



Financial Results

for the 2nd Quarter

of the Fiscal Year Ending June 30, 2024

February 5, 2024

Charm Care Corporation

Tokyo Stock Exchange Prime Market 6062

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Summary of Consolidated Performance for 2Q FY2024/6

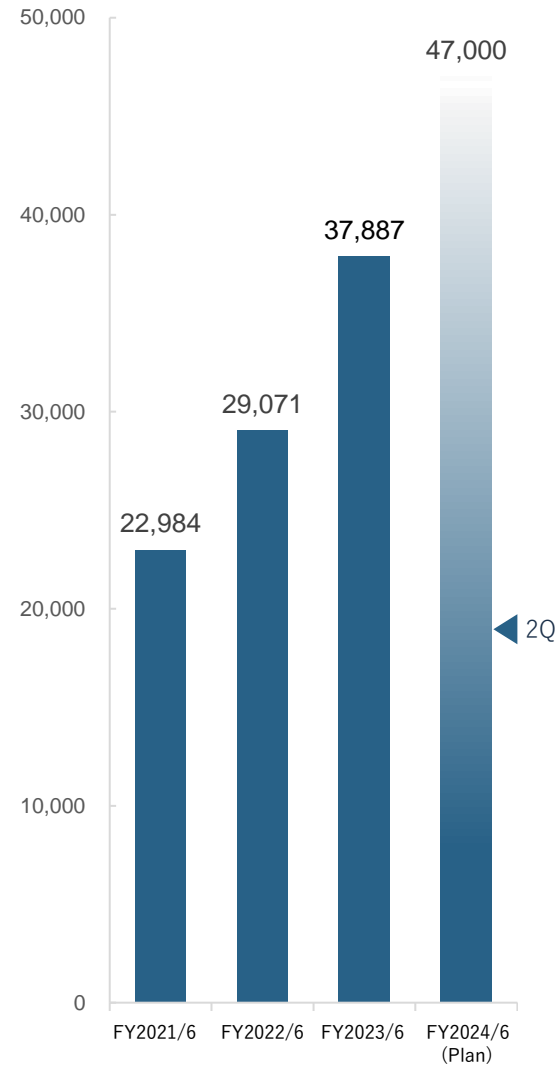
- The long-term care business maintained high occupancy rates at our existing facilities, and move-ins were strong at new facilities and LIKE's facilities.
- **Operating profit improved due to** decreased COVID-related expenses in the long-term care business*, **the effect of improved operational efficiency, etc.**
 - *Until the previous fiscal year, subsidies (non-operating income) were received, covering COVID-related expenses at the ordinary profit level.
- The real estate business and other businesses (staffing services, etc.) also made steady progress.

Consolidated Performance

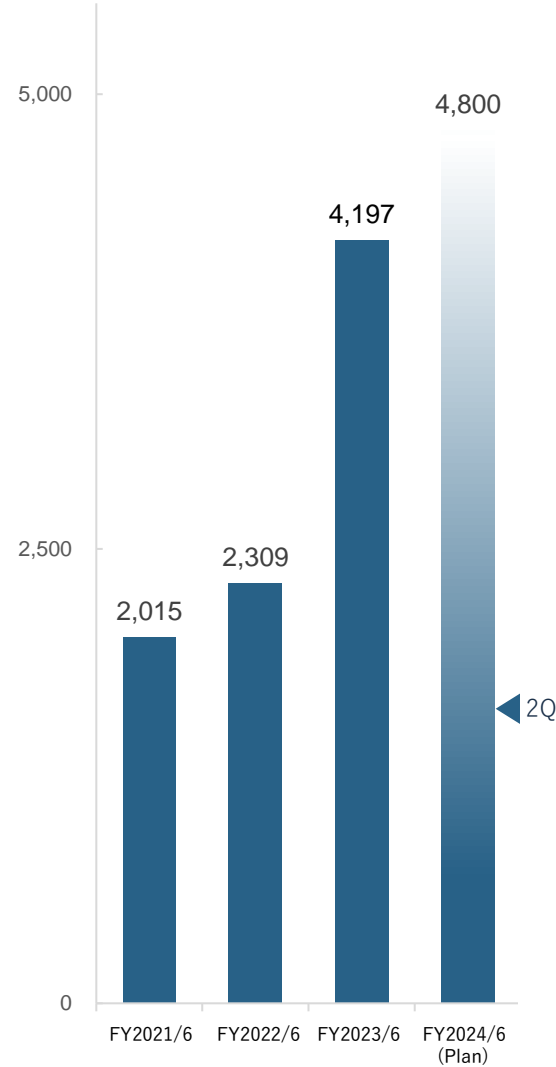
(Millions of yen)	2Q FY2023/6	2Q FY2024/6	YoY	Initial Forecast	Change from Initial Forecast
Net sales	14,851	18,587	+ 25.2% (+ 3,736)	18,500	+ 0.5% (+ 87)
Operating profit	937	1,570	+ 67.6% (+ 633)	1,380	+ 13.8% (+ 190)
Ordinary profit	1,178	1,755	+ 49.0% (+ 577)	1,480	+ 18.6% (+ 275)
Profit attributable to owners of parent	757	1,136	+ 50.0% (+ 378)	970	+ 17.1% (+ 166)

Trends in Consolidated Performance

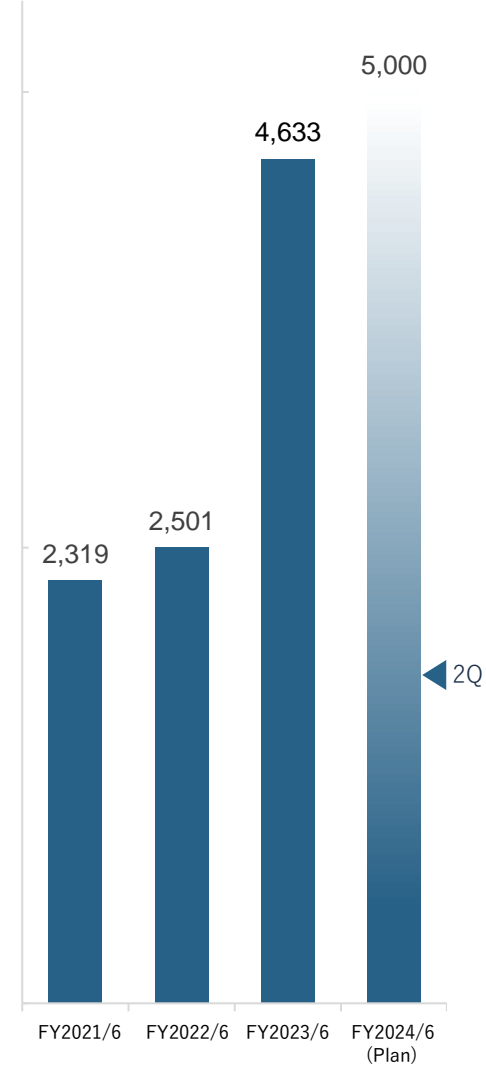
Net sales
(Millions of yen)



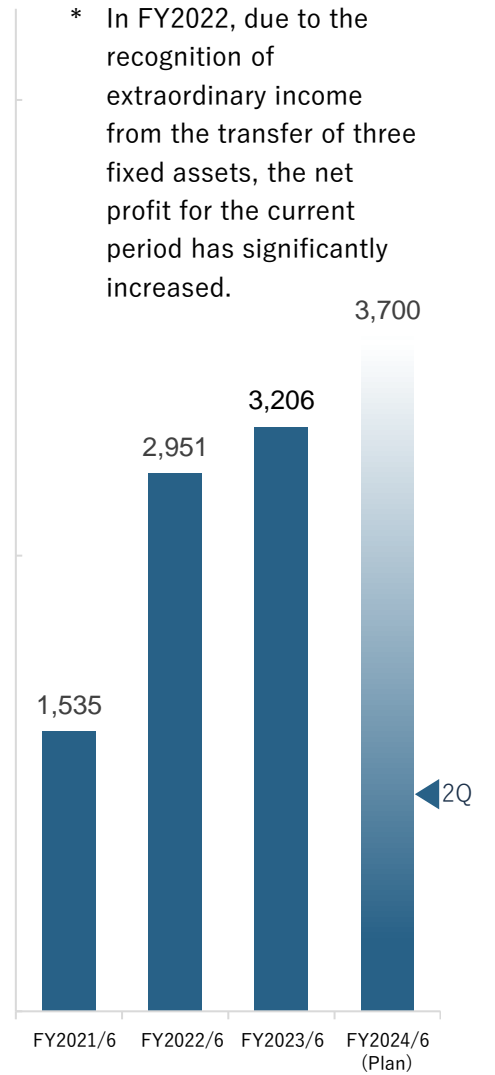
Operating Profit
(Millions of yen)



Ordinary Profit
(Millions of yen)



Profit attributable to owners of parent
(Millions of yen)



2Q FY2024/6 Results by Reporting Segment

Long-Term Care Business

- With COVID-19 now treated the same as diseases such as influenza, existing facilities maintained high occupancy rates, and move-ins were especially strong at new facilities and LIKE's facilities.
- COVID-related expenses decreased significantly from the previous fiscal year (until the previous fiscal year, subsidies (non-operating income) equal to the expenses were received, covering the expenses at the ordinary profit level).
- Efforts to improve operational efficiency using IT/AI and optimize staffing in anticipation of labor shortages are showing results.
(see [page 44](#))

Real Estate Business

- Regarding two development projects scheduled for sale in 4Q (Nakaikegami and Kohama Takarazuka properties), negotiations for a purchase agreement are in progress for the Nakaikegami property and a purchase agreement has been signed for the Kohama Takarazuka property.
- Other real estate properties planned to reliably generate profits in a short period are progressing as scheduled.

Other Businesses

- The staffing services business managed by the consolidated subsidiary Good Partners saw the COVID impact fade, with the staffing and visiting nurse services performing better than planned.
- Preparations for new businesses are also underway.
- Several M&A deals are under consideration and scrutiny.

2Q FY2024/6 Results: by Reporting Segment

Long-Term Care Business

(Millions of yen)	2Q FY2023/6	2Q FY2024/6	YoY
Net sales	14,275	16,174	+ 13.3% [+ 1,899]
Segment profit (operating profit)	1,438	2,012	+ 39.9% [+ 574]
(Reference) Segment ordinary profit	1,683	2,200	+ 30.7% [+ 516]
(Reference) Segment profit	1,083	1,424	+ 31.5% [+ 341]
(Reference) Segment EPS	¥33.20	¥43.65	+ 31.5% [+ ¥10.44]

Real Estate Business

(Millions of yen)	2Q FY2023/6	2Q FY2024/6	YoY
Net sales	9	1,752	+ 17590.7% [+ 1,742]
Segment profit (operating profit)	(44)	14	− % [+ 59]
(Reference) Segment ordinary profit	(49)	9	− % [+ 59]
(Reference) Segment profit	(31)	6	− % [+ 38]
(Reference) Segment EPS	(¥0.97)	¥0.19	− % [+ ¥1.16]

Note: Starting from the fourth quarter of the previous fiscal year, the “Real Estate business” is categorized separately from “Other Businesses” and reported as an independent segment.

Other Businesses

(Millions of yen)	2Q FY2023/6	2Q FY2024/6	YoY
Net sales	726	885	+ 22.0% [+ 159]
Segment profit (operating profit)	5	40	+ 693.6% [+ 35]
(Reference) Segment ordinary profit	4	41	+ 850.1% [+ 36]
(Reference) Segment profit	2	26	+ 1039.7% [+ 24]
(Reference) Segment EPS	¥0.07	¥0.82	+ 1039.0% [+ ¥0.75]

Note: The businesses such as staffing services run by the consolidated subsidiary, Good Partners.

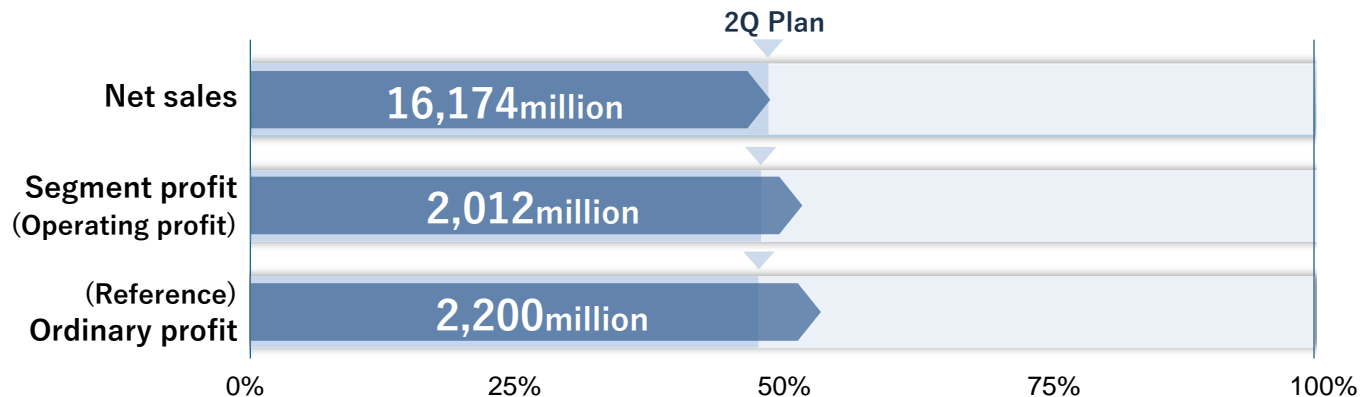
Adjustments

(Millions of yen)	2Q FY2023/6	2Q FY2024/6	YoY
Intersegment sales or transfers	(160)	(225)	− % [(64)]
Segment profit (operating profit)	(461)	(497)	− % [(35)]
(Reference) Segment ordinary profit	(460)	(496)	− % [(35)]
(Reference) Segment profit	(296)	(321)	− % [(25)]
(Reference) Segment EPS	(¥9.08)	(¥9.85)	− % [(¥0.77)]

2Q FY2024/6 Results : Plan Achievement Rate by Reporting Segment

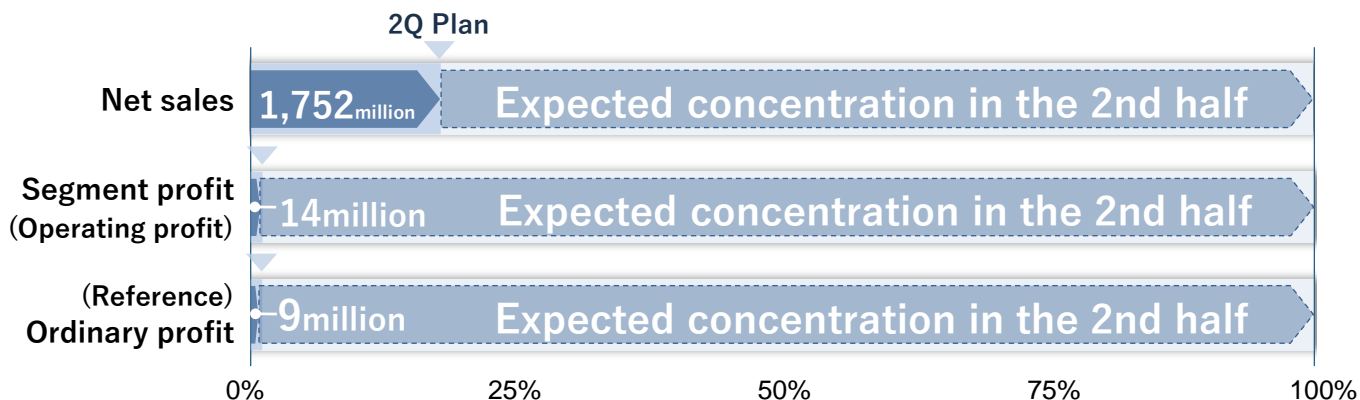
Full-year Forecast
(Millions of yen)

Long-Term Care Business



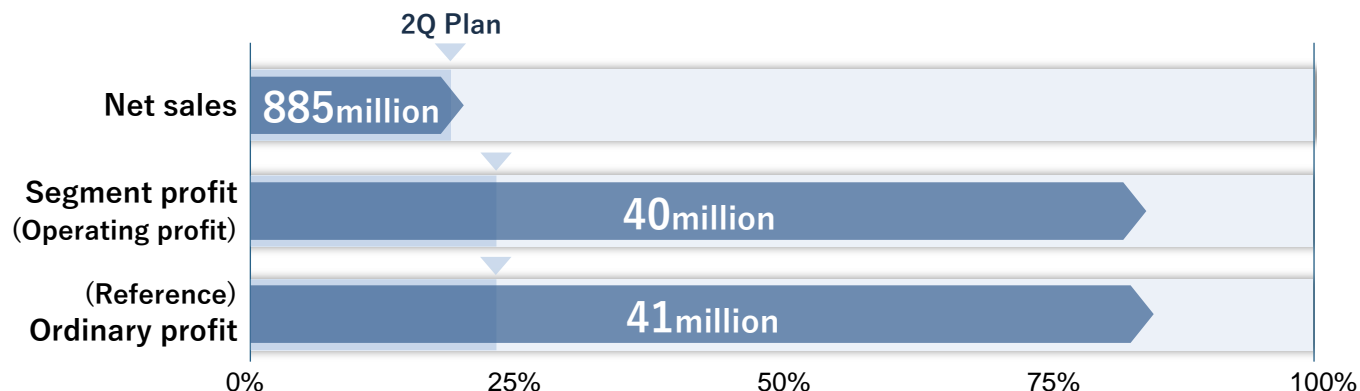
Progress rate	48.8%	33,170
Progress rate	51.6%	3,904
Progress rate	53.6%	4,108

Real Estate Business



Progress rate	17.9%	9,780
Progress rate	0.8%	1,829
Progress rate	0.5%	1,826

Other Businesses



Progress rate	20.0%	4,429
Progress rate	84.2%	48
Progress rate	84.9%	48

2Q FY2024/6 Results : by Reporting Segment [detailed]

(Millions of yen)

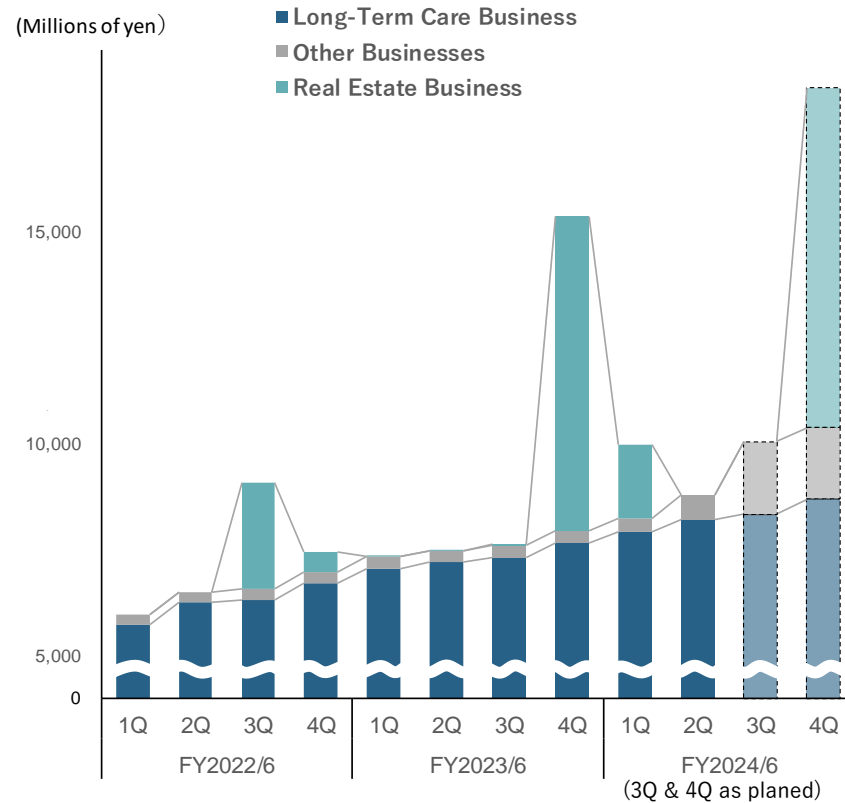
			2Q FY2023/6 Result	2Q FY2024/6 Result	YoY	FY2024/6 Forecast
Long-Term Care	Charm Care Corporation	Net sales	13,431	15,242	+13.5%	31,300
		Profit	1,465	1,944	+32.7%	3,803
	LIKE	Net sales	844	932	+10.4%	1,870
		Profit	64	159	+147.6%	282
	Amortization of goodwill		(90)	(90)	-	(181)
	Total	Net sales	14,275	16,174	+13.3%	33,170
		Segment profit	1,438	2,012	+39.9%	3,904
Real Estate	Total	Net sales	9	1,752	+17590.7%	9,780
		Segment profit	(44)	14	-	1,829
Other Businesses	Good Partners (staffing services, etc.)	Net sales	726	885	+22.0%	1,729
		Profit	21	57	+166.6%	80
	Amortization of goodwill		(16)	(16)	-	(32)
	New Business	Net sales	-	-	-	2,700
		Profit	-	-	-	0
	Total	Net sales	726	885	+22.0%	4,429
		Segment profit	5	40	+693.6%	48
Adjustments	Intersegment sales or transfers		(160)	(225)	-	(379)
	Segment profit		(461)	(497)	-	(981)
Consolidated	Net sales		14,851	18,587	+25.2%	47,000
	Operating profit		937	1,570	+67.6%	4,800
	Ordinary profit		1,178	1,755	+49.0%	5,000
	Extraordinary income (losses)		1	-	-	670
	Profit attributable to owners of parent		757	1,136	+50.0%	3,700

Notes: Segment profit presented in the Adjustments section represents corporate expenses not allocated to individual reporting segments. Corporate expenses are primarily general and administrative expenses not attributable to specific reporting segments.

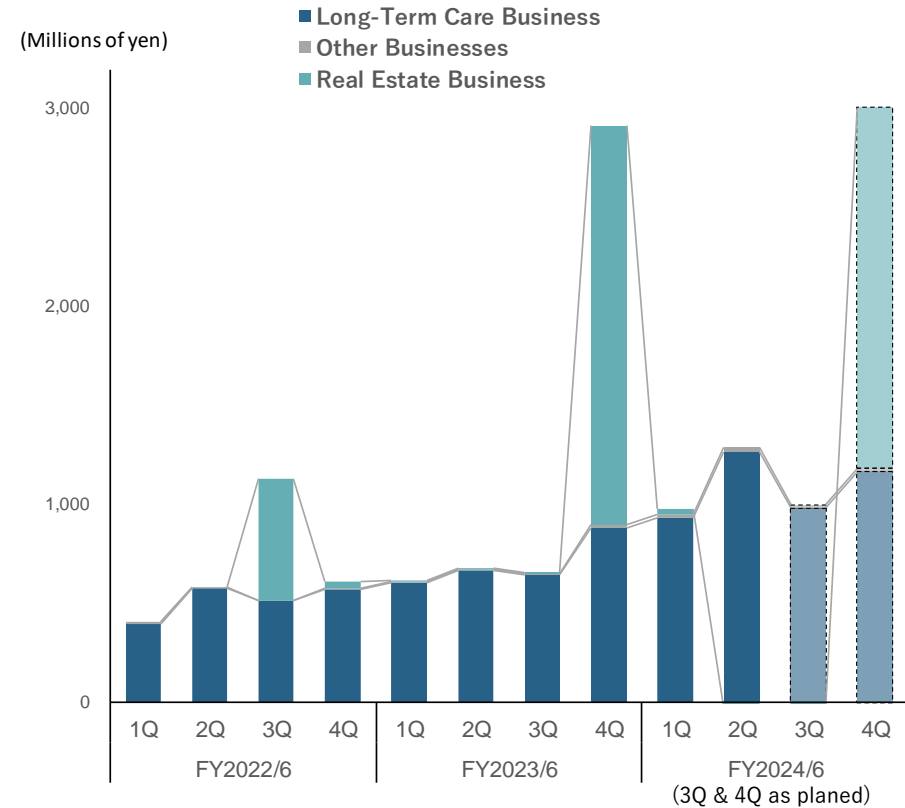
Quarterly Performance Trends(Three-month transition)

- Due to the establishment of new fee-based homes for the elderly with long-term care and the promotion of new occupancy, sales have continued to steadily increase in the Long-Term Care business.
- In the Real Estate business, sales and profits are recorded as a lump sum when development properties, etc. are sold, which results in imbalances from quarter to quarter.

Net sales



Ordinary Profit



- Notes:
1. Results are presented by quarterly accounting period (three months).
 2. The figures for net sales in the Other Businesses business are after deducting intersegmental sales.
 3. Figures are presented according to reporting segment in the quarterly financial results and the annual securities report.

Transition of occupancy rate

- Maintaining high occupancy rates at existing facilities open for more than two years

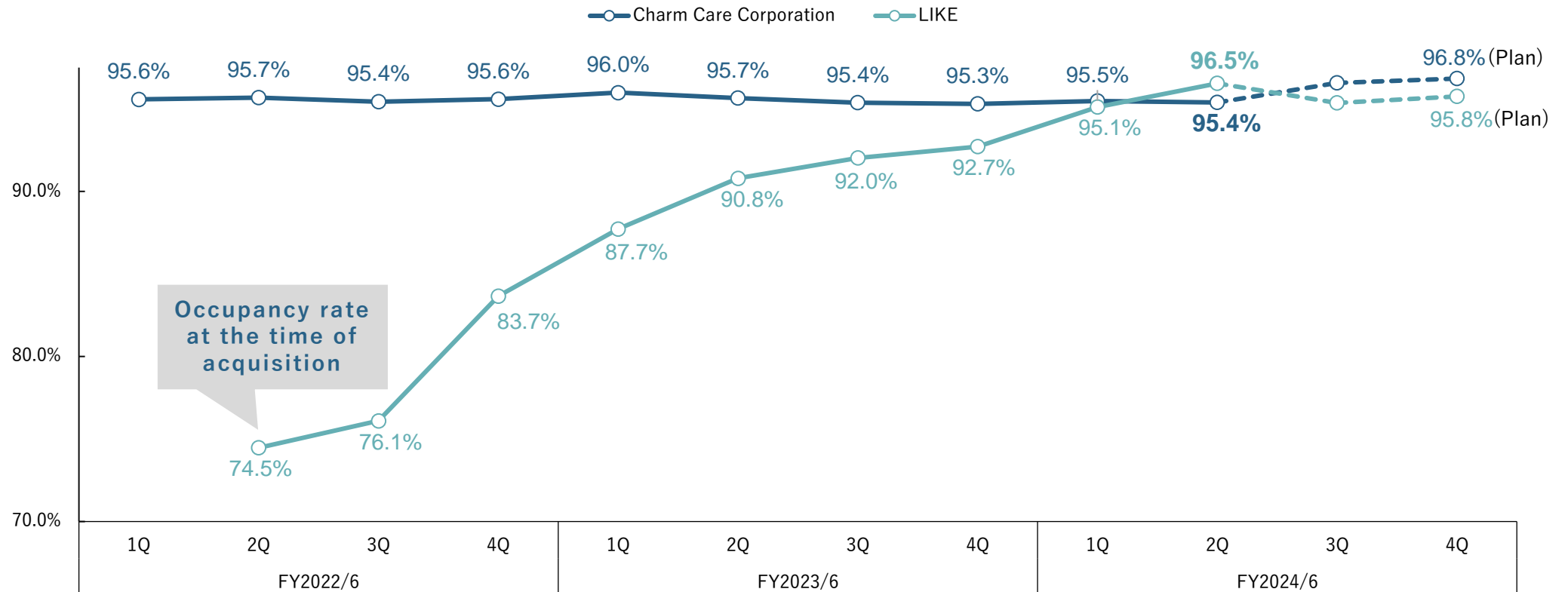
Average occupancy rate for the 2nd Quarter of the year ending in June 2024 (July-December)(*)

At our existing facilities : **95.4%** (The occupancy rate as of December 31, 2023, was **95.3%** (maintaining high occupancy rate))

At LIKE's existing facilities : **96.5%** (The occupancy rate as of December 31, 2023, was **99.3%** (Continuing to rise))

※ Calculation of occupancy rate : Individual facilities open for over 24 months (two years) from their opening month are included in the calculation

Cumulative average occupancy rate by quarter



Progress of Real Estate Business

Progress of Development Projects

FY2024/6 Projects		Progress	Remarks
Nakaikegami property (Ota-ku, Tokyo)	Jul. 2022	Land acquisition	<ul style="list-style-type: none"> Operated by another company (GREEN LIFE HIGASHI NIHON Co., Ltd.) Total of 123 rooms
	Oct. 2022	Basic agreement signed making the operator GREEN LIFE HIGASHI NIHON Co., Ltd., a member of SHIP HEALTHCARE HOLDINGS, INC.	
	May 2023	Building construction started	
	Mar. 2024	Plan to sign a land and building purchase agreement	
	Jun. 2024	Scheduled for sale	
Kohama Takarazuka property (Takarazuka City, Hyogo)	Mar. 2023	Land acquisition	<ul style="list-style-type: none"> Operator selection is underway Total of 80 rooms
	Aug. 2023	Building construction started	
	Dec. 2023	Signed a land and building purchase agreement	
	Jun. 2024	Scheduled for sale	
FY2025/6 Projects (Planned)		Progress	Remarks
Kita-karasuyama property (Setagaya-ku, Tokyo)	Jun. 2023	Land acquisition	<ul style="list-style-type: none"> Operator selection is underway Approximately 60 rooms planned.
	Mar. 2024	Plan to start building construction	
		Date of sale undecided	
Kokuryo-cho property (Chofu City, Tokyo)	Jun. 2023	Signed a purchase agreement of the land	<ul style="list-style-type: none"> Operator tentatively decided Approximately 100 rooms planned.
	Feb. 2024	Plan to sign a basic agreement with the operator Date of sale undecided	

Summary of Consolidated Balance Sheets

(Millions of yen)	As of Jun. 30, 2023	As of Dec. 31, 2023	Change
Current assets	21,448	23,209	+1,761
Cash and deposits	6,813	6,862	+49
Inventories (Note 1)	5,799	7,338	+1,539
Money held in trust (Note 2)	4,731	5,042	+310
Other	4,103	3,966	(137)
Non-current assets	21,856	22,582	+726
Property, plant and equipment	11,037	11,669	+631
Intangible assets	2,873	3,039	+165
Goodwill	2,802	2,697	(105)
Other	71	342	+271
Investments and other assets	7,944	7,873	(71)
Investment securities	610	610	± 0
Guarantee deposits	5,298	5,362	+63
Deferred tax assets	1,357	1,354	(2)
Other	679	546	(132)
Total assets	43,304	45,792	+2,487

(Millions of yen)	As of Jun. 30, 2023	As of Dec. 31, 2023	Change
Current liabilities	20,060	22,419	+2,359
Short-term borrowings	5,374	6,999	+1,625
Contract liabilities (Note 3)	9,713	10,899	+1,176
Other	4,972	4,529	(443)
Non-current liabilities	8,108	7,801	(307)
Long-term borrowings	6,597	6,294	(303)
Other	1,511	1,507	(3)
Total liabilities	28,168	30,220	+2,051
Shareholders' equity	15,098	15,544	+445
Share capital	2,759	2,759	± 0
Capital surplus	2,758	2,762	+3
Retained earnings	9,646	10,065	+418
Treasury shares	(66)	(42)	+23 (Note 4)
Total accumulated other comprehensive income	(12)	(7)	+5
Share acquisition right	50	34	(15)
Total net assets	15,135	15,571	+435
Total liabilities and net assets	43,304	45,792	+2,487

(Note 1) Inventories are real estate for sale and real estate for development in the real estate business.

(Note 2) Money held in trust are deposits made as a protective measure for a part of the initial lump sum fee received in the long-term care business, as mandated by the Act on Social Welfare for the Elderly.

(Note 3) Contract liabilities are initial lump sum fees received and held by the long-term care business, which are drawn down as revenue is recognized.

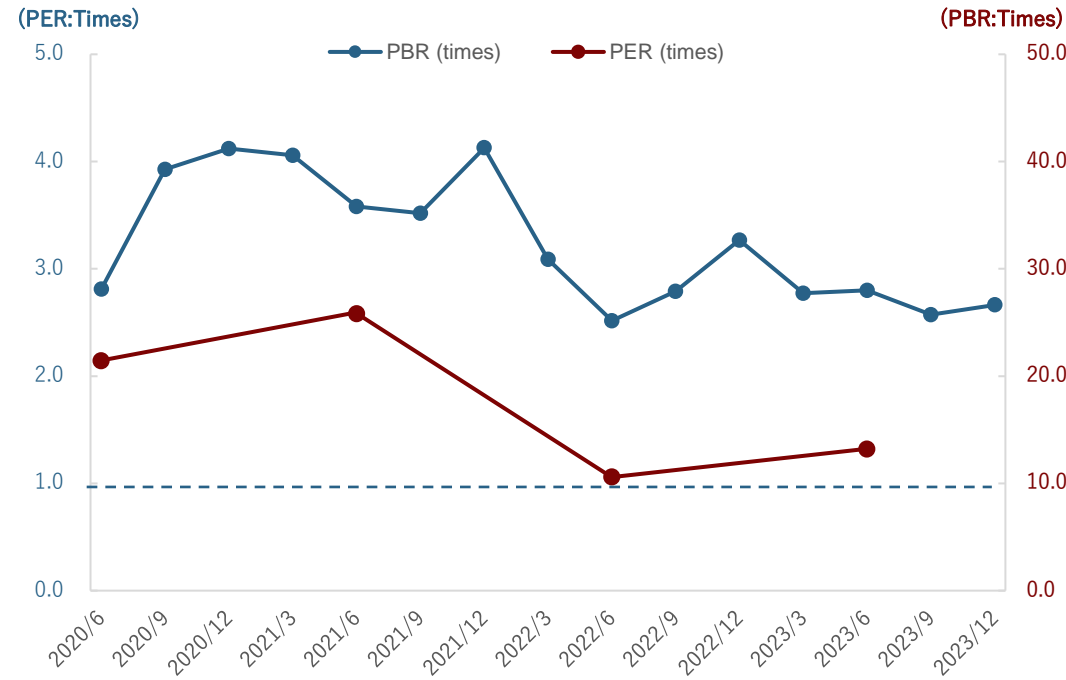
(Note 4) The decrease in treasury shares is due to the issuance of treasury shares as a result of the exercise of stock options and the disposal of shares as restricted stock compensation.

Management with an Awareness of Capital Costs and Stock Prices

Current situation analysis phase

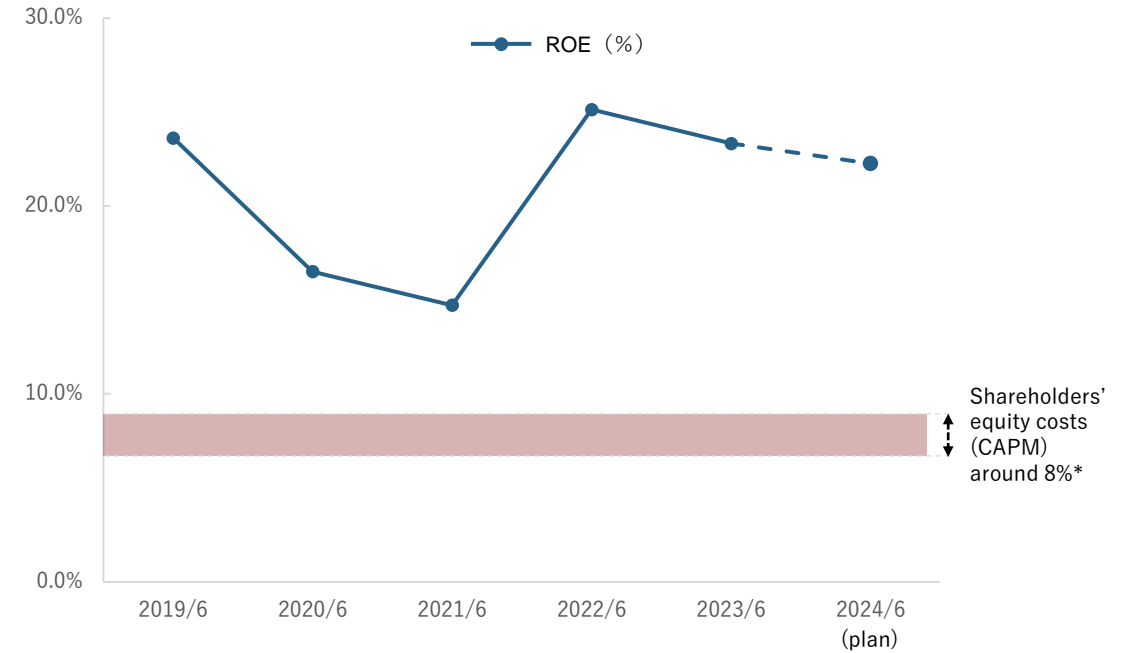
Maintain a PBR above 2 times

PBR (price book-value ratio) and PER (price earnings ratio)



Maintain an ROE above shareholders' equity costs

ROE and shareholders' equity costs



* Estimated based on the yield on 10-year government bonds for the risk-free rate, our 5-year weekly β for the β value, and a market risk premium of 6.0%.

Initiatives will be discussed in the future.

FY2024/6 Results Forecasts

- Driven by steady growth in the Long-Term Care business and stability in the Real Estate business, we expect increased sales and profit.
- We have set our facility occupancy rate target at the highest level of past performance.
- For the Real Estate business, as with FY2023/6, performance will be concentrated in the latter half (expected in 4Q).(The progress status of real estate development projects can be found on [page 11](#).)

Note: Please refer to [page 21](#) for the performance forecast by Reporting Segment.

Full-year forecasts (consolidated)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	(Millions of yen) Occupancy rate for fee-based homes for the elderly with long-term care (average for the period)	
					Charm Care	LIKE
FY2023/6 (result)	37,877	4,197	4,633	3,206	95.3%	92.7%
FY2024/6 (forecast)	47,000	4,800	5,000	3,700	96.8%	95.8%
Change	+24.1%	+14.4%	+7.9%	+15.4%	+1.5pt.	+3.1pt.

Dividends

Dividend forecast for FY2024/6

	Profit attributable to owners of parent (forecast)	Earnings Per Share (EPS)	Annual Dividend Per Share (DPS)	Payout Ratio (consolidated)	Total Dividend Amount	Dividend on Equity (DOE)
FY2024/6 (forecast)	¥3,700 million	¥113.32	¥26.00	22.9%	¥849 million	4.7%

Dividend Record

	Profit attributable to owners of parent (forecast)	Earnings Per Share (EPS)	Annual Dividend Per Share (DPS)	Payout Ratio (consolidated)	Total Dividend Amount	Dividend on Equity (DOE)
FY2023/6	¥3,206 million	¥98.28	¥22.00	22.4%	¥717 million	4.7%
FY2022/6	¥2,951 million	¥90.50	¥17.00	18.8%	¥554 million	4.5%
FY2021/6	¥1,535 million	¥47.09	¥12.00	25.5%	¥391 million	3.5%
FY2020/6	¥1,206 million	¥39.40	¥6.50	16.5%	¥211 million	2.8%

01

FY2024/6 2nd Quarter Results

02

Medium-Term Management Plan

Note: We review the medium-term management plan in a rolling manner at the time financial results are announced after the end of each fiscal year.

03

About us

04

Current Topics

Reference Document (1): Company Business Domains and Profit Structure, etc.

Reference Document (2): Environment Surrounding the Long-Term Care Industry

Plan for FY2024/6

Net sales	¥47.0 billion
Ordinary profit	¥5.0 billion

Medium-term target

Net sales	¥100.0 billion
Ordinary profit	¥10.0 billion

1

First pillar of business: Long-Term Care Business

Continue and expand balanced mix of openings mainly in mid/high price range

- Expand the business scale with the goal of opening 10 or more facilities per year in our dominant areas (Tokyo and Kinki metropolitan areas).
- Overcome sluggish occupancy rate issues in certain facilities by strengthening sales capabilities.
 - (1) Work to increase the number of residents primarily at high price-range facilities through SEO strategies and enhanced web advertising.
 - (2) Develop new referral channels for potential residents.
- Enhance personnel efficiency in facility operations in anticipation of future labor shortages.
 - (1) Implement IT devices and generative AIs such as ChatGPT to improve service quality while making operations more efficient and streamlined.
 - (2) Introduce the role of Associate Leader for high-performing individuals who meet specific criteria, and optimize staffing centered on Associate Leaders.

Develop Existing Businesses and Expand the Business Domain

2

Second pillar of business: Real Estate Business

Continue a consistent development cycle by improving the quality and quantity of information

- Expand channels to enhance the quality and quantity of real estate information, continuing a consistent development cycle.
- Secure stable sales and profit through the development business (Healthcare Development business).

3

AI-related Business

Launch and advance businesses utilizing AI technology

- Promote the commercialization of an *abuse prevention system* B2B service for long-term care providers using AI technology. Product development has been completed to the stage where demonstration testing is possible, and it is scheduled to begin soon at Charm Care's facilities.
- Continue to develop AI dialogue avatars and robots using AI conversational technology.

4

New Businesses

Go beyond the confines of long-term care providers, principally by creating a business capable of serving as a new pillar and actively promoting M&As

- Create businesses related to or not limited to long-term care, and actively promote M&As.
- Expand the scale of the Group's businesses by expanding its business domains, including subsidiaries, while improving group management efficiency through increased synergies (e.g., long-term care taxi services).

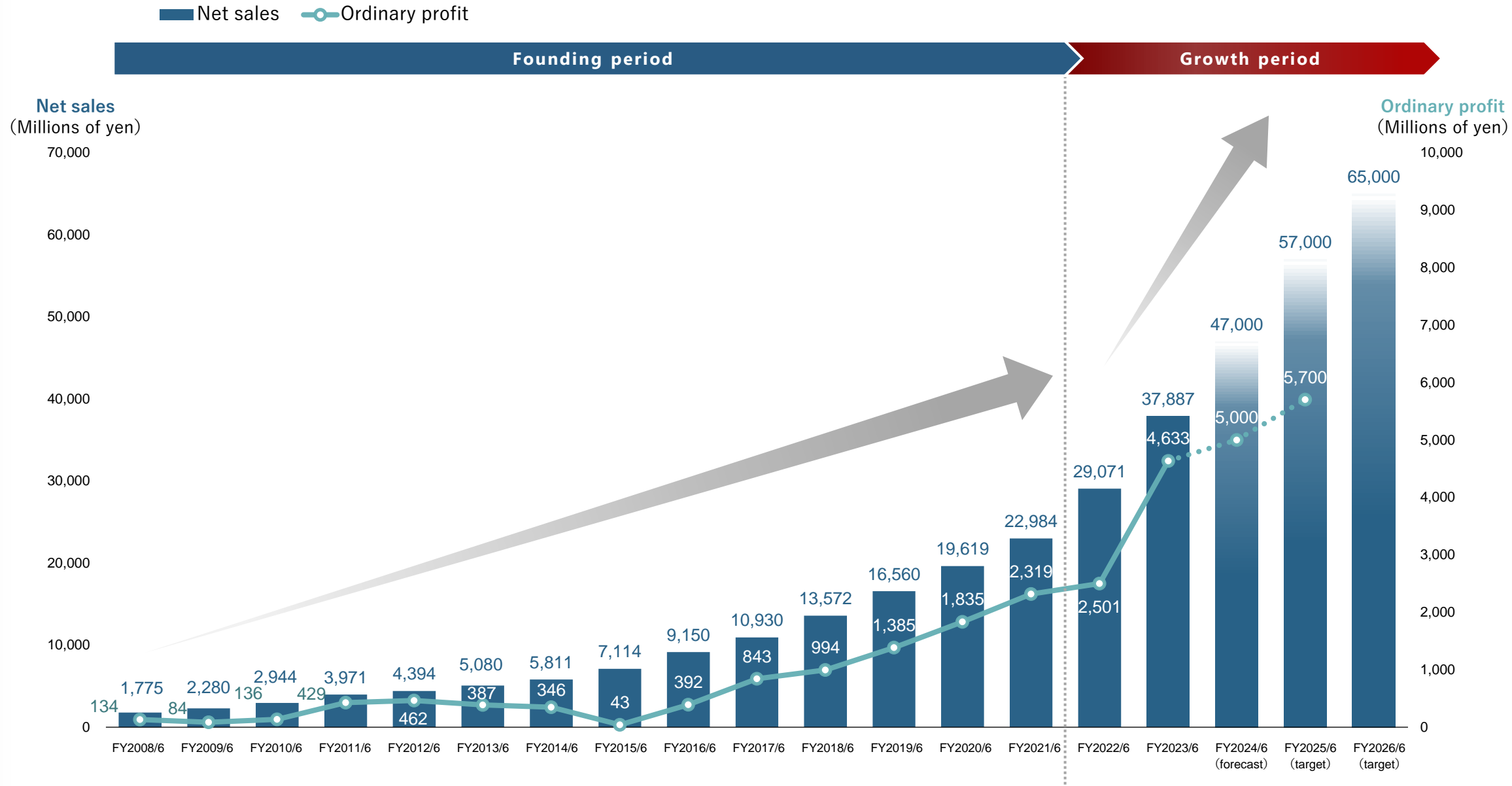
Consolidated Performance Targets for FY2024/6 to FY2026/6

(Millions of yen)	FY2022/6 Result	FY2023/6 Result	FY2024/6 Forecast	FY2025/6 Target	FY2026/6 Target
Net sales	29,071	37,887	47,000	57,000	65,000
Operating profit	2,309	4,197	4,800	5,680	(TBD)
Ordinary profit	2,501	4,633	5,000	5,700	(TBD)
Ordinary profit margin	8.6%	12.2%	10.6%	10.0%	(TBD)
Profit attributable to owners of parent	2,951	3,206	3,700	4,600	(TBD)

Transition from **founding period** (2005-FY2021/6) to **growth period** (from FY2022/6).
We will also aim to further expand business scale in FY2024/6 and beyond.

KPI targets : Ordinary profit growth of **30%** net sales growth of **20%** ordinary profit margin of **10%**

Performance Trends and Targets



Consolidated Performance Targets for FY2024 to FY2026(by Reporting Segment)

			FY2022/6 Result	FY2023/6 Result	FY2024/6 Forecast	FY2025/6 Target	FY2026/6 Target
Long-Term Care	Charm Care Corporation	Net sales	23,989	27,551	31,300	35,900	40,750
		Profit	2,554	3,061	3,803	5,043	-
	LIKE	Net sales	1,085	1,726	1,870	1,900	1,950
		Profit	84	164	282	345	-
	Amortization of goodwill		(136)	(181)	(181)	(181)	(181)
	Total	Net sales	25,075	29,278	33,170	37,800	42,700
		Segment profit	2,502	3,044	3,904	5,206	-
Real Estate	Total	Net sales	2,985	7,454	9,780	7,500	10,000
		Segment profit	653	2,037	1,829	1,142	-
Other Businesses	Good Partners (staffing services, etc.)	Net sales	1,247	1,495	1,729	2,350	3,000
		Profit	32	59	80	150	-
	Amortization of goodwill		(32)	(32)	(32)	(32)	(32)
	New Business	Net sales	-	-	2,700	10,000	10,000
		Profit	-	-	0	200	-
	Total	Net sales	1,247	1,495	4,429	12,350	13,000
		Segment profit	0	27	48	318	-
Adjustments	Intersegment sales or transfers		(236)	(341)	(379)	(650)	(700)
	Segment profit		(846)	(911)	(981)	(987)	-
Consolidated	Net sales		29,071	37,887	47,000	57,000	65,000
	Operating profit		2,309	4,197	4,800	5,680	-
	Ordinary profit		2,501	4,633	5,000	5,700	-
	Extraordinary income (losses)		2,034	230	670	1,500	-
	Profit attributable to owners of parent		2,951	3,206	3,700	4,600	-

Note: Segment profit presented in the Adjustments section represents corporate expenses not allocated to individual reporting segments. Corporate expenses are primarily general and administrative expenses not attributable to specific reporting segments.

Plans and Goals for New Facilities Openings and Developments

Long-Term Care Business

	FY2022/6 (Result)	FY2023/6 (Result)	FY2024/6 Scheduled	FY2025/6 Planned	FY2026/6 Planned
New openings	8 facilities	8 facilities	7 facilities	12 facilities	15 facilities
Of which, Tokyo metropolitan area	6 facilities	8 facilities	3 facilities	7 facilities	10 facilities
Of which, Kinki metropolitan area	2 facilities	—	4 facilities	5 facilities	5 facilities
Cumulative facilities	76 facilities	84 facilities	91 facilities	103 facilities	118 facilities
Of which, Tokyo metropolitan area	31 facilities	39 facilities	42 facilities	49 facilities	59 facilities
Of which, Kinki metropolitan area	45 facilities	45 facilities	49 facilities	54 facilities	59 facilities
Rooms in operation at year-end	5,203 rooms (+914 rooms)	5,673 rooms (+470 rooms)	6,181 rooms (+508 rooms)	6,978 rooms (+797 rooms)	約7,878 rooms (+900 rooms)
Of which, Tokyo metropolitan area	1,844 rooms	2,314 rooms	2,523 rooms	2,965 rooms	3,565 rooms
Of which, Kinki metropolitan area	3,359 rooms	3,359 rooms	3,658 rooms	4,013 rooms	4,313 rooms

Real Estate Business

	FY2022/6 (Result)	FY2023/6 (Result)	FY2024/6 Scheduled	FY2025/6 Planned	FY2026/6 Planned
Developments	1 facilities	2 facilities	2 facilities	3 facilities	3 facilities
Cumulative developments	1 facilities	3 facilities	5 facilities	8 facilities	11 facilities

Newly Opened Facilities and Development Projects

FY2024/6 [40th fiscal year]

No.	New Opened Facilities	Rooms	Opening(planned)
1	Charm Akashi Nishi-futami (Akashi City, Hyogo Prefecture)	69 (70 people)	Nov. 2023
2	Charm Fuchu-Banba(Miyanishicho) (Fuchu City)	69	Dec. 2023
3	Charm Suite Nigawa II (Nishinomiya City, Hyogo Prefecture)	81	Feb. 2024
4	Charm Premier Kyoto Karasuma Rokkaku(Nakagyo-ku, Kyoto City)	77	Mar. 2024
5	Charm Mizumoto Park (Katsushika-ku)	60	May. 2024
6	Charm Fuchu-Nisshincho (Fuchu City)	80	Jun. 2024
7	Charm Suite Kurakuen (Nishinomiya City, Hyogo Prefecture)	72 (80 people)	Jun. 2024
Total	7 facilities (Tokyo metropolitan area: 3 facilities, Kinki metropolitan area: 4 facilities)	508 (517 people)	

No.	Development Projects	Rooms	completion(planned)
1	Nakaikegami property (Ota-ku)	123	Jun. 2024
2	Takarazuka-Kohama property (Takarazuka City, Hyogo Prefecture)	80	Jun. 2024
Total	2 facilities (Tokyo metropolitan area: 1 facilities, Kinki metropolitan area: 1 facilities)	203	

FY2025/6 [41st fiscal year]

No.	New Opened Facilities	Rooms	Opening(planned)
1	Charm Suite Hatanodai (Ota-ku)	60	Jul. 2024
2	Charm Ritto (Ritto City, Shiga Prefecture)	80	Oct. 2024
3	Charm Suite Kobe Tarumi (Tarumi-ku, Kobe City)	95 (100 people)	Oct. 2024
4	Charm Suite Nishi-shinjuku (Shinjuku-ku)	69	Apr. 2025
5	Charm Rokugo (Ota-ku)	68	May. 2025
6	Charm Suite Gotokuji (Setagaya-ku)	65	Jun. 2025
	1 facilities in Tokyo metropolitan area	?	FY2025/6
	2 facilities in Kinki metropolitan area	?	FY2025/6
Total	9 facilities (Tokyo metropolitan area: 5 facilities, Kinki metropolitan area: 4 facilities)	Approx. 700	

No.	Development Projects	Rooms	completion(planned)
1	Kita-Karasuyama property (Setagaya-ku)	Approx. 60	FY2025/6
2	Kokuryo-cho property (Chofu City, Tokyo)	Approx. 100	(TBD)
3	Projects in the Tokyo Metropolitan Area	Approx. 60	FY2025/6
Total	3 facilities (Tokyo metropolitan area: 3 facilities)	Approx. 200	

Due to problems such as the shortage of workers in the construction industry, the construction period tends to be longer than before, and delays in new openings are starting to occur. On the other hand, due to the trend of businesses focusing and selecting their core operations, and issues such as management difficulties and the absence of successors among small businesses after COVID, we are receiving a large number of M&A inquiries for nursing homes. We will carefully review these and plan to expand the number of homes through M&A.

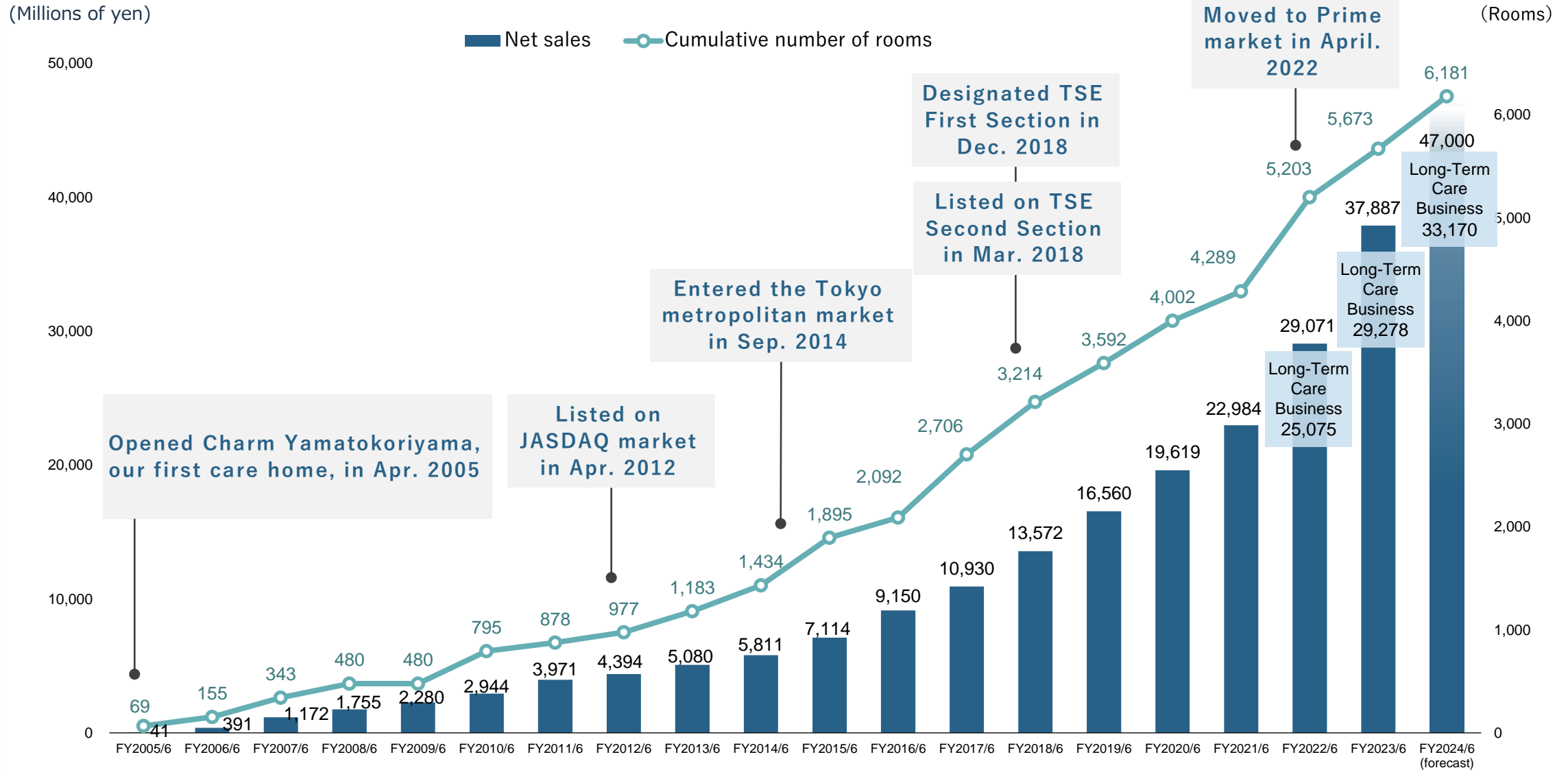
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Reference Document (1): Company Business Domains and Profit Structure, etc.

Reference Document (2): Environment Surrounding the Long-Term Care Industry

Trends in sales and number of rooms, and history

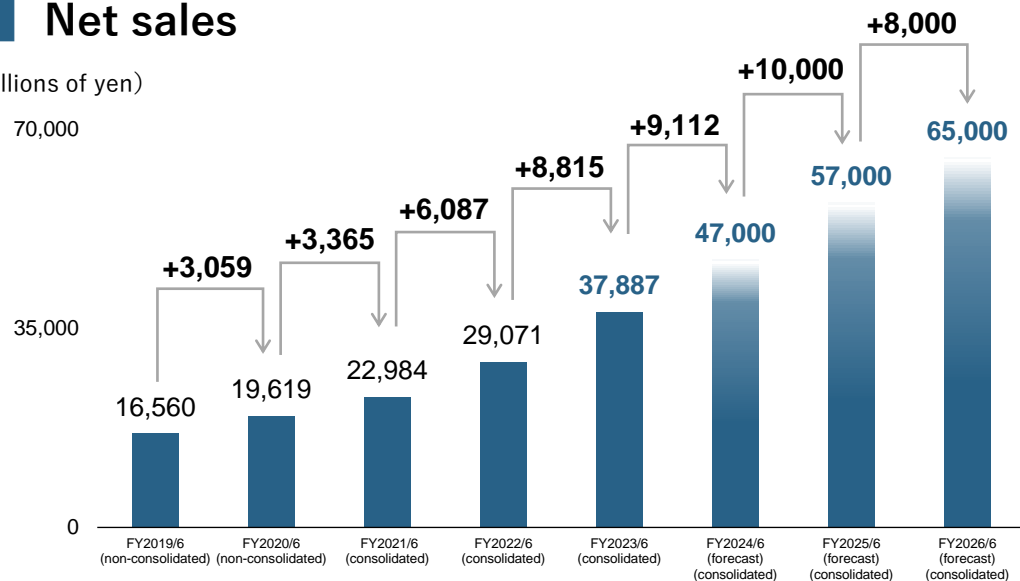


Note: Cumulative number of rooms includes the facilities of consolidated subsidiaries.

Performance Trends

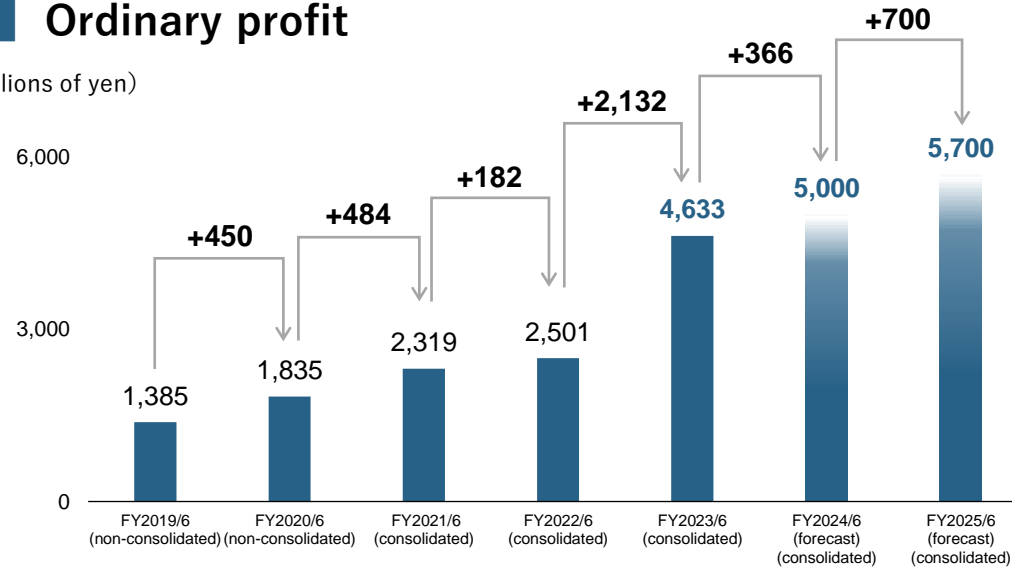
Net sales

(Millions of yen)



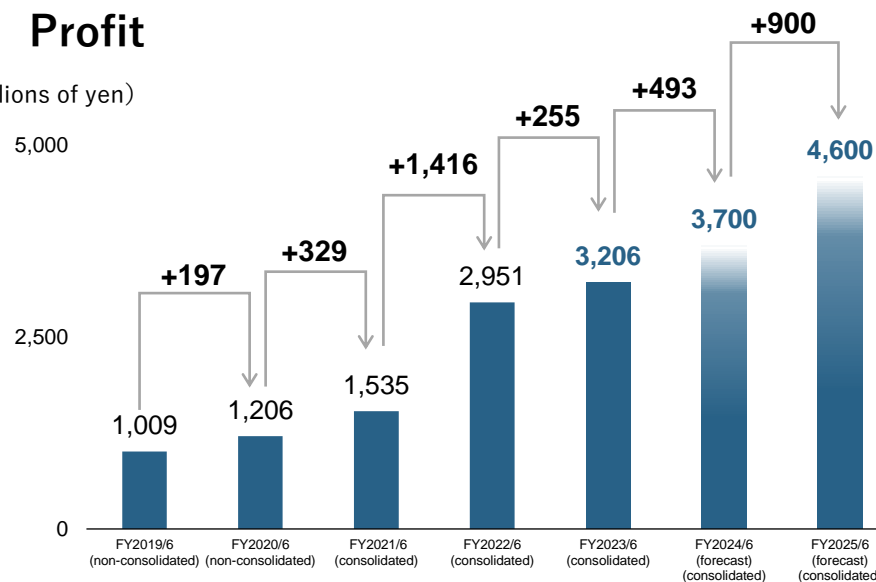
Ordinary profit

(Millions of yen)



Profit

(Millions of yen)



(Millions of yen)	2019/ 6 (non-consolidated)	2020/ 6 (non-consolidated)	2021/ 6 (consolidated)	2022/ 6 (consolidated)	2023/ 6 (consolidated)
Net assets	4,584	9,822	11,125	12,458	15,135
Total assets	18,805	23,980	28,597	37,355	43,304
Equity ratio	24.3%	40.8%	38.7%	33.2%	34.8%
Return on Equity (ROE)	23.6%	16.5%	14.7%	25.1%	23.3%

CHARM CARE Group



MISSION

Charm Care Corporation will contribute to the creation of a prosperous and rewarding aging society.

The design of our logo uses wings as a motif to represent our continuing commitment to constant reform and further evolution in the future.

■ Charm Care Group's Business

01

Achieving long-term and steady growth in **the Long-Term Care business, the primary pillar** of the Group's businesses focused on the operation of "fee-based homes for the elderly with long-term care."

02

Realizing high growth in **the Real Estate business, the second pillar** of the Group's businesses that develops healthcare properties such as fee-based homes for the elderly using Charm Care's unique know-how.

03

Aiming for further growth through **New Business, the third pillar** of the Group's businesses in fields such as AI that contribute to an aging society.

Characteristics of the Long-Term Care Business (1)

- Management resources focused on fee-based homes for the elderly with long-term care (daily life long-term care admitted to specified facilities)

Over 94% of operated facilities are “fee-based homes for the elderly with long-term care”

(a major unique feature among large-scale operators)

Advantage 1:

Unlike other fee-based homes for the elderly, fee-based homes for the elderly with long-term care have **fixed care fees**, making revenue easy to anticipate and stable (see [page 29](#) and [page 55](#)) .

Advantage 2:

Fee-based homes for the elderly with long-term care require designation by the local government, creating **a high barrier** to entry for operators without a track record.

Advantage 3:

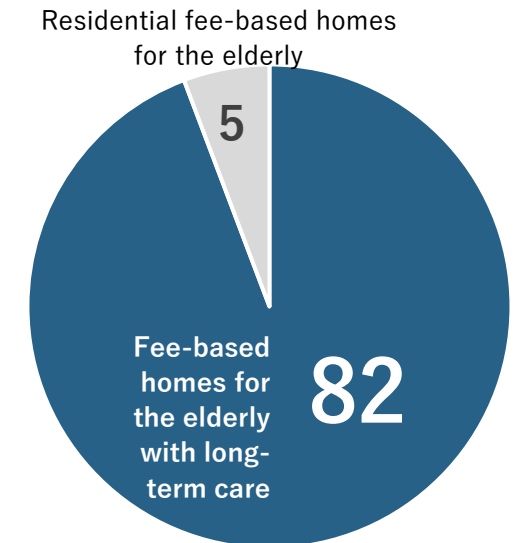
Fee-based homes for the elderly with long-term care are **more likely to be chosen by customers (= high occupancy rate)** due to their safety and security, such as a 24-hour long-term care system.

Advantage 4:

As fee-based homes for the elderly with long-term care cater to elderly residents with moderate to severe long-term care needs*, **demand is expected to grow further in the future** (see [page 62](#)) .

(*Averages of Charm Care’s residents:
age 88 years and 8 months, long-term care level 2.2-2.3)

Types of senior homes within our company group.



As of February 1, 2024

Characteristics of the Long-Term Care Business (1)

► For Reference: Main types of facility-based services

Type	Details	
Fee-based homes for the elderly with long-term care (daily life long-term care admitted to specified facilities)	Fee-based homes for the elderly designated by prefectural governments as “daily life long-term care admitted to specified facilities” under the long-term care insurance system; when residents need long-term care, facility staff provide long-term care services. Establishing a new facility requires being selected by the local government through a public tender process. Also, long-term care fees are fixed amounts that depend on the level of care the residents need.	<div>Restrictions on establishment</div> <div>System of fixed long-term care fees</div>
Residential fee-based homes for the elderly	When residents need long-term care, separate agreements are made with a third-party long-term care provider (or, a company provider onsite) for use. Establishing a new facility does not require being selected through a public tender process. Also, long-term care fees are decided depending on the quantity of services used by the resident.	<div>No restrictions on establishment</div> <div>system of variable long-term care fees</div>
Senior residences offering services	Residences leased to seniors that meet registration criteria for size, facilities, etc. and required to at least provide safety confirmation and daily life consultation services through care professionals.	<div>No restrictions on establishment</div>
Facilities covered by public aid providing long-term care to the elderly (intensive care homes for the elderly)	Facilities covered by public aid providing long-term care to the elderly are for seniors aged 65 and up who require constant long-term care and have difficulty living at their own households. Admission requirements have become stricter since April 2015, and in principle, users are required to be those needing long-term care level 3 or higher. Based on a fiscal 2019 survey, there was a waiting list of approximately 290,000 people nationwide, and to be admitted in urban areas in particular takes a considerable amount of time.	<div>Private operators not permitted</div> <div>Restrictions on admission</div>
Long-term care health facilities	These facilities support the independence of seniors requiring medical care and long-term care and mainly provide rehabilitation services for the purpose of enabling them to return to their own households. Basically, their purpose is to return residents to their own households, and decisions are made at the end of each stay period on whether to extend the stay or discharge.	<div>Private operators not permitted</div>

Characteristics of the Long-Term Care Business (2)

► Expanding the opening of facilities with high added value in urban areas of the Tokyo metropolitan area and Kinki region

(forming a dominant presence in the urban areas of the Tokyo metropolitan area and Kinki region)

Advantage 1:

High customer needs (see [page 63](#))

By locating in desirable residential areas in urban areas where the aging population continues to grow, Charm Care is targeting **promising markets with high needs and many affluent and semi-affluent residents.**

Advantage 2:

Not losing customers

If the desired facility is full, temporary occupancy is possible in a nearby facility.

Advantage 3:

Staff can be easily transferred from one facility to another or support other staff members

Allows **efficient utilization of human resources.**

Advantage 4:

Advantageous in securing staff

Many facilities are near stations and convenient for commuting, making it **easier to secure personnel.**

Advantage 5:

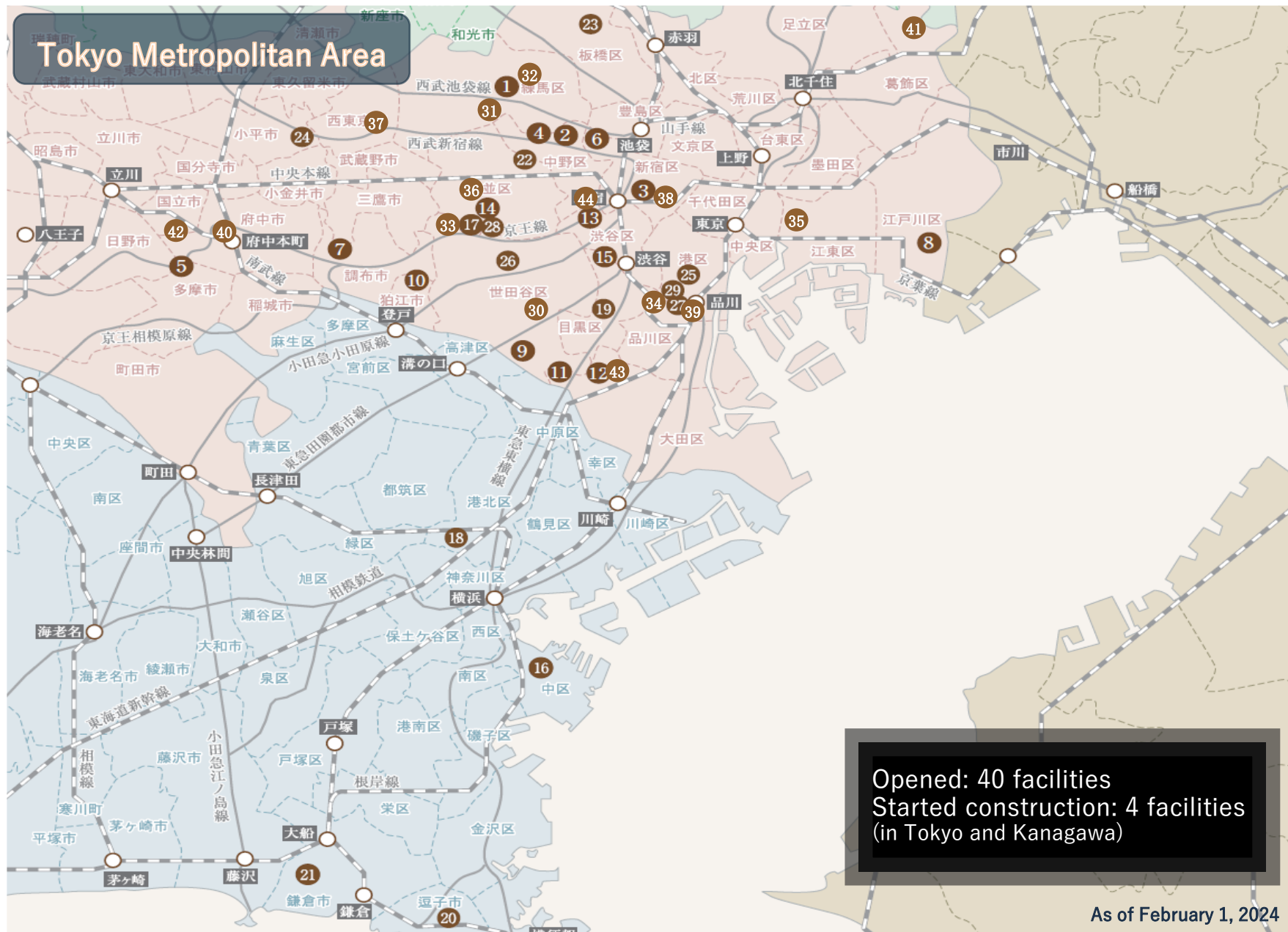
Management efficiency

The concentration of facilities **enables efficient operation and management** in terms of education, training, risk management, etc.

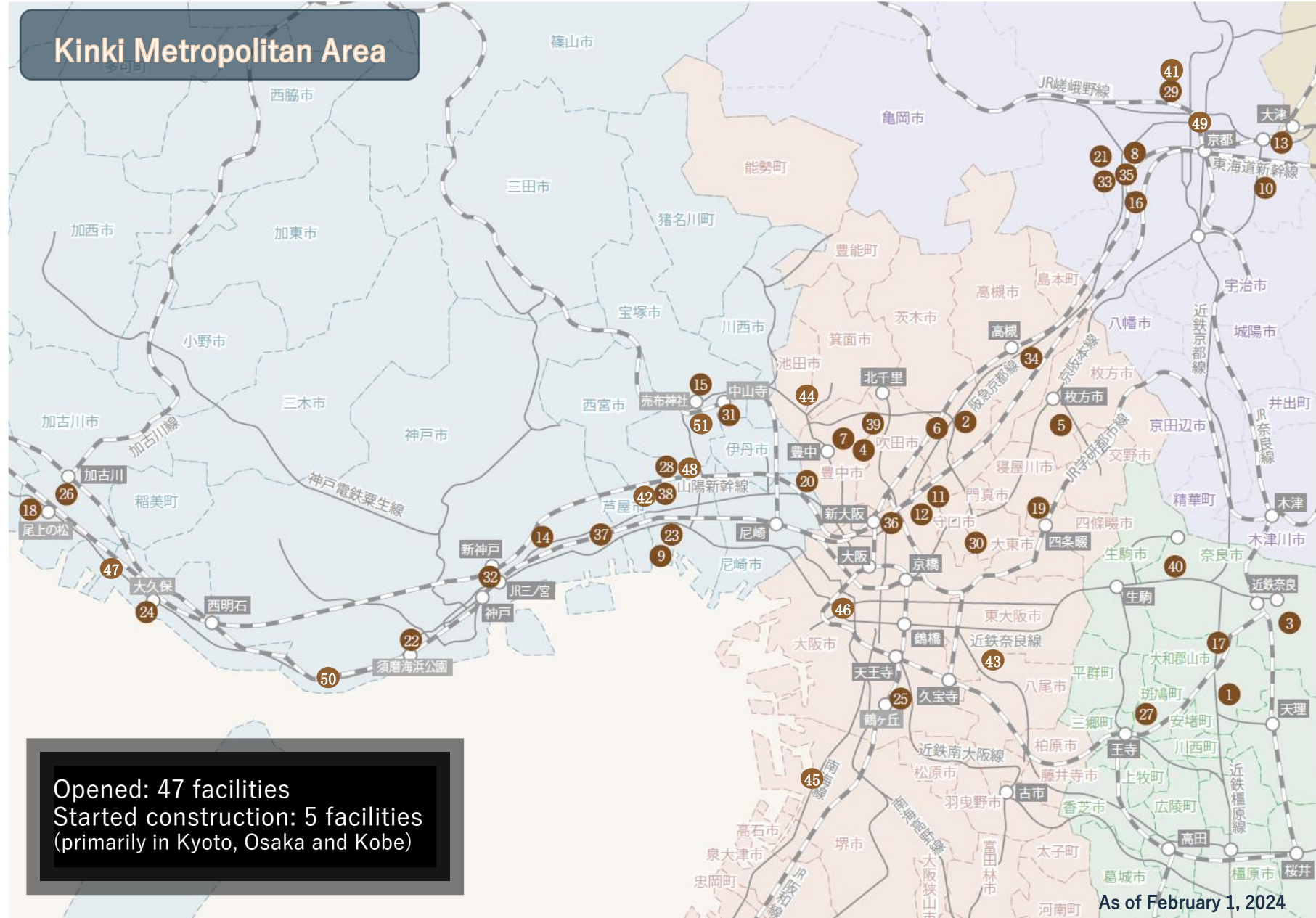


Charm Premier Gotenyama III
Approx. 8-minute walk from Keikyu Main Line's "Kitashinagawa" Station.

Characteristics of the Long-Term Care Business (2)



Characteristics of the Long-Term Care Business (2)



Characteristics of the Long-Term Care Business (3)

- ▶ To facilitate new openings in favorable locations, we are securing a diverse range of project introduction channels and further expanding these channels.

■ Examples of owners or landlords (in Japanese alphabetical order by sector)

Housing: 	Sekisui House Group, Daiwa House Industry, etc.
Railways: 	Keio Corporation, Sanyo Electric Railway, West Japan Railway Company (JR West) Group, Hankyu Corporation, etc.
Real estate: 	NTT Urban Development, Tokyo Metro Urban Development, Hulic, Mitsubishi Estate Residence, etc.
Leasing, etc.: 	JA Mitsui Leasing Tatemono, Daiwa Securities Living Investment, Nomura Real Estate Private REIT, Sumitomo Mitsui Finance and Leasing, etc.
Other:	JA Hyogominami Group, Shikoku Electric Power Group, Funenkousha, The Sumitomo Warehouse, The Chunichi Shimbun, Toda Corporation, Nihonsakari, etc.
Land lenders: 	Catholic Archdiocese of Osaka, Jobon Rendai Temple, Urban Renaissance Agency (UR), Ryuhonji Temple (head temple of the Nichiren sect), Rokkaku-do Temple (Kyoto) etc.

Numbers of Facilities and Rooms operated

By Prefecture

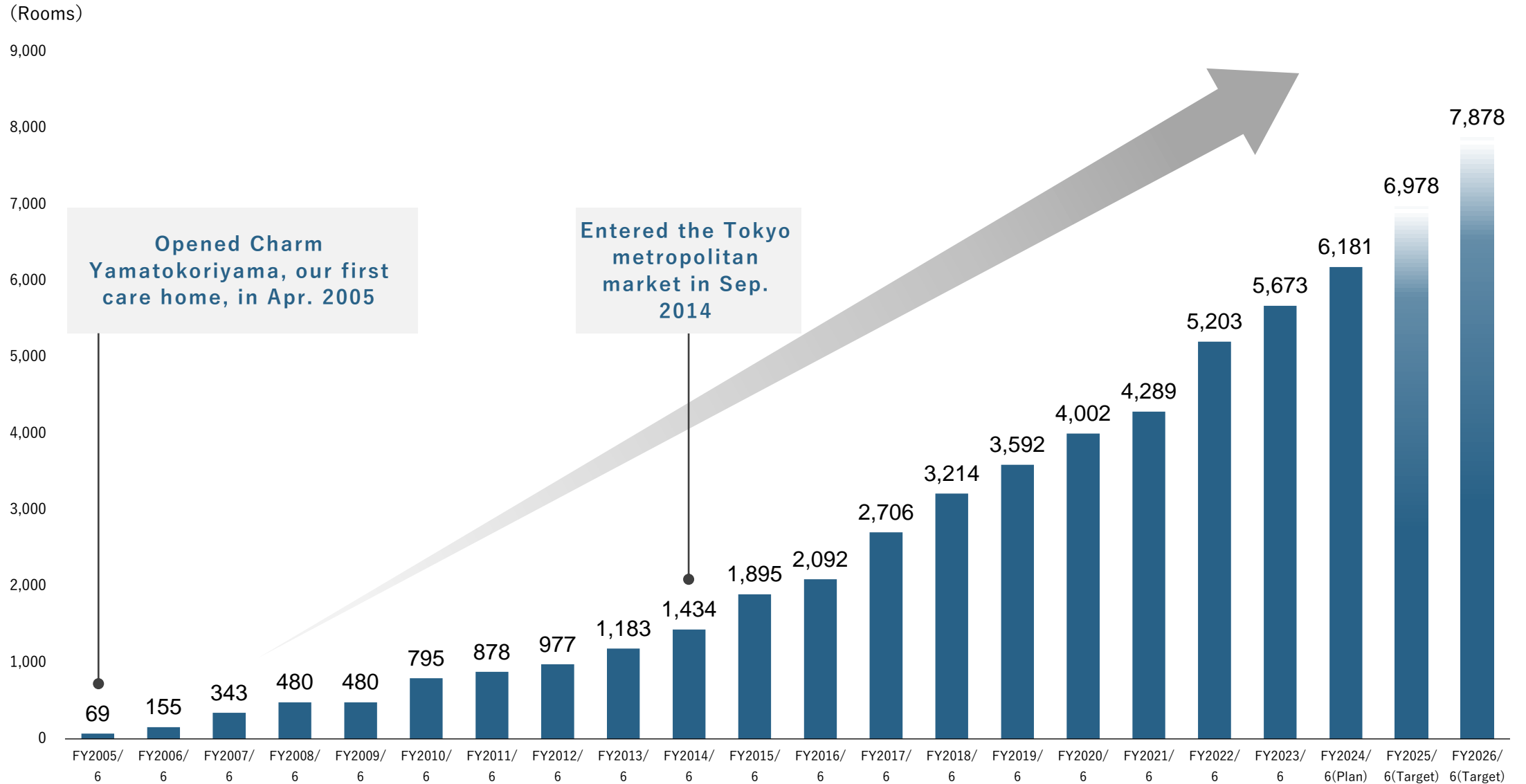
Number of facilities	FY2021/6			FY2022/6			FY2023/6			FY2024/6(Plan)		
	New	Year-end	Number of rooms	New	Year-end	Number of rooms	New	Year-end	Number of rooms	New	Year-end	Number of rooms
Tokyo	4	21	1,252	6	27	1,625	8	35	2,095	3	38	2,304
Kanagawa	1	4	219		4	219		4	219		4	219
Kyoto		8	571	1	9	628		9	628	1	10	705
Hyogo		14	974		14	974		14	974	3	17	1,196
Nara		4	255	1	5	329		5	329		5	329
Osaka		13	1,018	4	17	1,428		17	1,428		17	1,428
Total	5	64	4,289	12	76	5,203	8	84	5,673	7	91	6,181

By Brand

Number of facilities	FY2021/6			FY2022/6			FY2023/6			FY2024/6(Plan)		
	New	Year-end	Number of rooms	New	Year-end	Number of rooms	New	Year-end	Number of rooms	New	Year-end	Number of rooms
Premier Grand												
Tokyo Metropolitan Kinki Metropolitan	1	2	68	1	3	102	2	5	169		5	169
Premier												
Tokyo Metropolitan Kinki Metropolitan	1	8	399	1	9	433	1	10	493		10	493
		1	62		1	62		1	62	1	2	139
Suite												
Tokyo Metropolitan Kinki Metropolitan	1	11	752	2	13	912	3	16	1,082		16	1,082
		13	953	2	15	1,084		15	1,084	2	17	1,237
Charm												
Tokyo Metropolitan Kinki Metropolitan	2	4	252	2	6	397	2	8	570	3	11	779
		23	1,602		23	1,602		23	1,602	1	24	1,671
Other												
Kinki Metropolitan		2	201	4	6	611		6	611		6	611
Total	5	64	4,289	12	76	5,203	8	84	5,673	7	91	6,181

Note: It also includes 4 homes operated by LIKE, Inc., (all in Osaka Prefecture), which is a consolidated subsidiaries.

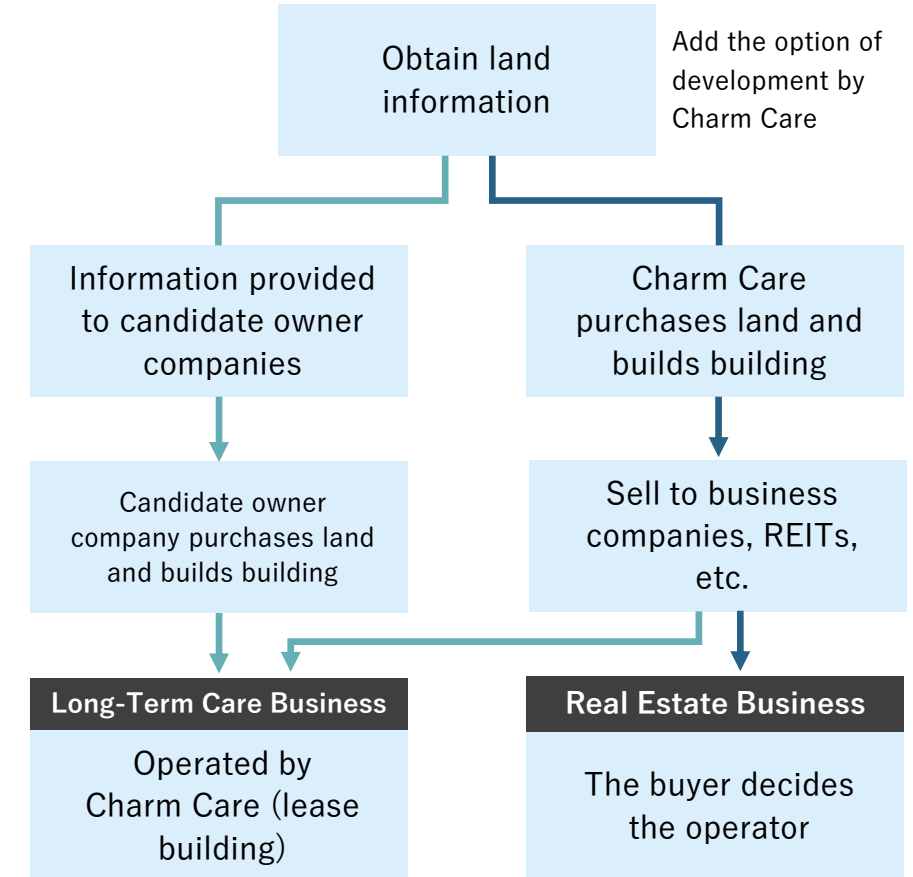
Trends in Number of Facility Rooms



Real Estate Business as Second Pillar of Business to Follow Long-Term Care Business

► Charm Care's unique Real Estate Business leveraging know-how in opening fee-based homes for the elderly

Feature 01	High value-added homes for the elderly can be developed based on Charm Care's unique know-how gained through opening numerous homes for the elderly.
Feature 02	Charm Care basically leaves the operation of the developed homes for the elderly to other companies and sells the developed properties (land and buildings of homes for the elderly) to third parties (business companies, REITs, etc.) to earn development profits (profit on sales).(Charm Care will approach potential buyers before starting development to determine a profit perspective.)
Feature 03	Due to Charm Care's track record of opening high-occupancy facilities (location selection capabilities, etc.), many companies want to operate the facilities Charm Care develops. Even if there is no interest in operation, Charm Care can operate the facilities itself (no inventory risk).
Feature 04	Unique business model that other companies cannot easily replicate due to features 1 and 3 unique to Charm Care.
Feature 05	Achieving high sales profit margins due to the rarity and high added value of properties (past average operating profit margin of over 20%).
Feature 06	Long-term financial burdens can be avoided by selling properties immediately after building completion (approximately 2 years from land acquisition to building completion and sale).



Decisions on whether to sell or hold land/buildings and decisions on the operating entity (Charm Care or other company) are considered for each facility, taking into account profitability, location, etc.

Real Estate Business as Second Pillar of Business to Follow Long-Term Care Business

► Reasons Charm Care engages in the Real Estate business

■ Reason 1

Charm Care has access to a large amount of land information, but it is appropriate to open only about 10 new facilities per year under Charm Care's management, in order to maintain the quality of operations, including staff recruitment, education, and training.

■ Reason 2

Some locations may not be suitable for Charm Care's price range or brand, but they might be suitable for other operators to open a facility.



Achieve “steady growth + high growth” to accelerate growth

by adding a secondary Real Estate business that can generate significant short-term profits in addition to Charm Care's primary Long-Term Care business, which steadily builds profits in the long term.

Real Estate Business as Second Pillar of Business to Follow Long-Term Care Business

Project Achievements

FY2022/6 Projects		Progress	Remarks
Kugayama property (Mitaka City, Tokyo)	Aug. 2019	Land acquisition	<ul style="list-style-type: none"> • Operated by another company • Total of 70 rooms
	Oct. 2020	Building construction started	
	Dec. 2021	Signed a sales agreement	
	Feb. 2022	Sale Completed(sales and profit to be recorded)	
Other Projects	–		<ul style="list-style-type: none"> • Purchase and Sale of Income-Generating Properties

FY2023/6 Projects		Progress	Remarks
Sengawa property (Chofu City, Tokyo)	May 2021	Land acquisition	<ul style="list-style-type: none"> • Operated by another company • Total of 70 rooms
	Feb. 2022	Building construction started	
	Dec. 2022	Signed a sales agreement with Toray Construction Co., Ltd.	
	May 2023	Sale Completed(sales and profit to be recorded)	
Otachuo property (Ota-ku, Tokyo)	May 2021	Land lease agreement signed	<ul style="list-style-type: none"> • Operated by another company • Total of 71 rooms
	Jul. 2022	Building construction started	
	Mar. 2023	Signed a sales agreement with Nomura Real Estate Private REIT, Inc.	
	Jun. 2023	Sale Completed(sales and profit to be recorded)	
Other Projects	–		<ul style="list-style-type: none"> • Purchase and Sale of Income-Generating Properties

The progress status of projects after FY2024/6 is documented on [page 11](#).

Third Pillar of Business: New Businesses (in Preparation)

B2B Business

In the process of commercializing a business offering an *abuse prevention system* service for long-term care providers using AI technology

- We plan to prevent incidents between facility staff and residents, which is becoming a social issue. Dealing with residents can at times place excessive stress and mental strain on the staff. This accumulated stress can lead to inappropriate remarks or inappropriate care by the staff and, in the worst-case scenario, abuse. To address this, Charm Care is in the process of commercializing an *abuse prevention system*, a mainly B2B service for long-term care providers that monitors speech content of staff and residents in long-term care facilities to understand their mental state, detect inappropriate care, and build AI-based follow-up and predictive mechanisms.
- Product development has been completed to the stage where demonstration testing is possible, and it is scheduled to begin soon at Charm Care's facilities.

B2C Business

Discussing a new business for elderly conversation services, based on the development of apps and services using wellvill's "LIFE TALK ENGINE"

- We assume that the elderly can have everyday conversations with robots or avatars at the same level as with people. We therefore believe that we can provide various services for the elderly such as gauging their cognitive function, preventing dementia, gathering health information, alleviating loneliness, and confirming safety. We are now discussing the start of a new business, with the aim of growing it into the one that can significantly contribute to the "Extension of Healthy Life Expectancy," the greatest theme of the Group, and serve as a new pillar of the Group's business.



To expedite the time to market, a field trial is underway at our facilities in which residents actually engage in conversations using the AI dialogue engine.

Discussions are underway for new businesses to provide relief to those who are expected to have difficulty accessing long-term care in the future

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Reference Document (2): Environment Surrounding the Long-Term Care Industry

Promotion of Long-Term Care DX

We advance digital transformation (DX) at our facilities to improve services for residents as well as to streamline operations and reduce the burden on staff

- We established a Long-Term Care DX Promotion Department to forge ahead with DX on the front line of long-term care.
- Our field trial proposal was adopted by the Ministry of Health, Labour and Welfare's fiscal year 2022 subcommittee on long-term care benefit expenditures as part of its undertaking to **verify the effects of productivity improvement initiatives utilizing technologies and other innovations**. Thereupon, we participated in a demonstration project to maintain and raise service quality and improve productivity by introducing new equipment and transforming operations, which include deploying monitoring equipment, intercommunication systems, and communication robots, and changing the way of helping with excretion. The results are posted on the Ministry of Health, Labour and Welfare's website.
(<https://www.mhlw.go.jp/stf/seisakunitsuite/bunya/0000209634.html>)
- We are participating in a demonstration project by the subcommittee on long-term care benefit expenditures again this fiscal year.
(https://www.mhlw.go.jp/stf/newpage_36608.html)
We are participating in a demonstration project to promote productivity increases in long-term care settings.

Monitoring equipment: "Life Rhythm Navi"

- Allows for managing the sleep patterns of residents, thereby improving their health and lifestyles.
- It reduces the number of times staff go into residents' rooms to check on them during the night, resulting in helping residents to sleep better and alleviating the burden on night shift staff.

**–Number of units installed–
2,543 units / 5,811 rooms**

(Scheduled to be installed by the end of the current fiscal year: 3,306 units / 6,181 rooms)

- The FY2024 revision of the long-term care fee system will add an additional long-term care fee for evaluating operational improvements achieved through the use of technologies such as monitoring equipment.

- Image of monitoring -



- Monitoring screen -



Promotion of Long-Term Care DX

Intercommunication systems (app-based)

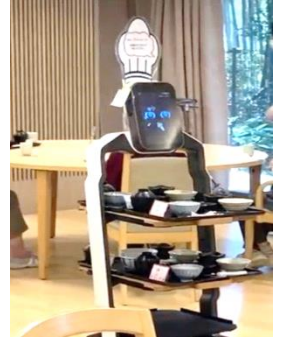
- Dramatically improves the efficiency of communication, including instructions between staff and relaying of other information
- Already implemented in all 87 facilities
(Introduced on the website of the manufacturer Science Arts, Inc.)

<https://www.buddycom.net/ja/example/example-article39.html> (Japanese)



Food serving robots

- Introducing food serving robots that use AI to select optimal routes and handle serving and clearing of meals to improve efficiency and save labor in meal provision, while also increasing resident satisfaction by shortening waiting times
- Plan to introduce in 20 facilities this fiscal year (currently 17 facilities)



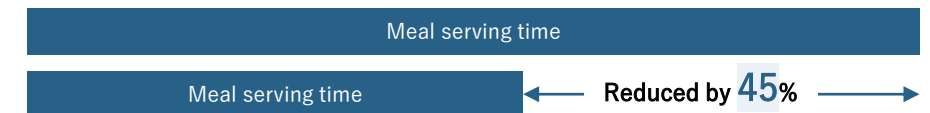
- Shortens work

Reduces staff labor time for serving meals by 58%



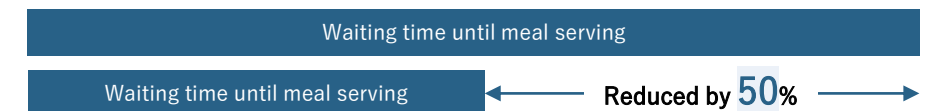
- Shortens meal serving time

Reduces meal serving time by 45%



- Shortens waiting time

Reduces waiting time from seating to meal serving by 50%



Promotion of Long-Term Care DX

Advanced excretion support using portable ultrasound scanners

- The portable ultrasound scanner “iViz air” has been introduced to easily check residents’ bladder and rectal conditions, improving the quality of excretion support and decreasing the frequency of diaper changes.
- Charm Care is the first long-term care facility operator to introduce this (according to our research)

(An example from one of our facilities was introduced on the manufacturer Fujifilm website page for medical professionals)

<https://www.fujifilm.com/jp/ja/healthcare/ultrasound/iviz-air/interviews/us-02-iv-8008> (Japanese)



(Example)

- Before Introduction -

Residents

Administered laxatives based on abdominal tension and intestinal peristaltic sounds, leading to repeated watery stool incontinence (discomfort from abdominal pain/incontinence, odor issues, lowered self-worth)

Care Staff

High burden of excretion support (30 minutes for cleanup)
Rejection of support and violence from residents during excretion support



- After Introduction -

Residents

No more uncomfortable abdominal pain
No more concerns about stool leakage, etc.
⇒ **Improved quality of life**

Care Staff

Decreased care time and reduced physical/mental burden
⇒ **Lower staff turnover**
⇒ **Increased interaction time with residents**

Staffing Optimization, Productivity Improvements

■ Introduced Associate Leaders to optimize staffing and improve productivity

- Introduced the role of Associate Leader for high-performing individuals, and reviewed work content and allocation centered on Associate Leaders as the core, while keeping service quality as the prerequisite, in order to achieve overall optimization and improve the benefits for staff by shifting to a small number of elite employees.
⇒ **Efforts showed results in 2Q**
- Our Charm Nishinomiya Yogaicho facility received an award of excellence at the “Facilities with Long-Term Care Research Summit 2023: 11th National Conference for the Presentation of Case Studies on Facilities with Long-Term Care” hosted by the Japanese Council of Daily Life Long-Term Care Service Facilities.

Title: Efforts to Improve Productivity by the Ministry of Health, Labour and Welfare:
Operational Improvements at Charm Nishinomiya Yogaicho

Content: Implemented operational improvements in bathing-related work for care staff, reducing overtime to 1/10 and freeing up 38 minutes per day, using the time created to increase care time for residents.

Video: https://www.youtube.com/watch?v=pzKOo_LPIGo

–(Ref.)Results per employee (value-added labor productivity)–

Previous FY: 568,000 yen/month average

Current FY: 593,000 yen/month average (+25,000 yen)
(through 2Q)

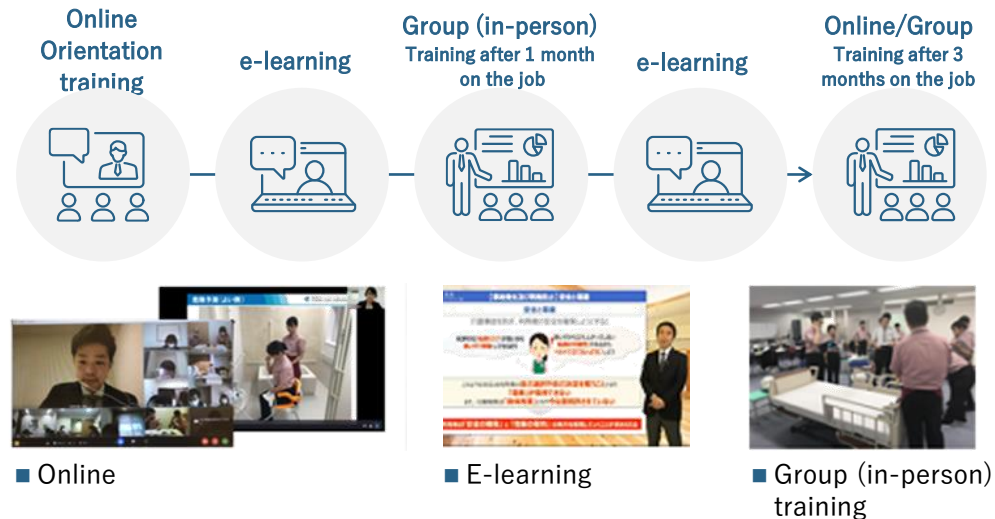
Note: Estimated on a gross profit basis for our standalone nursing care business (gross profit excluding labor costs / number of staff)



Strengthening and Enhancing Education and Training System

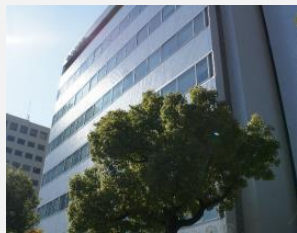
- Our education and training system has been enhanced by incorporating different types of training, such as group (in person) training at our education and training centers, e-learning, and online education using a training attendance management system. We will make similar education and training programs available to the personnel of the subsidiaries, Good Partners and LIKE, with the aim of taking our long-term care services to the next level on a Group-wide basis.
- In the process of advancing the establishment of new facilities, we are enhancing management and sales training through external instructors to foster the development of facility managers.

▶ Example of training program for new recruits



Benefits

- Education and training can be provided reliably in any situation
- Education and training can be carried out comprehensively to provide knowledge, skills, and principles while utilizing the respective characteristics of online education, e-learning, and group (in-person) training.



Charm Care Career Center
Sannomiya



Charm Care Career Center
Senrioka



Charm Care Career Center
Fukasawa



Charm Care Career Center
Ochanomizu

Working toward Sustainability

Basic Policy on Sustainability

Guided by its corporate philosophy, Charm Care Corporation defines its mission as contributing to the creation of a prosperous and rewarding aging society through its business. To fulfill the mission, we must properly address social, environmental, and other sustainability issues as our key management challenges. We are committed to helping create a sustainable society and enhancing corporate value over the medium to long term in collaboration with stakeholders.

Significant updates planned in the near future, including “materiality”.
Details will be announced on the website
<https://www.charmcc.jp/corp/company/sdgs/> (Japanese)

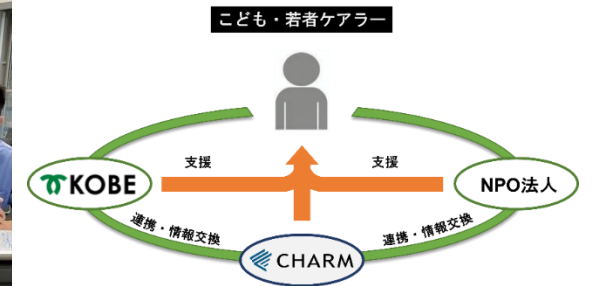
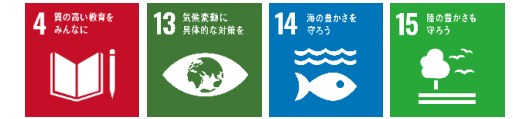
Material Issues and Goals Addressed Through Our Business

Key challenges	Goals	Examples of major initiatives
Address global environmental issues	Reduce environmental impact   	<ul style="list-style-type: none"> Recycle end-of-life uniforms Reduce CO2 emissions through solar power generation
Respect human rights	Create a work environment that allows diversity to thrive 	<ul style="list-style-type: none"> Increase the percentage of women in management positions Receive certification as a company supporting childcare Tackle harassment Encourage the hiring of foreign workers
Pay attention to employee health, and improve work environments and employee treatment	Reform work styles 	<ul style="list-style-type: none"> Provide mental health support Run a scheme that helps employees acquire qualifications Launch programs that allow for regular employees with no night shifts, etc. and elder employees aged 60 to 65 Help employees balance their personal and professional lives Raise the mandatory retirement age from 60 to 65 and create an environment where older employees can actively contribute to the company.
Engage with society in a fair and proper manner	Prolong healthy life Expectancy   	<ul style="list-style-type: none"> Address dementia Implement the Art Gallery Home activities Promote the use of IT
	Collaborate with local communities   	<ul style="list-style-type: none"> Support young carers Host seminars on long-term care Participate in local clean-up events Investment in green bonds issued by Osaka City
	Strengthen the corporate governance system 	<ul style="list-style-type: none"> Ensure disclosure of and compliance through corporate governance reports Create Nominating Committee and Compensation Committee
	Ensure thorough compliance 	<ul style="list-style-type: none"> Institute a Risk and Compliance Committee Establish the compliance awareness month
Manage risks	Develop business continuity plans 	<ul style="list-style-type: none"> Strengthen preparedness for natural disasters and infectious diseases Conclude disaster response agreements with municipalities

Examples of Specific Activities

Support young carers

- We regularly hold meetings of the “Young Carer Gathering” with the Fusen-no-kai nonprofit (Director: Professor Yoshie Hamashima).
- We are expanding support for young carers in cooperation with the Kobe City Young Carers Consultation and Support Office.
- We regularly hold Children’s Café events at our Amagasaki facility, where elementary and junior high students can interact with residents and gain work experience in cooking, serving customers, and other roles.
- We have other initiatives to support young carers currently underway as well.



01 Respite support (free rooms and meals)

We provide rooms in facilities that we operate to carers and persons requiring long-term care who want to leave home temporarily, want to spend some time at home without care-giving responsibilities, or have other needs.



02 Transitional employment and job training support (flexible part-time work)

We provide employment opportunities and job training opportunities for general employment in the future to current and past carers who have difficulty getting employment due to family care-giving responsibilities.

03 Student loan support (student loan repayment)

We reduce the economic and psychological burden of students in households with financial difficulties due to family care-giving and provide an environment where students can focus on work for self-growth during the career-building stage of their twenties.

Solar power generation to reduce CO₂ emissions



Examples of Specific Activities



Art Gallery Home activities at our facilities were recognized by the This is MECENAT 2023 certification system, two years in a row following the recognition in 2022.



About our Art Gallery Home activities

Charm Care launched this initiative in 2014, focusing on the unique benefits that paintings, objects, and other artworks provide in the form of creating a soothing and pleasant living space. Since then, about 1,200 artworks of around 300 artists have been selected from those applied and displayed at our facilities.

The initiative is designed to support young artists by offering a hard-to-come-by opportunity to exhibit their works and receive recognition. Toward that end, those eligible for application are limited to young artists currently studying at, or having graduated 10 or so years ago from, art school. If selected by judges, the artists are recognized at an award ceremony and their works showcased at an exhibition. We have also provided continued support to the young artists who submitted their artworks to the initiative, by organizing art programs for our residents featuring such artists.

In these ways, we are committed to helping solve sustainability issues and create a sustainable society by utilizing our unique perspective as a long-term care company, facilitating interaction between the elderly and young artists, and leveraging synergies from it. Going forward, we will open a special website that contains the artworks we own and the artist profiles, while enhancing support and advancing collaboration with relevant companies, so that we can help more young artists develop.

Art Gallery Home official website

About 1,200 works and about 300 artists (as of June 2023) exhibited at 28 homes in the Tokyo metropolitan area are posted, and it is possible to search for works and artists. We will update the information from time to time.

<https://www.aghccc.com/>



Examples of Specific Activities



■ Charm Care's Art Gallery Home Initiative Receives Mecenat Awards 2023 Award for Excellence

Our Art Gallery Homes initiative, which connects young artists and the elderly through Charm Care Corporation's cultural support activities, **received the Mecenat Awards 2023 Award for Excellence: "Art Connects Charm Award."**

The award recognizes our efforts in creating venues where both young artists and the elderly can learn from each other and find stimulation through art, as well as tackling social issues from a unique perspective as a long-term care operator.

The Mecenat Awards, established in 1991 by the Association for Corporate Support of the Arts as the Mecenat Grand Prix (renamed Mecenat Awards in 2004), honor outstanding corporate activities that contribute to social creation through involvement in arts and culture.

■ Mecenat Awards 2023

https://www.mecenat.or.jp/ja/mecenat_awards/mecenat_awards (Japanese)

■ Collaborating with Kyoto City University of Arts to Support Young Artists

To support young artists in embarking on their careers, we will solicit artworks from students and graduates of Kyoto City University of Arts, which has produced numerous artists, to exhibit at Charm Premier Kyoto Karasuma Rokkaku, a fee-based home for the elderly with long-term care slated to open in March 2024. We also plan to lease a different three-dimensional art piece for the main entrance each year.

Through this initiative, Charm Care and Kyoto City University of Arts will collaborate to promote industry-academia activities that contribute to regional revitalization and realize an inclusive society through art.



When signing the industry-academia agreement, our Chairman and President Takahiko Shimomura (left) paid a courtesy visit to Kyoto City Mayor Daisaku Kadokawa (right) together with Kyoto City University of Arts Chairwoman Tamame Akamatsu (center).

Examples of Specific Activities

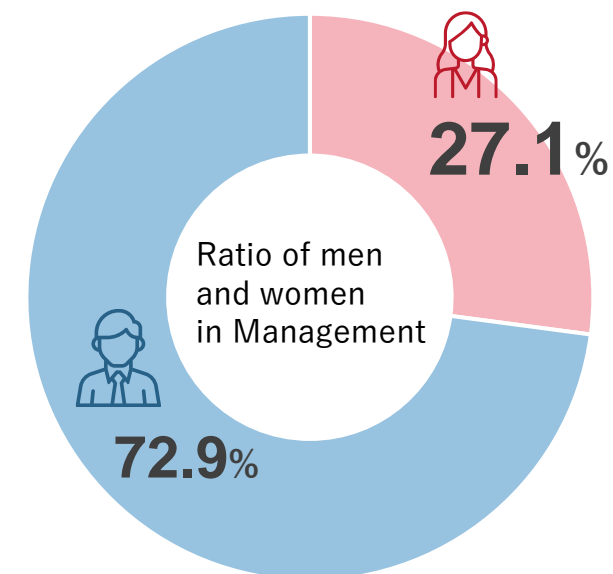


■ Creating a better work environment and promoting women to management positions

Charm Care is working to enhance utilization of various health and welfare programs to create a better working environment for its employees. We have received certification as a company supporting childcare that conforms with the general employer standards of Article 13 of the Act on Advancement of Measures to Support Raising Next-Generation Children, allowing employees with children to work with peace of mind. We are also proactively promoting women to management positions and, as of December 31, 2023, over 25% of management positions were occupied by women. We intend to increase this number to between 40% and 50% in the future.



■ Charm Care was certified as a Kurumin mark user in recognition of its support for raising of the next generation



Share Ownership (as of December 31, 2023)

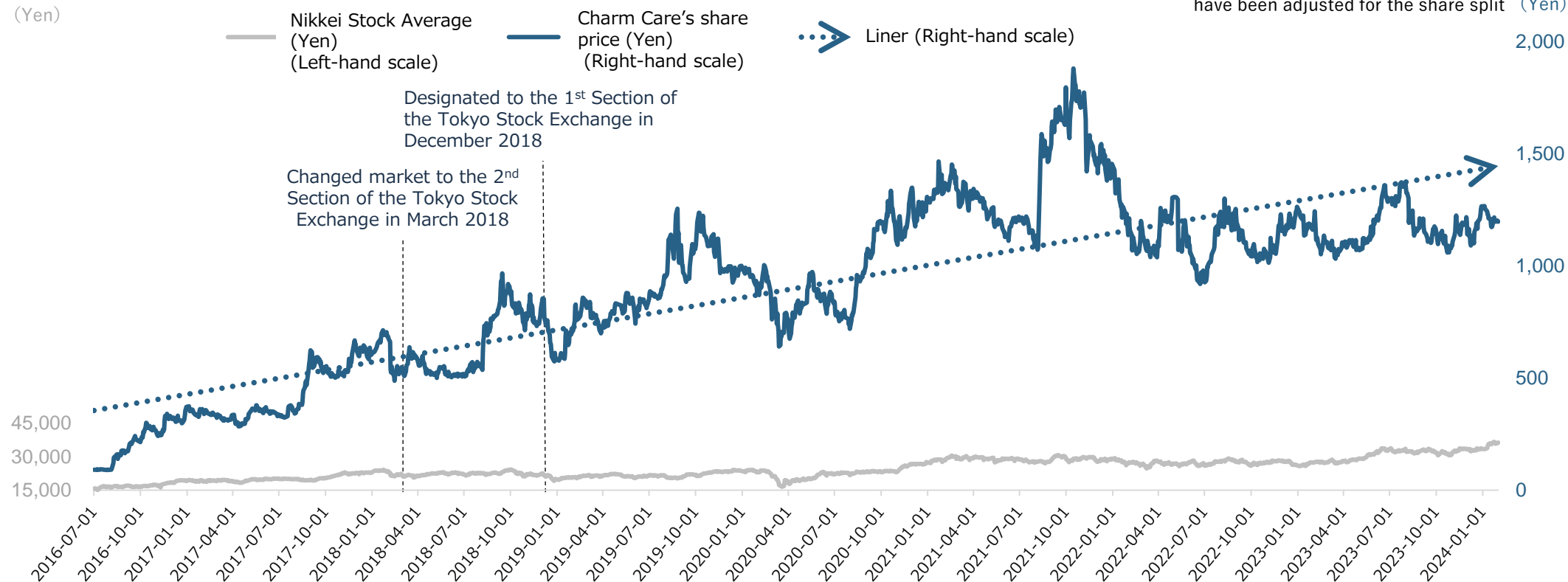
- Total number of issued shares: 32,712,000 shares (including 53,608 shares of treasury stock)
- Total number of shareholders: 8,321 (No. of shareholders with voting rights: 7,446)
- Foreign share ownership ratio: 11.1%
- Major shareholders (top ten)

	Shareholder	Shares held	Ratio held (%)
1	S.T.K. Corporation (wholly-owned subsidiary of Ship Healthcare Holdings, Inc.)	9,600,000	29.35%
2	Takahiko Shimomura (Chairman and President)	5,297,200	16.19%
3	Custody Bank of Japan, Ltd. (trust account)	3,630,800	11.10%
4	The Master Trust Bank of Japan, Ltd. (trust account)	2,014,400	6.16%
5	GOVERNMENT OF NORWAY	874,997	2.67%
6	Rakuten Securities, Inc.	622,500	1.90%
7	BBH FOR GRANDEUR PEAK INTERNATIONAL OPPORTUNITIES FUND	480,900	1.47%
8	BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	377,135	1.15%
9	Charm Care Corporation Employee Shareholders' Association	317,100	0.97%
10	BNYM AS AGT/CLTS NON TREATY JASDEC	316,100	0.97%

Note: Ratio held includes treasury stock (53,608 shares)

Share Price Trends

July 1, 2016 – January 31, 2024
Charm Care Corporation share prices
have been adjusted for the share split (Yen)



The initial price after listing on JASDAQ on April 27, 2012 was **¥1,000** (before split adjustment)

After a **16 for 1 share split** (four 2 for 1 splits):

Closing price on June 30, 2023: **¥1,294**

Reference:

Closing price on June 30, 2016: ¥1,464 (split adjusted share price: **¥91**)

Closing price on June 29, 2018: ¥1,038 (split adjusted share price: **¥519**)

Closing price on June 30, 2020: ¥1,686 (ditto: **¥843**)

Note: Charm Care Corporation carried out a 2 for 1 share split of its ordinary shares on January 1, 2017, June 1, 2017, April 1, 2018, and January 1, 2020.

Dividends

	Annual dividend	Payout ratio	Dividend on equity ratio
FY2020/6 (non-consolidated)	¥6.50	16.5%	2.8%
FY2021/6 (consolidated)	¥12.00	25.5%	3.5%
FY2022/6 (consolidated)	¥17.00	18.8%	4.5%
FY2023/6 (consolidated)	¥22.00	22.4%	4.7%
FY2024/6 forecast (consolidated)	¥26.00	22.9%	4.7%

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Reference Document (1): Company Business Domains and Profit Structure, etc.
Reference Document (2): Environment Surrounding the Long-Term Care Industry

Mission, Corporate Philosophy and Codes of Conduct

[Mission]

Charm Care Corporation will contribute to the creation of a prosperous and fulfilling aging society.

[Corporate Philosophy]

Charm Care Corporation, focusing mainly on services to support the daily lives of the elderly, will respect the values of each and every customer to provide appealing lifestyles that suit each individual customer.

[Corporate Code of Conduct]

- Pledge to our Customers
We will continue to be a company that provides appealing long-term care services to our customers.
- Pledge to our Community
We will proactively disclose information, ensure legal compliance, and continue to be a company that is trusted by society.
- Pledge to Charm Staff
We will respect the ideas and ingenuity of our employees and continue to ensure a rewarding work environment that provides opportunities to take on new challenges.

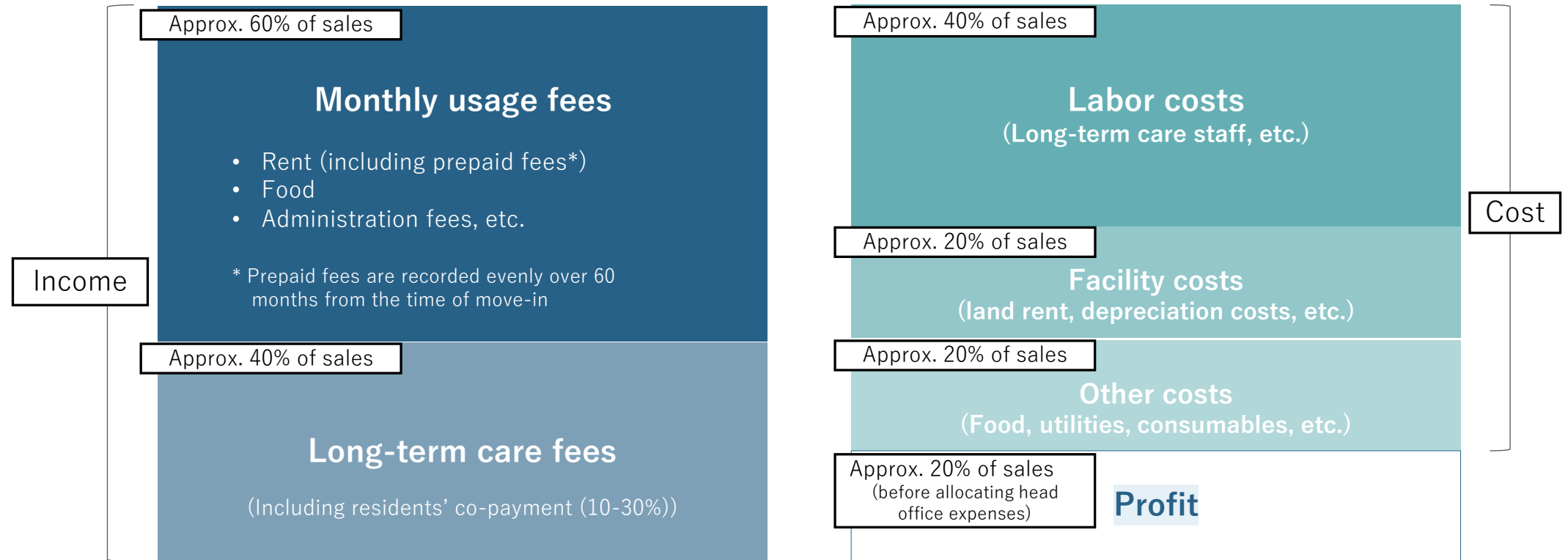


The design of our new logo uses wings as a motif to represent our continuing commitment to constant reform and further evolution in the future.

[Employee Code of Conduct]

1. We will respect our customers' right to self-determination and will work to support their independence
2. We will interact daily with our customers in a cheerful manner and work to achieve nursing care that ensures the emotional wellbeing of our customers
3. We will work to improve our knowledge and skills as specialized workers
4. We will cultivate relationships of trust with everyone who shares our ideals, and work to create appealing care homes
5. We will abide by social ethics and corporate rules, and carry out our duties with integrity

Overview of Our Care Home Profit Structure



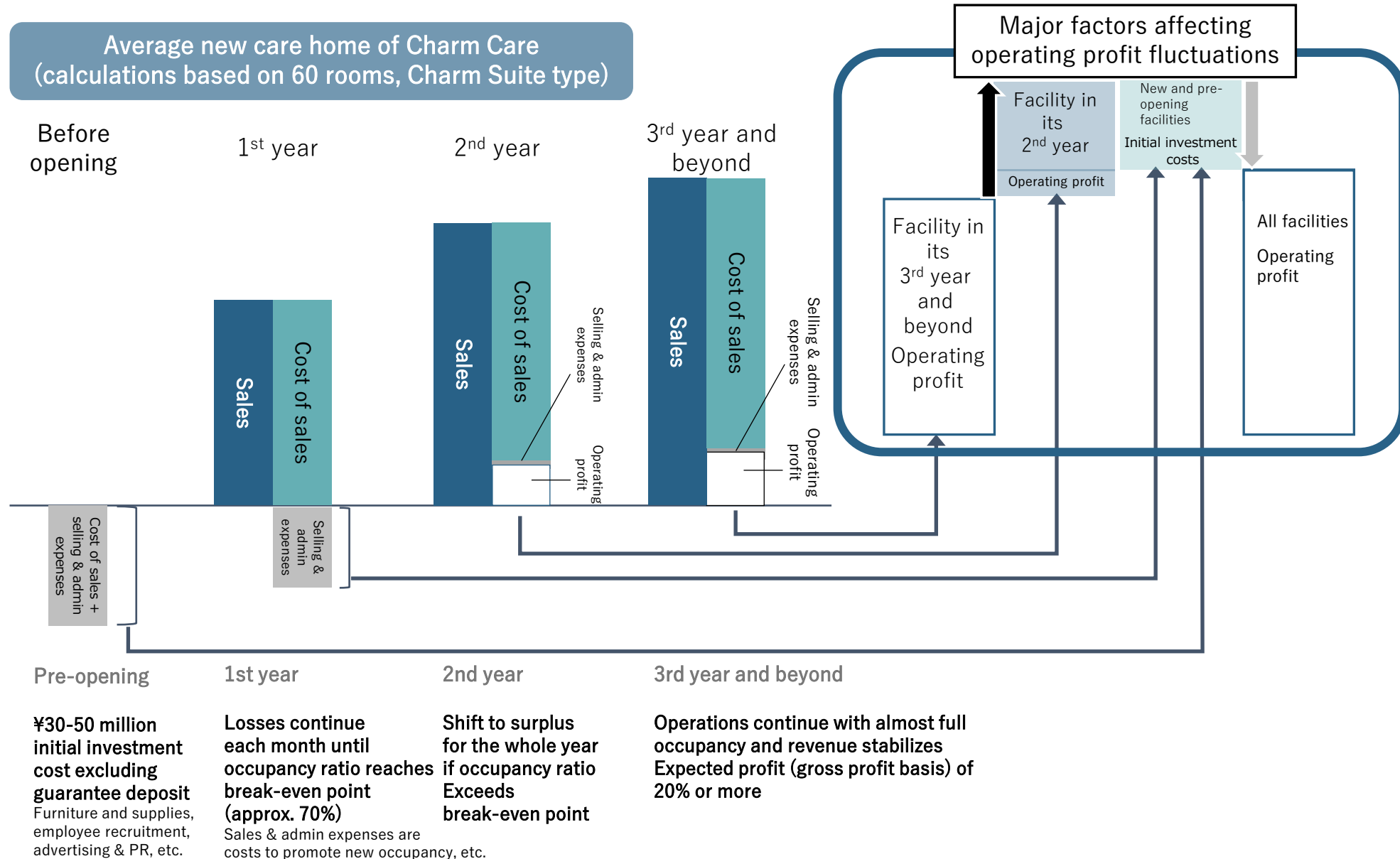
Monthly usage fees: Fees that can be set freely by the operator.

Long-term care fees: Fees established based on the Long-Term Care Insurance Act, which are a fixed amount for fee-based homes for the elderly with long-term care (see [page 28](#))

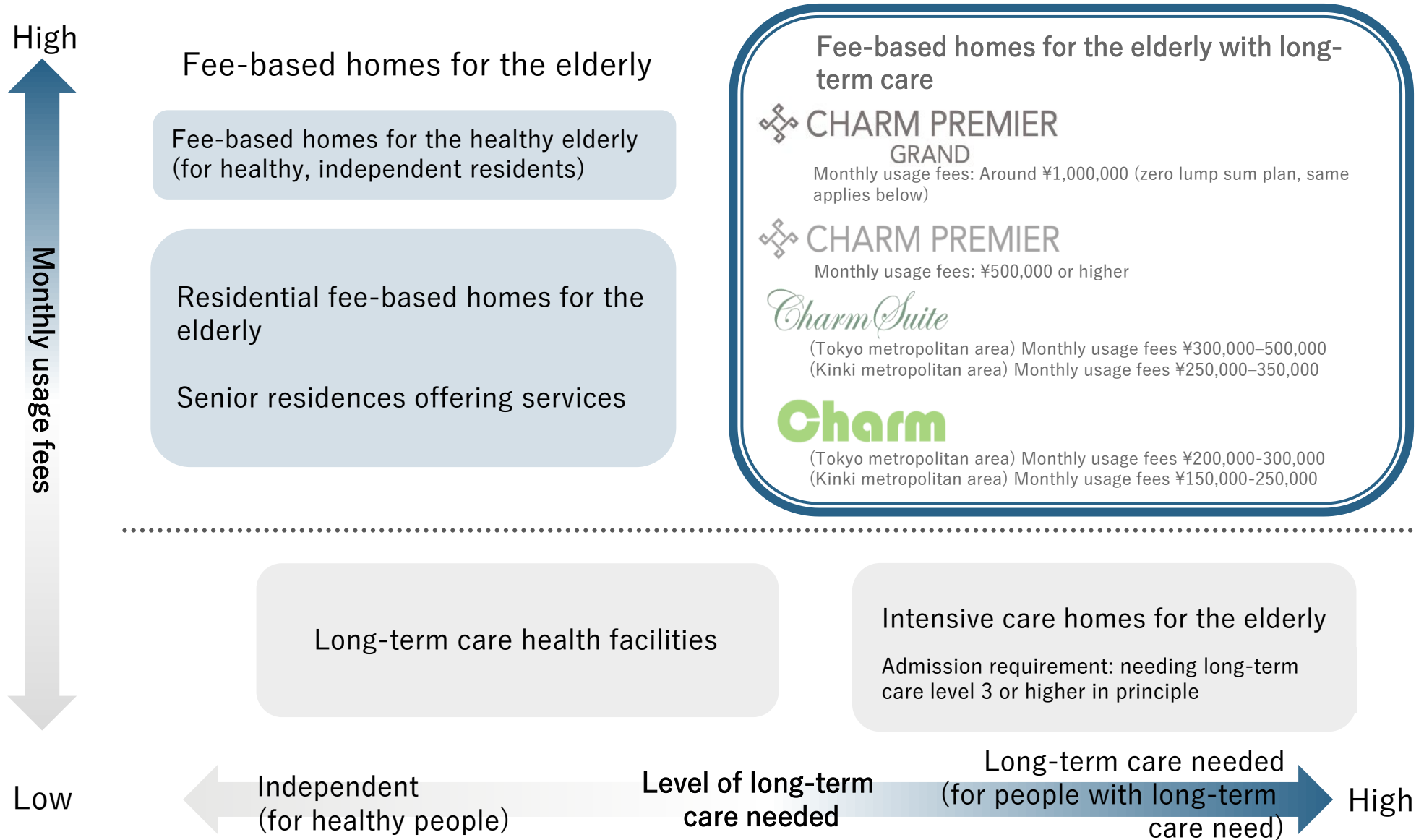
(Specified facilities only)	FY2018/6	FY2019/6	FY2020/6	FY2021/6	FY2022/6	FY2023/6
Annual sales from operations per person (unit: ¥1,000)	5,579	5,656	5,849	6,093	6,166	6,429
Of which, long-term care fees from operations per person (unit: ¥1,000)	2,446	2,425	2,439	2,474	2,481	2,539
Ratio of long-term care fees in sales (%)	43.8%	42.9%	41.7%	40.6%	40.2%	39.5%



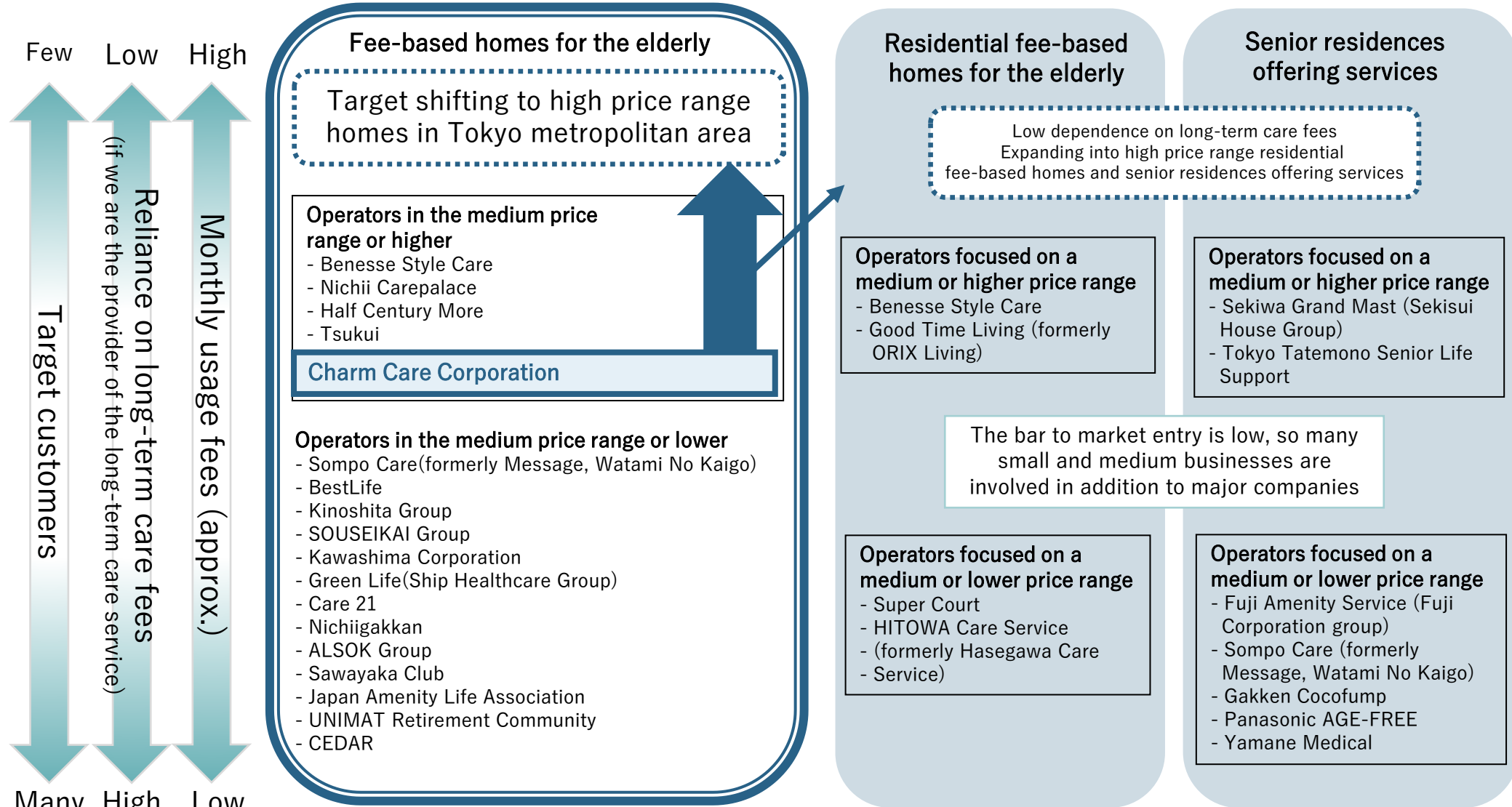
Monetization Trend for New Care Homes(Three-year Simulation)



Business Domains (Mainstay Facility-type Services)



Business Domains and Positioning Compared to Peers



Note: Businesses listed above are selected major companies with a track record of operating care homes above a certain size in the Tokyo metropolitan area (Tokyo, Kanagawa Pref.) and the Kinki metropolitan area (Osaka Pref., Kyoto Pref., Hyogo Pref., Nara Pref.). Price ranges were compiled by Charm Care Corporation and may differ according to area, etc.

Comparison of major companies operating Fee-based Homes for the Elderly (1)

Note: The total number of Fee-based Homes (Fee-based homes for the elderly, Residential fee-based homes for the elderly, etc.) as of the end of June 2023.

Rank[Previous]	Company name	Fee-based homes for the Elderly No. of homes in operation	Fee-based homes for the elderly Capacity	Geographic area
1[1]	Benesse Style Care	347 facilities [+ 6]	20,122 people	Mainly in Tokyo metropolitan area
2[2]	Sompo Care	300 facilities [± 0]	19,375 people	Nationwide
3[3]	BestLife	189 facilities [+ 6]	12,272 people	Mainly in Tokyo metropolitan area
4[4]	Nichii Group	156 facilities [+ 3]	9,493 people	Nationwide
5[5]	Kawashima Corporation	152 facilities [+ 10]	14,557 people	Nationwide
6[6]	SOUSEIKAI Group	146 facilities [+ 5]	8,178 people	Nationwide
7[7]	Kinoshita-kaigo	126 facilities [+ 6]	8,217 people	Mainly in Tokyo metropolitan area
8[8]	HITOWA Care Service (formerly Hasegawa Care Service)	123 facilities [+ 8]	7,732 people	Mainly in Tokyo metropolitan area
9[9]	ALSOK Group	108 facilities [+ 2]	5,858 people	Tokyo metropolitan area
↑ 10[11]	Charm Care Corporation Group	84 facilities [+ 8]	5,673 people	Tokyo/Kinki metropolitan areas
↓ 11[10]	Sawayaka Club	83 facilities [+ 3]	5,446 people	Nationwide
12[12]	Japan Amenity Life Association	70 facilities [+ 7]	2,698 people	Tokyo metropolitan area
13[13]	Green Life (Ship Healthcare Holdings)	63 facilities [+ 5]	4,345 people	Nationwide
↑ 14[–]	CARE TWENTYONE CORPORATION Group	54 facilities [+ 17]	3,313 people	Nationwide
↑ 15[–]	FrontierNoKaigo	50 facilities [+ 9]	1,503 people	Mainly in the Chubu Region
Total of 15 major companies [Market share]		2,051/Approx. 17,000 facilities [Approx.12%]	–	

Source: Weekly Elderly Housing Newspaper (August 23 and 30, 2023, No. 726)

Comparison of major companies operating Fee-based Homes for the Elderly (2)

Note: Covers primarily leading companies that are members of the Japanese Association of Retirement Housing. Also includes some sales from in-house (visiting) welfare services.

Rank[Previous]	Company name	Division sales (million yen)	Geographic area
1[1]	Benesse Style Care	125,953 [+3.5%]	Mainly in Tokyo metropolitan area
2[2]	Sompo Care	85,989 [+3.6%]	Nationwide
3[3]	BestLife	37,495 [+0.3%]	Mainly in Tokyo metropolitan area
4[4]	HITOWA Care Service (formerly Hasegawa Care Service)	35,168 [+6.3%]	Mainly in Tokyo metropolitan area
5[5]	Kinoshita kaigo	30,829 [+2.8%]	Mainly in Tokyo metropolitan area
↑ 6[7]	Charm Care Corporation Group	29,278 [+16.8%]	Tokyo/Kinki metropolitan areas
↓ 7[6]	Half Century More	25,436 [− %]	Tokyo/Kinki metropolitan areas
8[8]	Sawayaka Club	21,458 [+4.4%]	Nationwide
9[9]	Super Court	16,592 [+7.3%]	Osaka
↑ 10[13]	Living Platform	13,694 [+17.8%]	Tokyo metropolitan area/Tohoku/Hokkaido
↓ 11[10]	Tsukui	12,365 [(0.6%)]	Nationwide
↑ 12[−]	Life	12,258 [+6.2%]	Tokyo metropolitan area
↓ 13[12]	Haseko Senior Well Design	12,206 [+2.7%]	Mainly in Tokyo metropolitan area
↓ 14[11]	Resorttrust	11,886 [(0.4%)]	Mainly in Tokyo metropolitan area
↓ 15[14]	CEDAR	11,860 [+7.5%]	Nationwide

Source: The Nikkei MJ, October 25, 2023 issue

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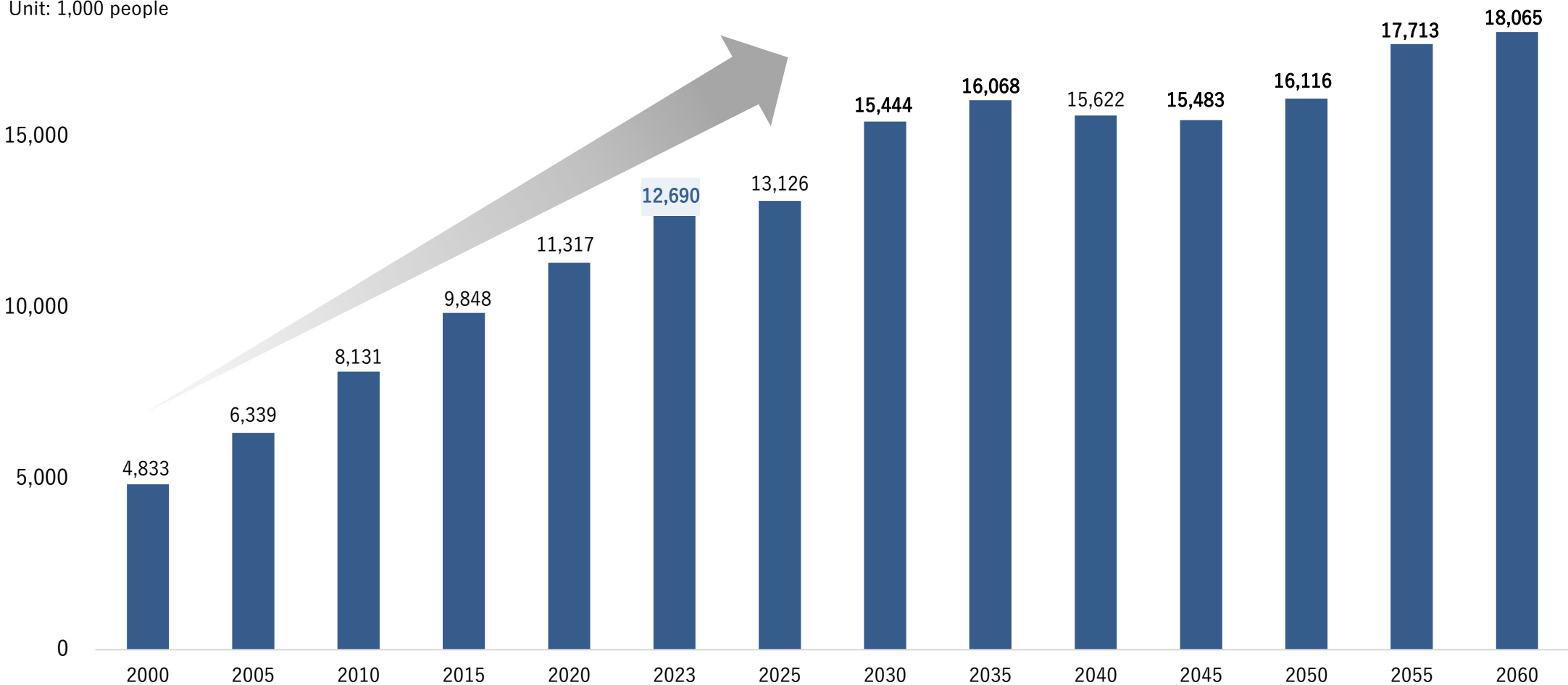
Reference Document (1): Company Business Domains and Profit Structure, etc.
Reference Document (2): Environment Surrounding the Long-Term Care Industry

Trends in the Population of Our Customers Aged 80 and Above

The population of our residents aged 80 and above, which constitutes our customer base, will continue to increase until 2035 and will keep growing thereafter.

Reference: The average age of our residents is 88 years and 8 months old (as of June 30, 2023). (See [page 28](#))

Unit: 1,000 people



Source: Future projections are based on the National Institute of Population and Social Security Research's "Population Projections for Japan" (April 2023 estimate). Mid-level births (deaths) estimates are based on the "Population Census" conducted by the Statistics Bureau of the Ministry of Internal Affairs and Communications (population adjusted proportionally for persons whose nationality or age are unknown).

Ratio of the Elderly by Prefecture

- Given the increase in the ratio of the elderly and the elderly population overall, **Tokyo, Kanagawa Prefecture, and Osaka Prefecture are particularly promising markets.**
- Apart from the above, prefectures that will have over 1 million people aged 65 and over or an increase in the ratio of the elderly higher than the national average in 2045 include Kyoto Prefecture, Hyogo Prefecture, Nara Prefecture, Saitama Prefecture and Chiba Prefecture. **The ratio of the elderly is expected to rise rapidly in the future, mainly in the Tokyo/Kinki metropolitan areas, which are the main areas where our company will expand.** (see [page 30](#))

	2020			2045			Increase in the elderly (points)
	Total population (10,000 people)	Population aged 65 and over (10,000 people)	Ratio of the elderly (%)	Total population (10,000 people)	Population aged 65 and over (10,000 people)	Ratio of the elderly (%)	
Nationwide	12,533	3,619	28.9	10,642	3,919	36.8	7.9
Tokyo	1,373	322	23.4	1,361	418	30.7	7.3
Kanagawa Prefecture	914	236	25.8	831	292	35.2	9.4
Kyoto Prefecture	257	76	29.5	214	81	37.8	8.3
Osaka Prefecture	873	244	28.0	734	266	36.2	8.2
Hyogo Prefecture	544	161	29.5	453	176	38.9	9.4
Nara Prefecture	132	42	31.7	100	41	41.1	9.4

Source: "Regional Population Projections for Japan (March 2018)," National Institute of Population and Social Security Research

Long-term Care Staff Recruitment Trends and Projected Future Supply and Demand

[Active job openings-to-applicants ratio]

	2021/6	2022/6	2023/6	2023/12	Tokyo 2023/12	Osaka Prefecture 2023/12
Active job openings-to-applicants ratio	0.97	1.09	1.12	1.23	1.56	(TBA)
Long-term care staff	3.48	3.52	3.73	4.20	8.47	(TBA)

Source: "Employment Referrals for General Workers by Employment Pattern (Regular Workers Including Part-Timers)," Ministry of Health, Labour and Welfare; "Employment Referrals for General Workers," Tokyo Labor Bureau; "Active Job Openings-to-Applicants Ratio by Employment Pattern and Wages on Job Advertisements for Job Seekers," Osaka Labour Bureau

- Active job openings-to-applicants ratio for long-term care workers remains high. This trend is particularly noticeable in urban areas, including the Tokyo metropolitan area. Recruitment costs are also increasing along with salary levels.

[Required no. of additional long-term care workers and projection of supply and demand]

	FY2019	FY2023	FY2025	FY2040
Projected demand	(Actual figure) 2.11 million	2.33 million	2.43 million	2.80 million
Required no. of additional workers	—	+ 220,000 (+55,000/year)	+ 320,000 (+53,000/year)	+ 690,000 (+33,000/year)

Source: "Required Number of Long-term Care Workers Based on the 8th Insured Long-Term Care Service Plan," Ministry of Health, Labour and Welfare (July 9, 2021)"

- There will be demand for 2.95 million workers in 2035, but the supply will only be 2.27 million workers, and the shortfall of workers is expected to expand to **680,000 workers with demand exceeding supply**. (*The Ministry of Economy, Trade and Industry estimates a shortfall of up to 790,000 workers).

Source: "Report Compiled by the Study Group for Future Supply and Demand of Elderly Nursing Care Systems," Ministry of Economy, Trade and Industry

To address this situation, we have started taking the following actions.

- ◆ Improve work efficiency and reduce workload by adopting advanced technologies, such as IT equipment and AI technology.
- ◆ Optimize staffing centered on Associate Leaders
- ◆ Raise the mandatory retirement age from 60 to 65 and create an environment where older employees can actively contribute to the company.
- ◆ Establish a system that enables facility managers and other administrative staff to work until they reach 75 years of age, with an annual salary system for fixed-term employees.

One of our highest priorities is to secure a workforce capable of delivering high-quality services. To achieve this, we will make a variety of corporate efforts.

Past Revisions to Long-term Care Fees

Year of revision	Revised percentage	(Actual) Revised percentage	Main details
FY2015	- 2.27%	- 4.48%	<ul style="list-style-type: none"> ➢ Revised down for the first time in 9 years ➢ [Revision breakdown] improved benefits: +1.65%; enhancement of long-term care services: +0.56% (conditions apply to increases); reduction of long-term care fee unit price: -4.48% ➢ The long-term care fee unit price was reduced significantly for highly profitable long-term care services (intensive care homes for the elderly requiring long-term care, long-term care at elderly day service centers)
FY2017	+ 1.14%	[No change]	<ul style="list-style-type: none"> ➢ Special revision (+1.14%) to improve benefits for long-term care workers
FY2018	+ 0.54%	+ 0.54%	<ul style="list-style-type: none"> ➢ First revision upward in 6 years (excluding the special revision) based on the management environment for long-term care businesses and improvement of benefits for long-term care workers, etc. ➢ Basic unit revised down for services intended for elderly people requiring a low level of long-term care including home-visit long-term care (support services for daily life), long-term care at large elderly day service centers, rental long-term care equipment, etc. ➢ Promotion of the introduction of outcome-based evaluations and the use of robots (monitoring devices) and ICT (teleconferencing) for selected long-term care services ➢ Basic unit for daily life long-term care admitted to specified facilities revised upward by an average of 0.3%
FY2019 (Special revision)	+ 2.13%	+ 0.39%	<ul style="list-style-type: none"> ➢ Special revision in response to the consumption tax revision in October 2019 to eliminate the effective burden on long-term care businesses (+0.39%) ➢ Additional improvement in benefits for workers with 10 years or more of consecutive service, mainly licensed long-term care workers (+1.67%)
FY2021	+ 0.70%	+ 0.40%	<ul style="list-style-type: none"> ➢ Revision of long-term care fees overall by +0.70% in response to the management environment, etc. for long-term care businesses, including the impact of price trends on non-personnel supplies, etc. and in consideration of the need to secure long-term care workers and improve benefits. ➢ 0.05% of the 0.70% figure was a special measure implemented in the first half of FY2021 (April – September 2021) in consideration of rising costs caused by responses to COVID-19. ➢ Basic long-term care fees increased by approx. 0.4% for daily life long-term care admitted to specified facilities (fee-based homes for the elderly). As for additional payments for individual items, an increase was made to the unit price for additional payments to improve the service provision system. The revision also made it possible to calculate new additional payments to maintain activities of daily living (ADL), etc.
FY2022 (Special revision)	+ 1.13%	[No change]	<ul style="list-style-type: none"> ➢ Special revision (+1.13%) to improve benefits for long-term care workers
FY2024 (Planned)	+ 1.59%	+ 0.61%	<ul style="list-style-type: none"> ➢ Improvement in benefits for long-term care workers: +0.98%; other revision: +0.61% ➢ Further developing and promoting the community-based integrated care system, implementing measures for self-reliance support and prevention of exacerbated conditions, creating worker-friendly workplaces to enable efficient provision of quality long-term care services (promoting utilization of care robots, ICT technologies, etc.), and ensuring stability and sustainability of systems.

Company Information

- **Name** Charm Care Corporation
- **Representative** Takahiko Shimomura, Chairman and President
- **Listing market** Tokyo Stock Exchange Prime Market
- **Fiscal year end** June
- **Head office**
Osaka Head Office: 6-32 Nakanoshima 3-Chome, Kita-ku, Osaka
Tokyo Head Office: 28-15 Shibuya 3-Chome, Shibuya-ku, Tokyo
- **Business** Operation of fee-based nursing homes, etc. (Long-Term Care Business)
Development of healthcare real estate such as paid nursing homes (Real Estate Business) ,etc.
- **Paid-in capital** ¥2,759,250,000
- **Number of issued shares** 32,712,000 shares (including 53,608 shares of treasury stock)
- **Employees** Approx. 3,000 (including part-time, contract, and dispatched employees, etc.)

As of December 31, 2023

Notice

The information in this document is not intended to solicitate the buying or selling, etc. of Charm Care shares.

Business performance forecasts and future projections, etc. contained in this document are forecasts determined by Charm Care based on the information available at the time this document was compiled. These forecasts therefore involve potential risk and uncertainty.

Accordingly, actual results may differ from these business performance forecasts due to a variety of factors.

Please note that Charm Care Corporation and the parties providing this information shall bear no liability whatsoever for any damages incurred based on this information.

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