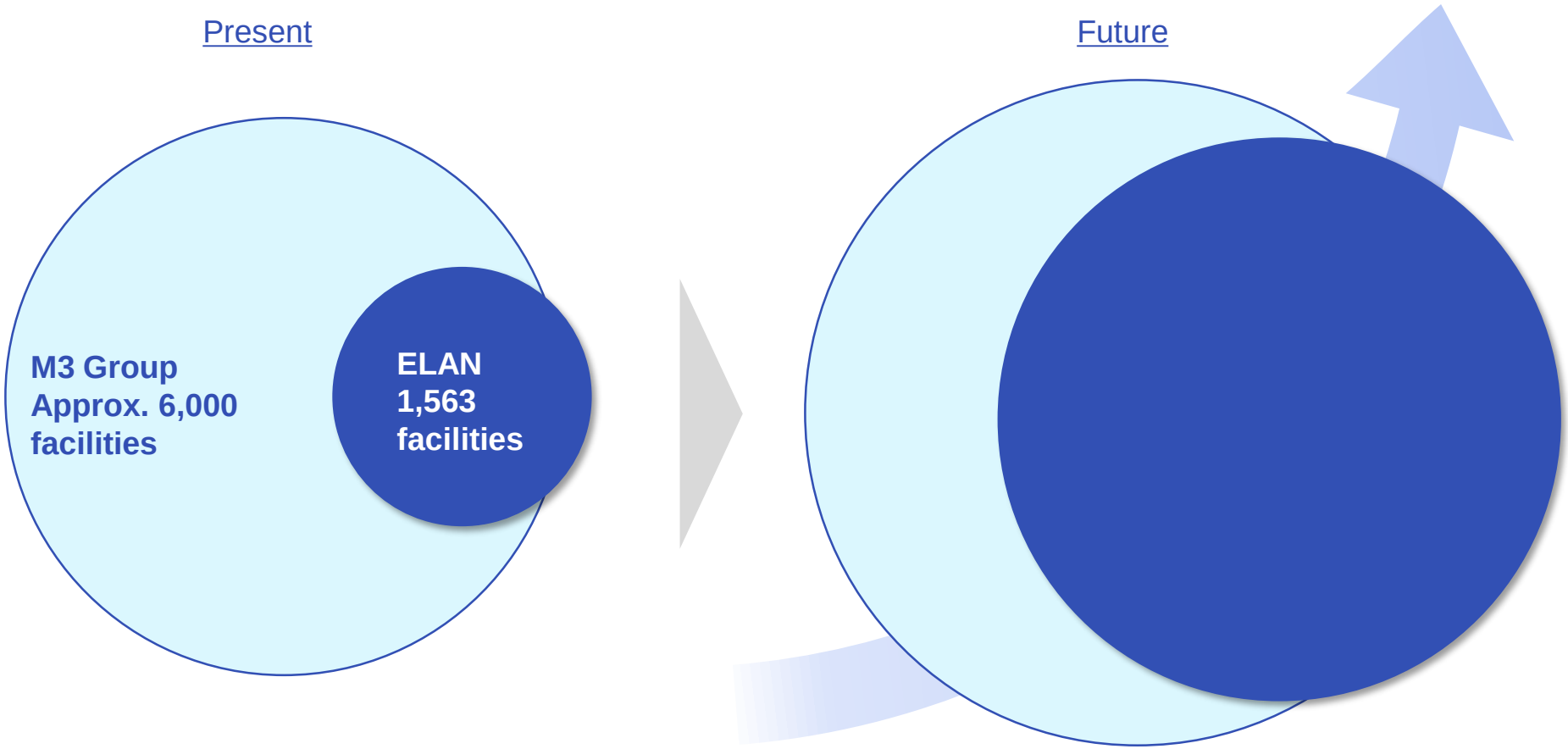
Plan for 2025



Collaborations and Expected Synergies with M3

1. Promoting new business development and enhancing the added value of CS Sets through collaboration with M3's existing services
   - CS Set: ELAN will enhance its competitiveness and boost added value through collaborations with M3's services
   - In addition to receiving assistance in developing discharge and home care packages, ELAN will also contribute to improving the quality of life of patients and improving the management of medical institutions through support that leads to early discharge by M3
   - By acquiring patient contacts through ELAN, M3 will expand the to-C platform for which they provide services
2. Cross-selling to business partners of both parties
   - M3 Group owns a customer base centered on hospitals
   - ELAN provides services to nursing care facilities, in addition to hospitals
3. Enhancing the competitiveness by leveraging M3's resources
   - Aim to improve productivity and promote the development of new services and systems by utilizing M3's resources
4. Support for overseas expansion
   - Assumes information gathering and sales cooperation for expanding ELAN's overseas development. Also possible to get assistance entry into markets that have not yet been developed

We will vigorously promote business growth by expanding our customer base through mutual referrals.



Forecast of Operating Results for Fiscal 2025

- Aim for 24.2% sales growth in FY 2025 through acquisition of new CS set facilities, synergies with M3, new businesses, and overseas operations.

(Millions of yen)

	Fiscal 2024 First Half Results	Fiscal 2025 First Half Results	YoY Change	Fiscal 2024 Results	Fiscal 2025 Forecast	YoY Change
Net sales	22,844	27,100	18.6%	47,513	59,000	24.2%
Operating profit	1,930	2,160	11.9%	3,577	4,720	31.9%
Ordinary profit	1,948	2,170	11.4%	3,545	4,740	33.7%
Profit Attributable to Owners of Parent	1,325	1,390	4.9%	2,354	3,090	31.2%
EPS	21.92yen	22.94yen		38.94yen	50.99yen	

Figures According to the Medium-Term Management Vision

- The Medium-Term Management Vision has been changed from the figures announced on February 26, 2024 as follows.

(Millions of yen)

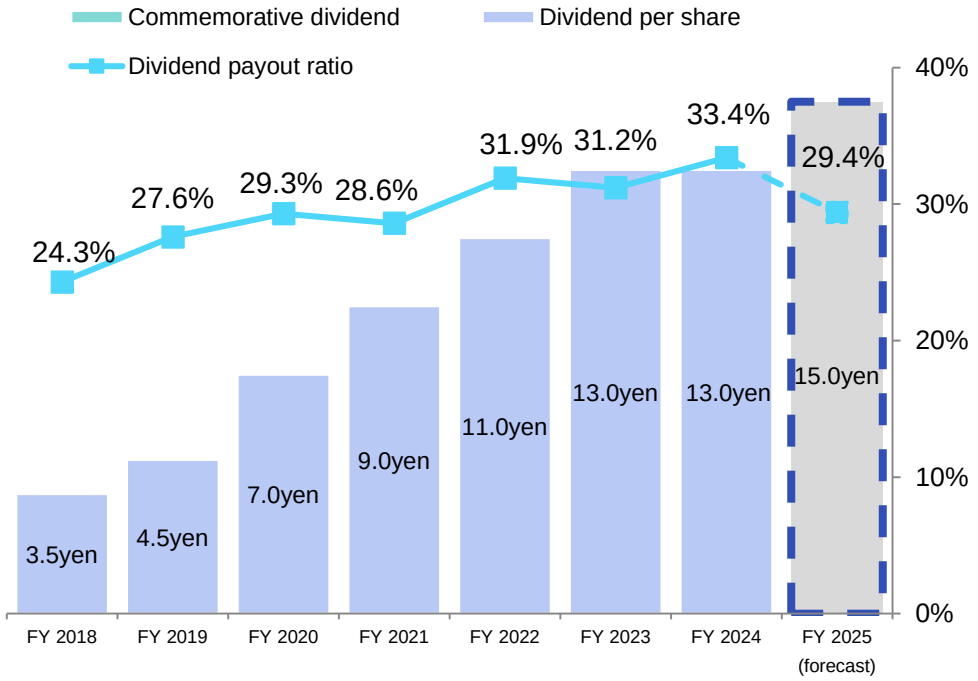
	2022 (Results)	2023 (Results)	2024 (Results)	2025 (Forecast)
Net sales	36,264	41,425	47,513	59,000
Domestic	36,264	41,425	47,244	56,600
Overseas	0	0	269	2,400
Operating profit	3,391	3,665	3,577	4,720
Operating profit to net sales	9.4%	8.8%	7.5%	8.0%
ROE	25.3%	25.4%	20.2%	22.3%
Dividend payout ratio	31.9%	31.2%	33.4%	30.0%

2023 to 2025 Medium-Term Management Vision

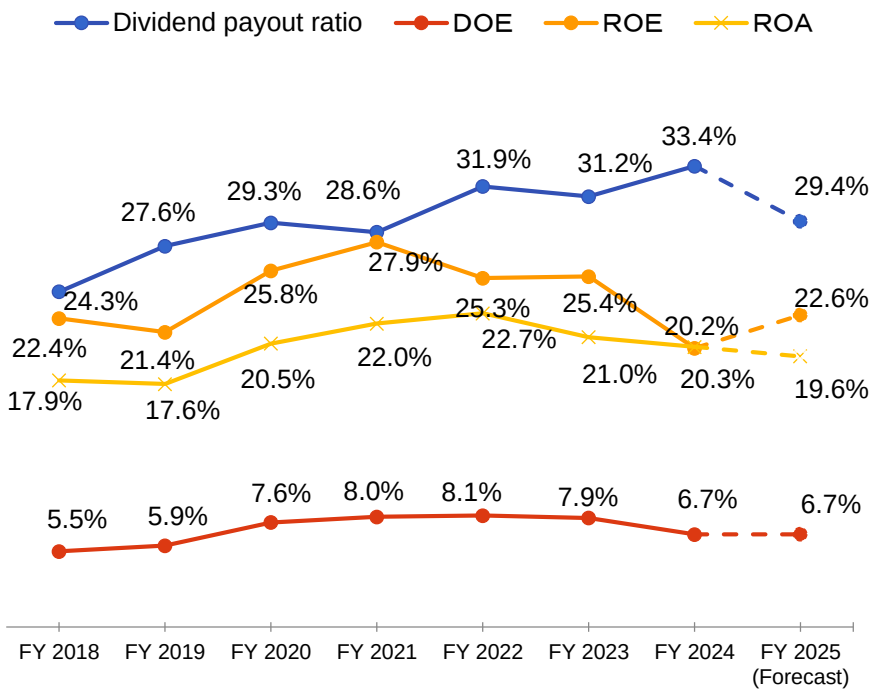
Return to Shareholders

- The year-end dividend forecast for fiscal 2025 is 15.0 yen per share.
- The consolidated payout ratio for fiscal 2025 is projected to be 29.9%.

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 January 1, 2021.

3. Reference Materials

Bringing smiles to your hospital/elderly facility stay

ELAN

Company Overview



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	47,513 million yen (fiscal 2024)
Ordinary profit	3,544 million yen (fiscal 2024)
Headquarters	Matsumoto, Nagano Prefecture
Representative	COO: Tomohiro Minezaki
Number of employees	1,150 (as of December 31, 2024)
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/Kansai
Subsidiaries	ELAN Service Corporation (invoicing), Ryukyu ELAN Corporation, ELAN COULEUR Corporation, ELAN LOGISTICS Corporation, GREEN
Listing	Tokyo Stock Exchange (TSE) Prime Market (Securities code: 6099)
Certifications	Privacy mark system, Eruboshi certification, Kurumin certification

Introduction of Our Product: What Is the CS Set?

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 yen × 7 days = 3,500 yen

Personal care items



Towels

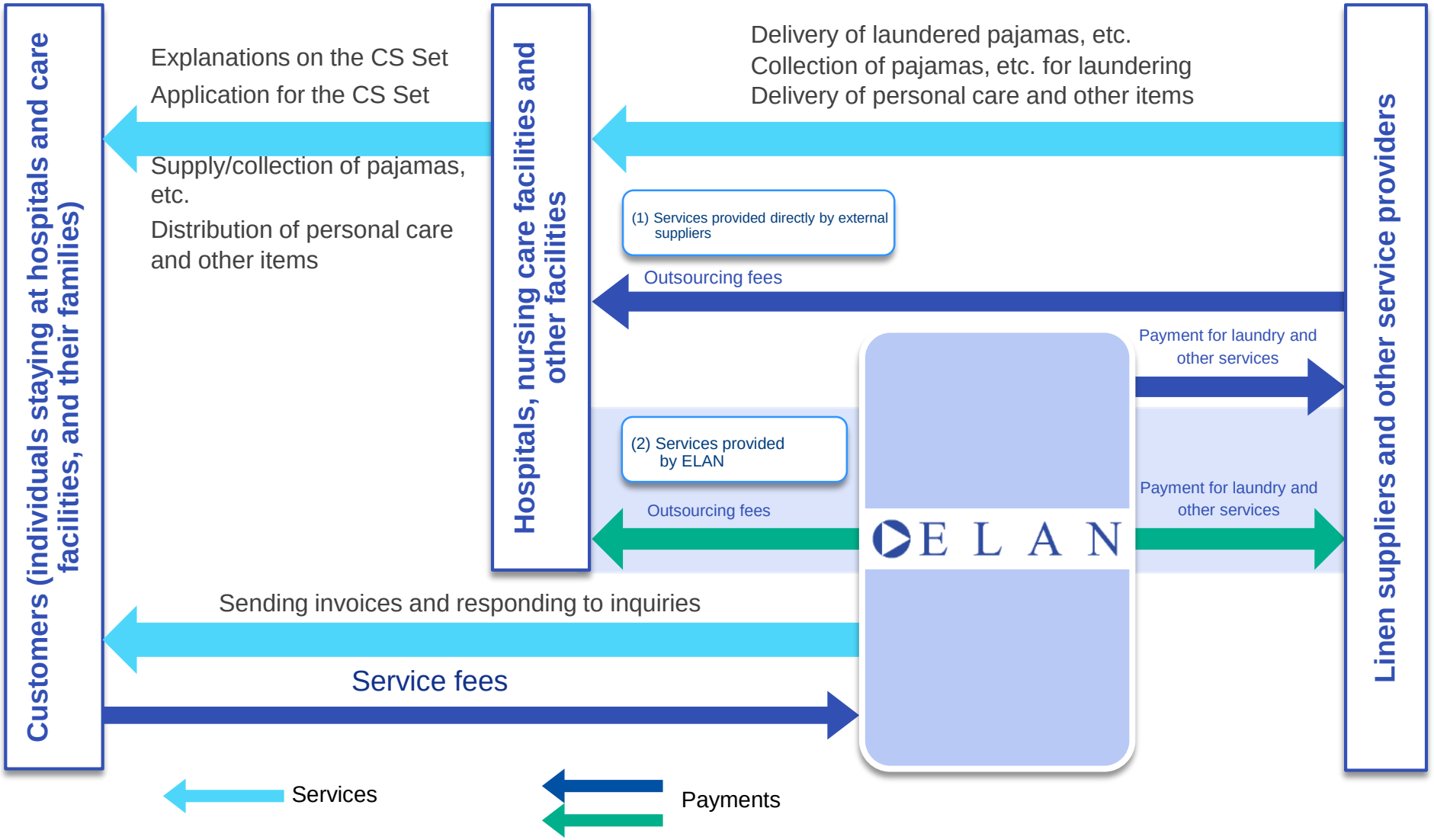


Clothing



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 provides patients and their family members with ease and comfort

Start and end a hospital stay without bringing anything





Single-person households are increasing



People living alone can start a hospital stay without worry



Family members can focus on caring for the patients

Aging





Family members can visit patients casually and at ease with ELAN's services

Shifting to nuclear family households





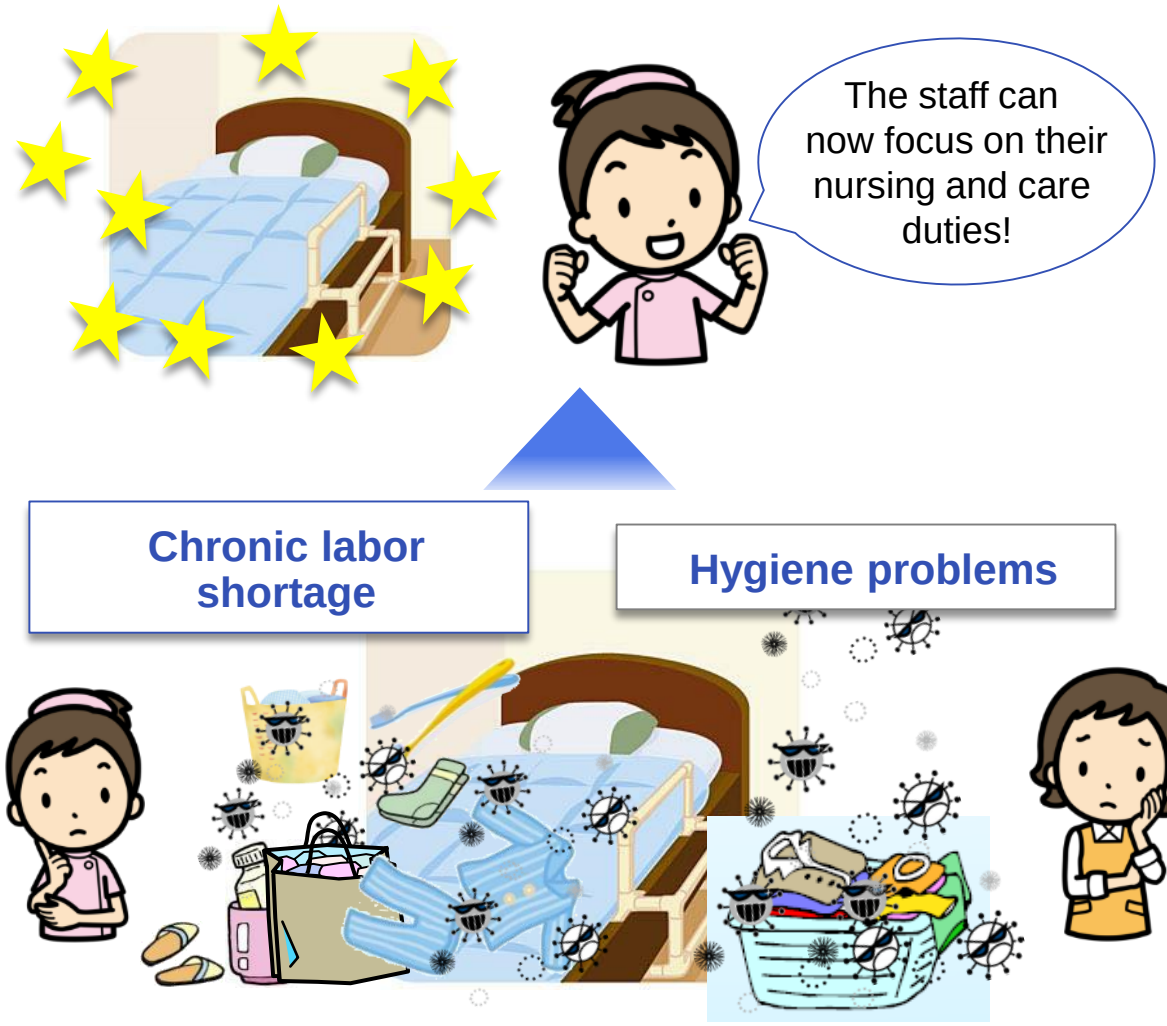
CS Set

Towels	Clothing	Personal care items



Many advantages for the nursing and care frontlines

Solves problems for hospitals and nursing care facilities

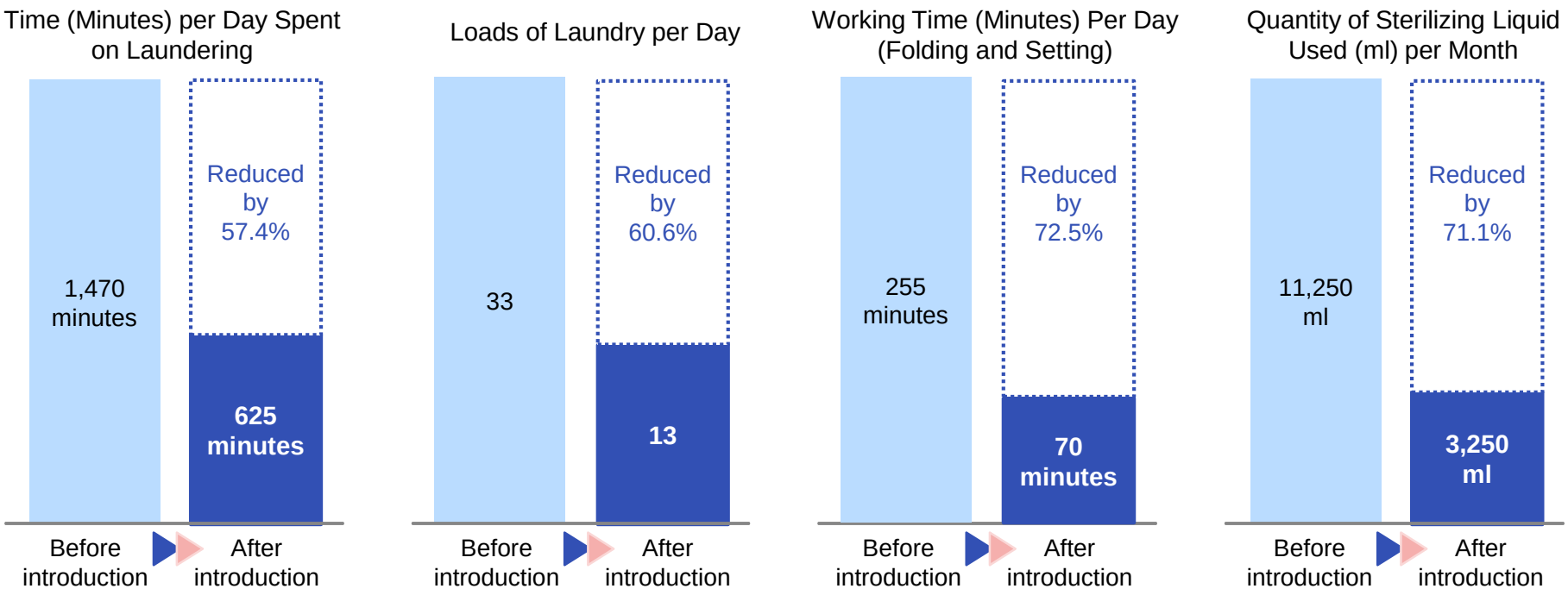


Significant saving of time and labor

Staff can focus on their nursing and care duties

Effects of Introducing the CS Set: A Case Example

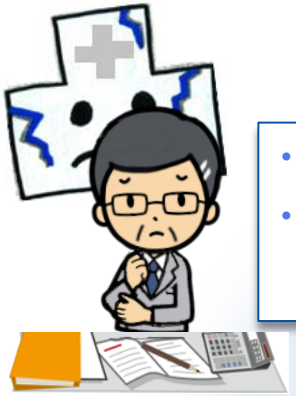
For using towels and mealtime aprons at a hospital with 250 beds



Note: Figures represent total values for six hospital wards.

Solving Management Issues for Hospitals, Nursing Care Facilities and Associated Operators

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



ELAN



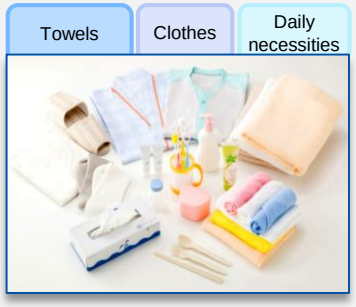
Management issues for operators related to hospitals and nursing care facilities

- 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
	+ Compensation for unpaid hospitalization expense CSセットR 	Users and their families • No need for co-guarantors or lump sum hospital payments • Peace of mind even during emergency hospitalizations Hospitals and nursing care facilities • Avoids risk of unpaid hospitalization expenses • Reduces payment demand and collection efforts when bills are unpaid
	+ Compensation for damages or accidents during hospitalization LCロスコントロール入院保証 	Users and their families • Compensation for expenses incurred as a result of damage to facility equipment or injuries to staff Hospitals and nursing care facilities • 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

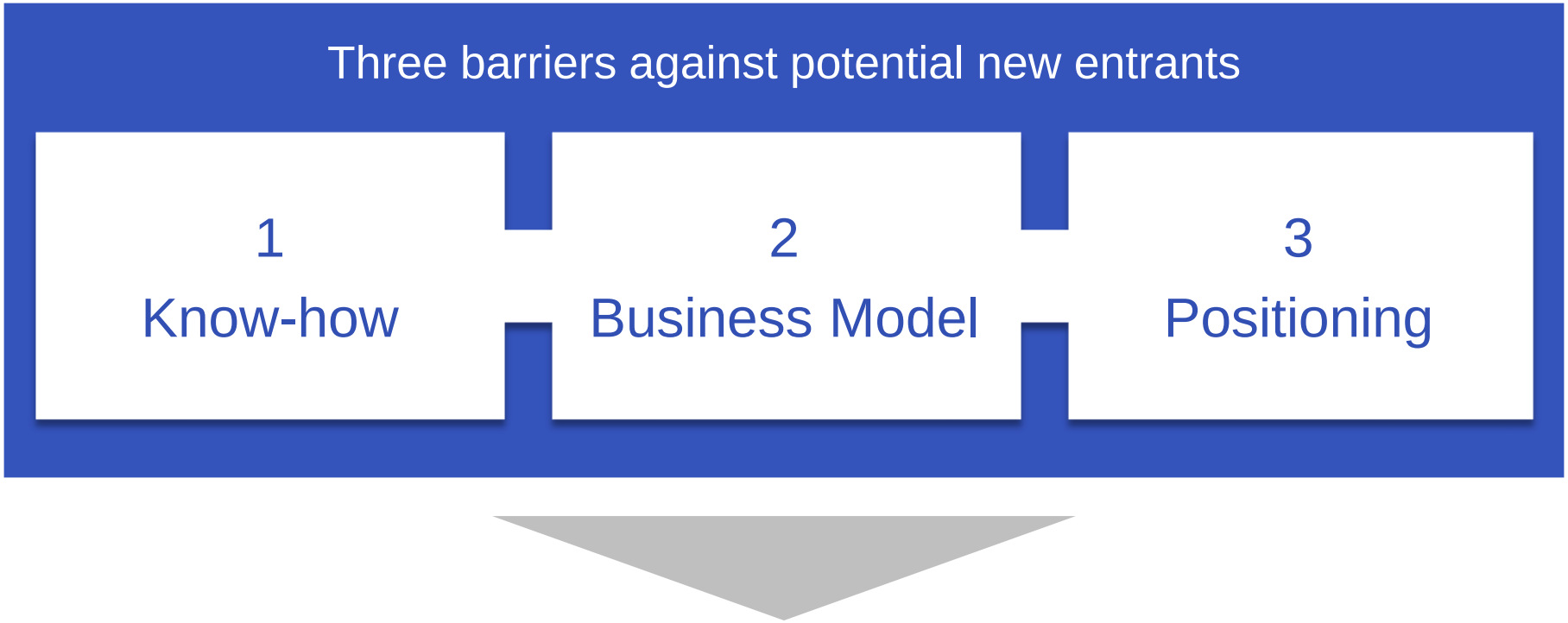
2 Business Model

- 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

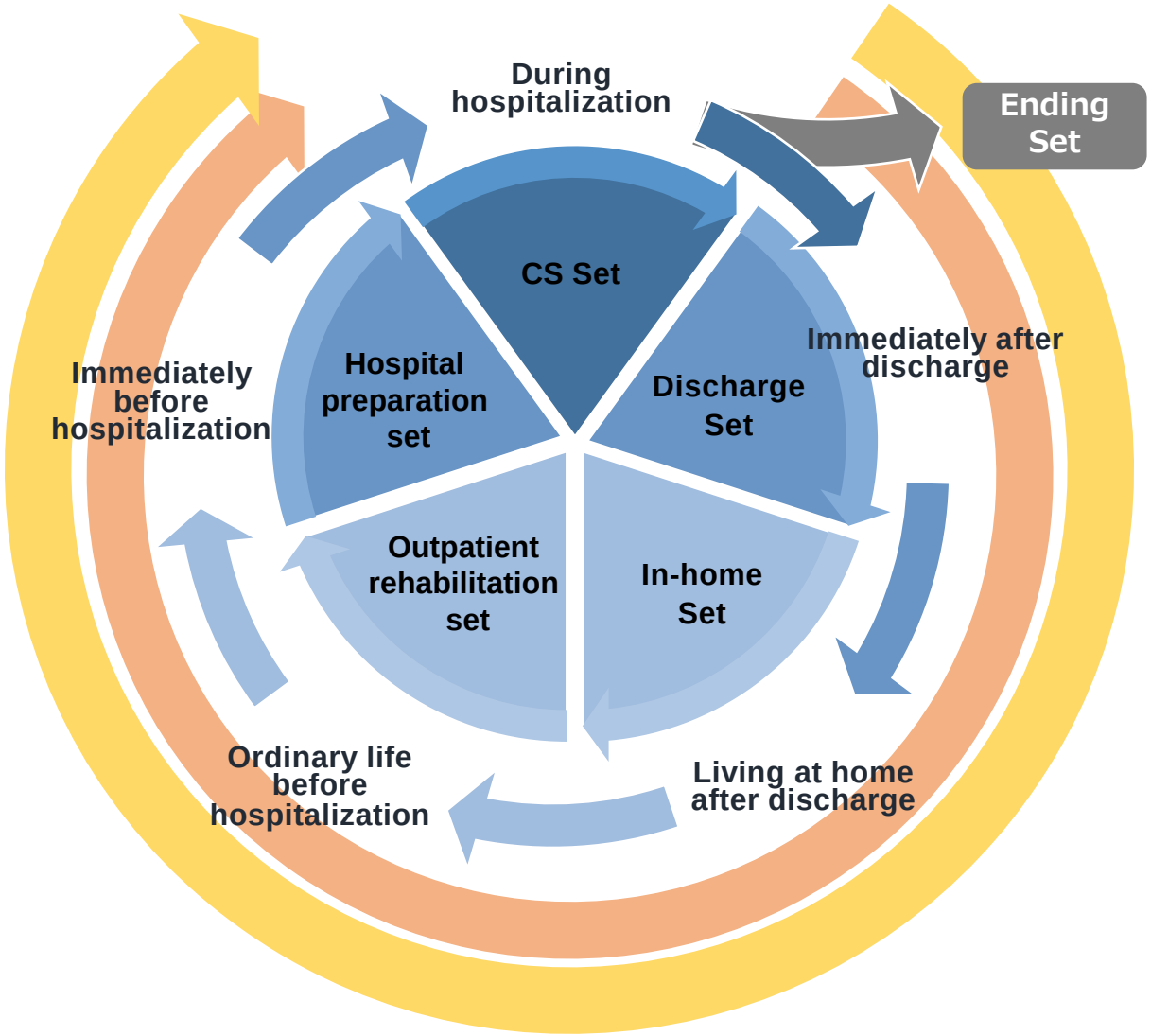
Barriers to entry appear to be low but are actually high.



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

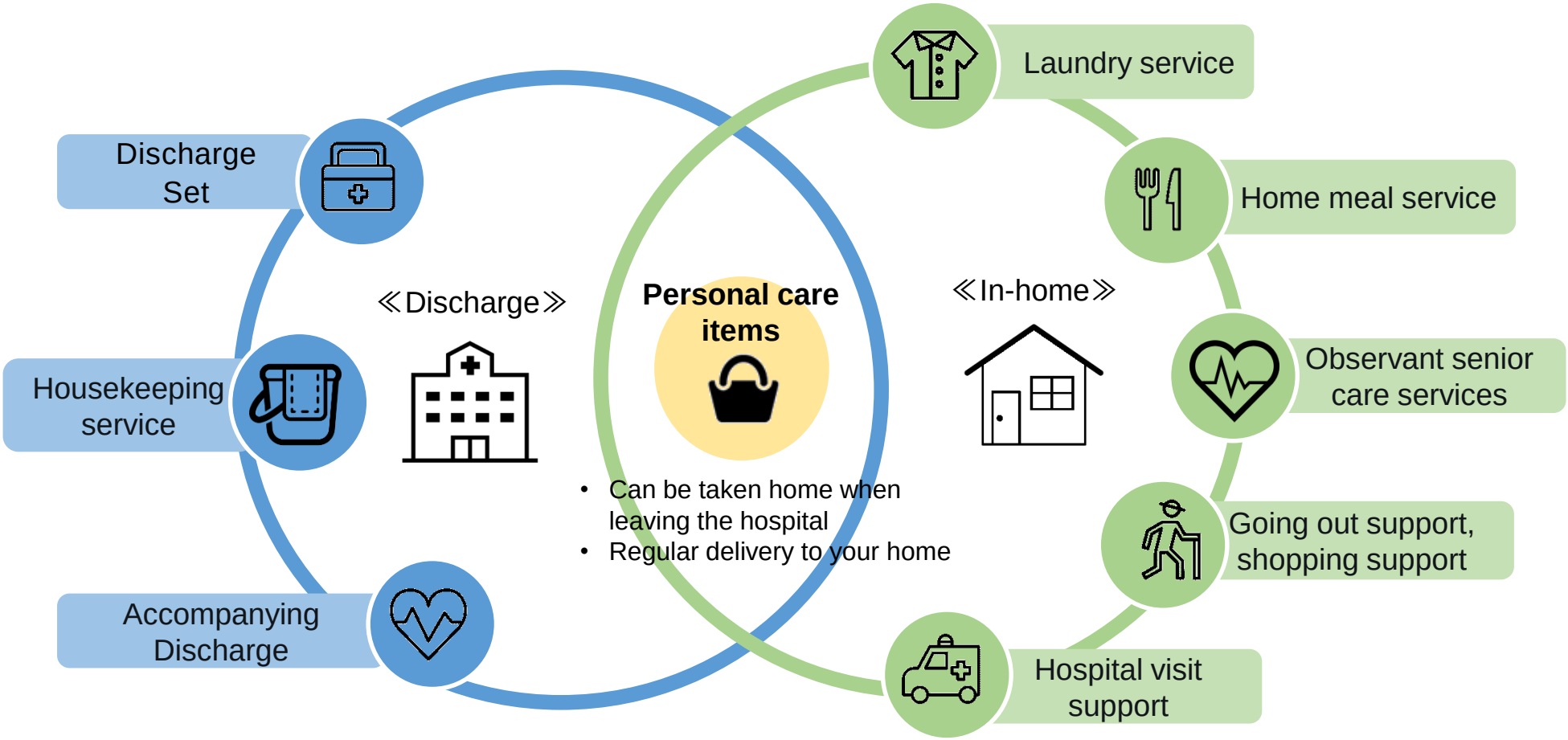
New business development ①Overall image

- Develop a business that solves problems all the way from discharge to readmission to the hospital, utilizing customer contacts with CS set users and their families.



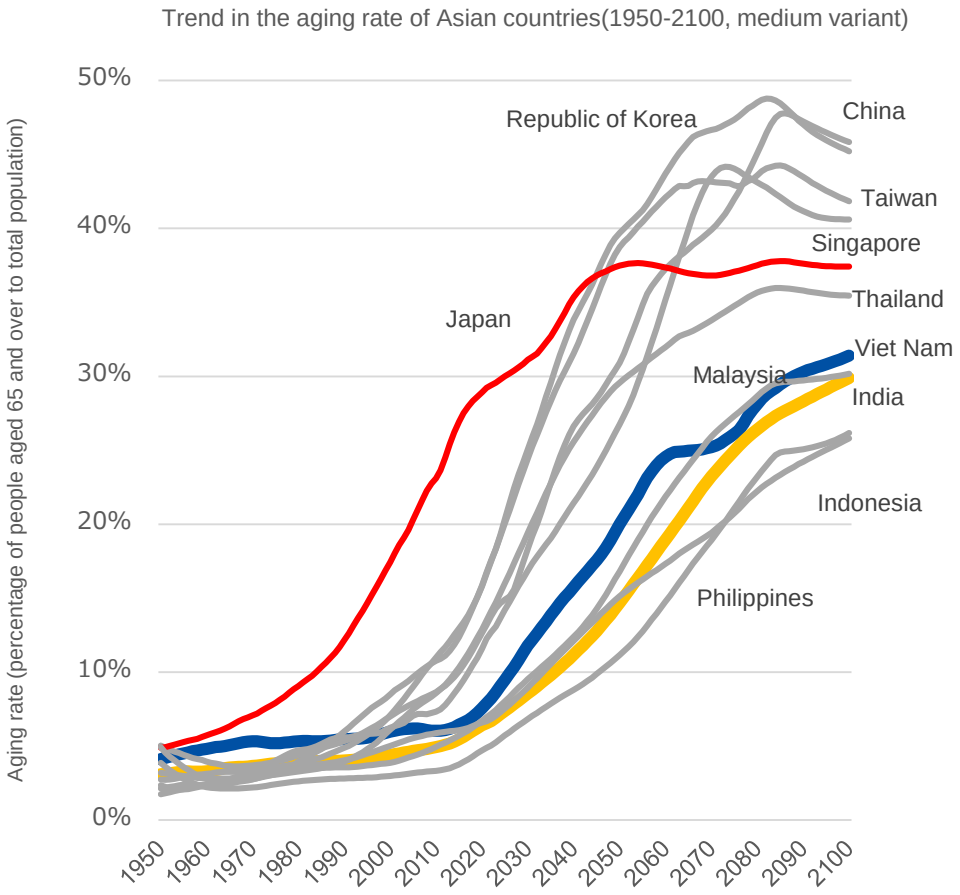
New business development ②Discharge Set / In-home Set

- While you are hospitalized, you can receive a variety of support from the hospital, but the treatment environment changes dramatically for about four weeks immediately after discharge, placing a heavy physical and mental burden on you and your family.
- We provide comprehensive support services for problems that occur sequentially as people adjust to life at home.



Concept of overseas expansion

- In Asia, the speed of aging varies greatly depending on the country, so it is important to adjust the content of services accordingly.
- In countries where the aging of the population is not progressing, we will first provide basic laundry services and aim to expand our business in the future by collaborating with hospitals.
- By providing related services such as CS sets based on laundry services, we will increase the unit price for each customer (facility) and improve profit margins.



	Phase1	Phase2	Phase3	Phase4
Aging rate (medium variant in 2025)	10% Less than	10-20%	20-30%	30% Or more
Countries	**Viet Nam** **India** Philippines Indonesia Malaysia	China Thailand Singapore	Taiwan Republic of Korea	**Japan**
Issue	The expansion of medical facilities has outpaced the development of supporting services.		The increasing aging population and the prevalence of nuclear families have led to a heavier burden on families who provide care for hospitalized patients and nursing home residents.	

Created by ELAN from World Population Prospects 2024 Revision

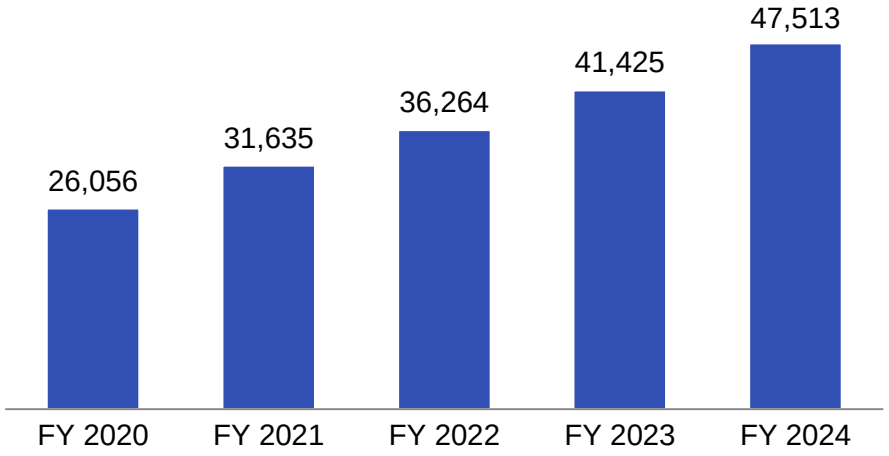
Sustainability Roadmap

- Policy to enhance ESG response and information disclosure to improve shareholder value over the medium to long term.
- Disclosed GHG emissions Scope 1 to 3 in the integrated report "ELAN REPORT 2023" released in December 2023.
- In the securities report for the fiscal year ending December 2023, we have completed the disclosure of information regarding human capital management and climate change.

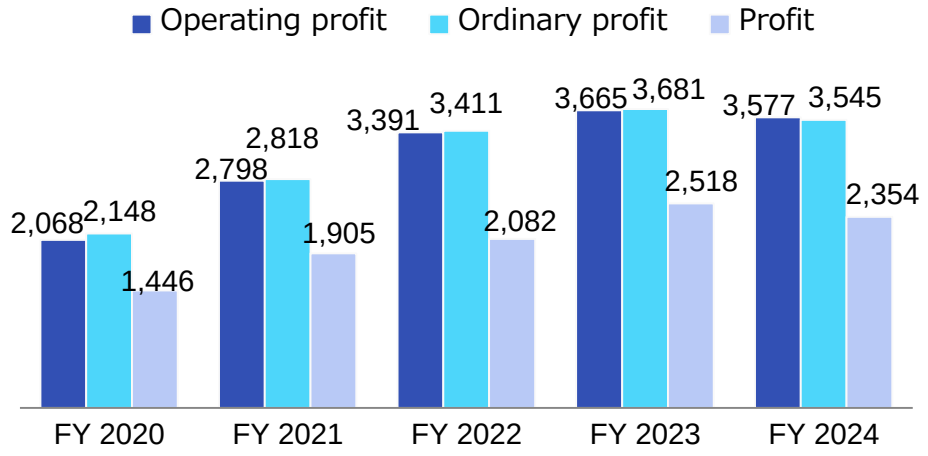
Materiality		2022	2023	2024	2025	2030
Whole		● Identifying materiality and setting goals	● Establishment of Sustainability Committee			
Environment	Provide stable services, reduce environmental burdens	● Build own warehouse and logistics		→		
			● Climate change-related information disclosure based on TCFD recommendations	→		
Social	Support the promotion of health and wellbeing of all people／Realize a society full of smiles		● Establishment ELAN COULEUR Corporation (with the aim of creating employment opportunities for people with disabilities)	→		
				● Enhancing information disclosure regarding human capital management	→	
Governance	Establish and maintain a sound, sustainable business foundation	● Strengthening corporate governance		→		
		● Enforce safe driving		→		
		● Strengthening compliance education		→		

Financial Highlights (1)

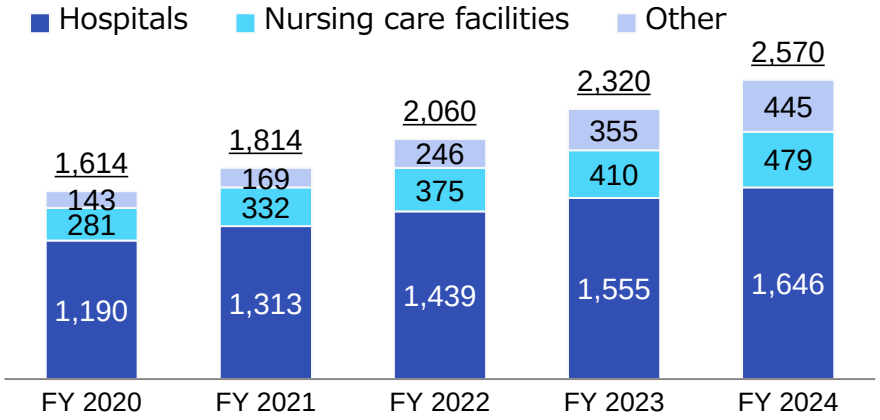
Net Sales (Millions of Yen)



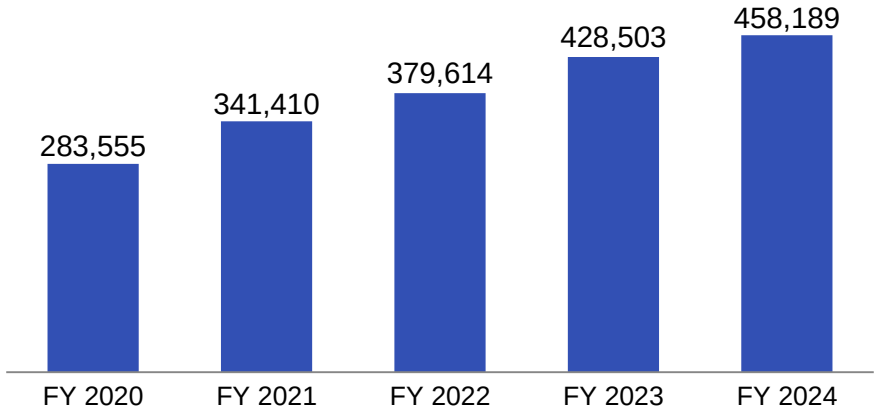
Profits (Millions of Yen)



Number of Contracted Facilities

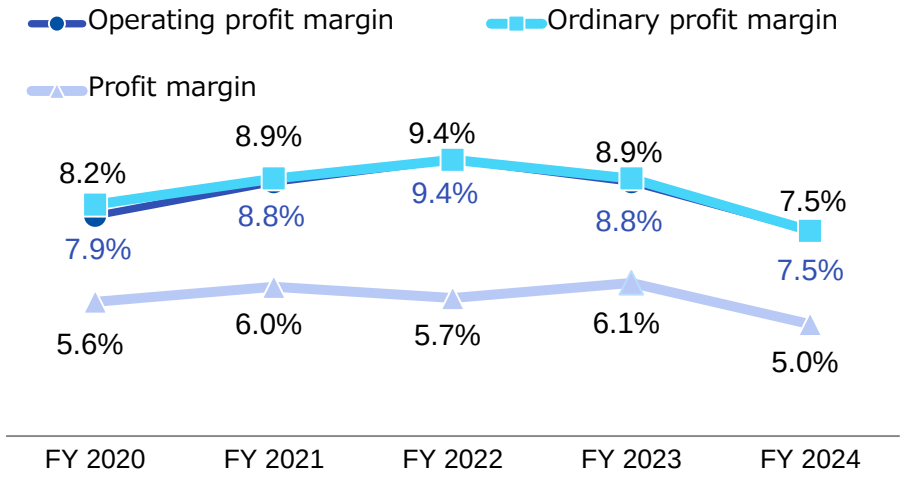


Number of Monthly Users (People)

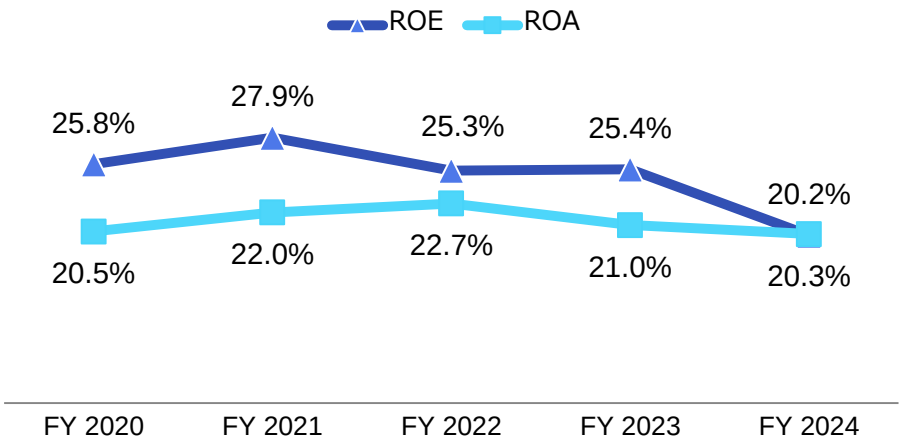


Financial Highlights (2)

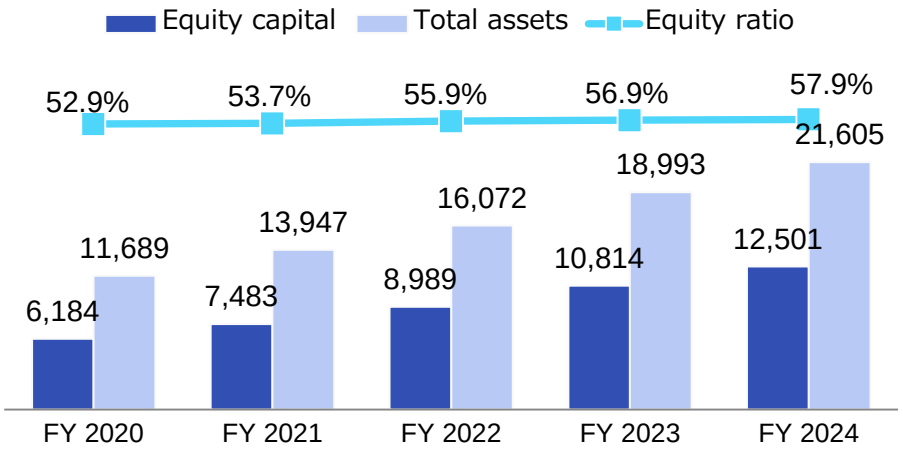
Profit Margins



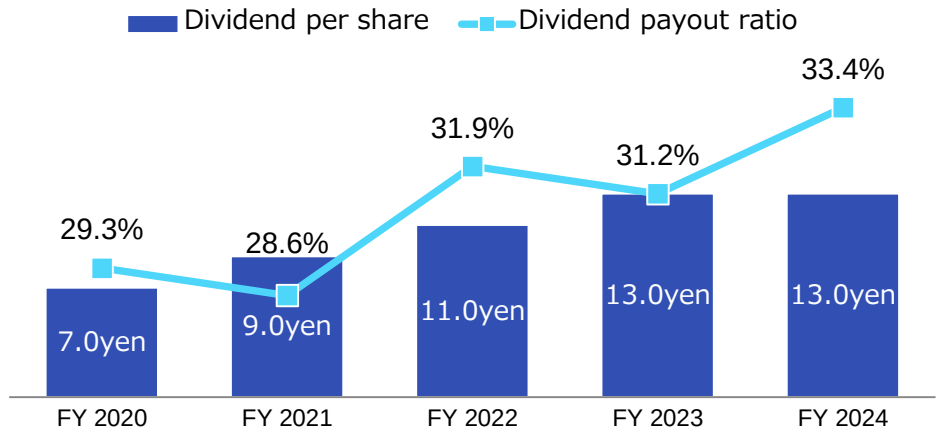
ROE and ROA



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, 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 10, 2025) 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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