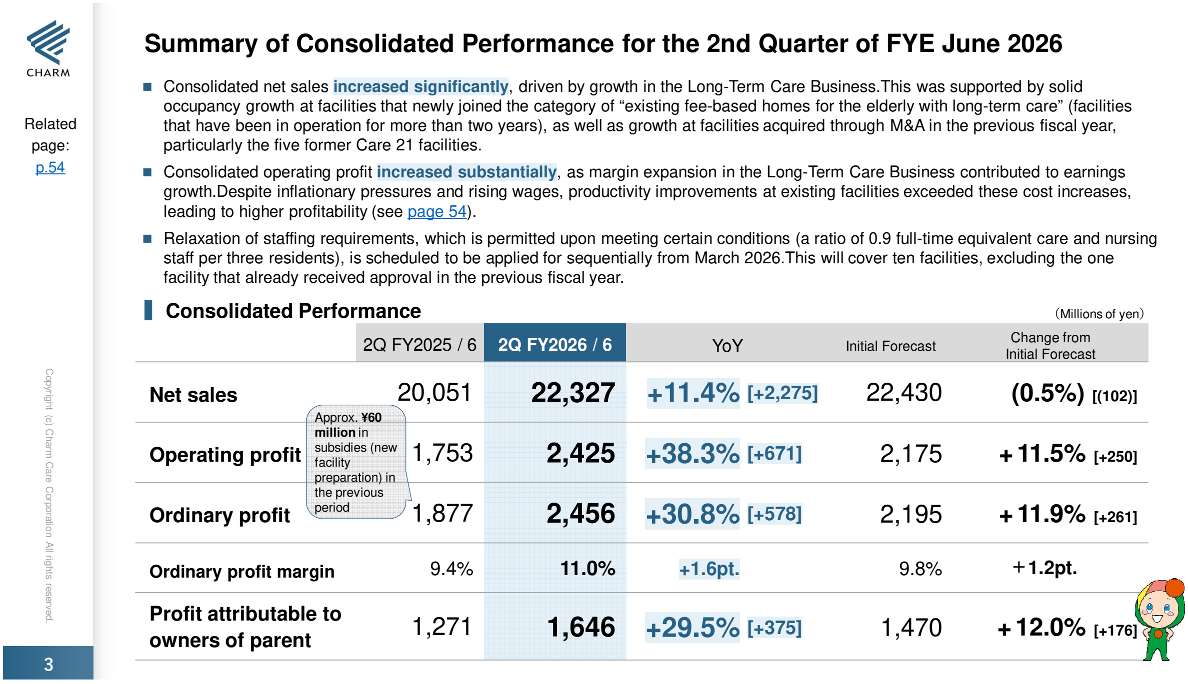
[With Q&A] Charm Care Corporation - Revenue and profit increased, driven by the Long-Term Care business; growth to accelerate through "3:0.9" staffing relaxation and the AI Care Planner

Provided by: Charm Care Corporation
Second Quarter Financial Results Briefing for the Fiscal Year Ending June 2026
Date: March 2, 2026



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Summary of Consolidated Performance for the 2nd Quarter of FYE June 2026

- Consolidated net sales **increased significantly**, driven by growth in the Long-Term Care Business.This was supported by solid occupancy growth at facilities that newly joined the category of "existing fee-based homes for the elderly with long-term care" (facilities that have been in operation for more than two years), as well as growth at facilities acquired through M&A in the previous fiscal year, particularly the five former Care 21 facilities.
- Consolidated operating profit **increased substantially**, as margin expansion in the Long-Term Care Business contributed to earnings growth.Despite inflationary pressures and rising wages, productivity improvements at existing facilities exceeded these cost increases, leading to higher profitability (see page 54).
- Relaxation of staffing requirements, which is permitted upon meeting certain conditions (a ratio of 0.9 full-time equivalent care and nursing staff per three residents), is scheduled to be applied for sequentially from March 2026.This will cover ten facilities, excluding the one facility that already received approval in the previous fiscal year.

Consolidated Performance

(Millions of yen)

	2Q FY2025 / 6	2Q FY2026 / 6	YoY	Initial Forecast	Change from Initial Forecast
Net sales	20,051	22,327	+11.4% [+2,275]	22,430	(0.5%) [(102)]
Operating profit	1,753	2,425	+38.3% [+671]	2,175	+11.5% [+250]
Ordinary profit	1,877	2,456	+30.8% [+578]	2,195	+11.9% [+261]
Ordinary profit margin	9.4%	11.0%	+1.6pt.	9.8%	+1.2pt.
Profit attributable to owners of parent	1,271	1,646	+29.5% [+375]	1,470	+12.0% [+176]

Approx. ¥60 million in subsidies (new facility preparation) in the previous period

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【INDEX】

Takahiko Shimomura (hereafter, Shimomura):
Good afternoon, everyone. I am Shimomura, Chairman of the Board and CEO. Thank you very much for taking the time out of your busy schedules to attend our second quarter financial results briefing today.

At today's briefing, Director and Executive Officer Maeda, who is in charge of IR, will first report on the summary of our financial results. After that, I will explain the progress of the management policy I discussed at the beginning of the fiscal year, and President and COO Kokaji will provide an explanation regarding the status of specific business execution.

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Yoshihiko Maeda (hereafter, Maeda):
I’m Maeda, Director and Executive Officer. First, I will explain the summary of our second quarter results.

As shown on the slide, consolidated results were as follows: net sales increased by 11.4% year-on-year and were 0.5% below plan. Operating income rose by 38.3% year-on-year and was 11.5% above plan. Ordinary income and profit attributable to owners of parent also exceeded both the prior-year level and our plan.

【Segment Performance for the 2nd Quarter of FYE June 2026】

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Segment Performance for the 2nd Quarter of FYE June 2026

Starting from the current fiscal year, the previously reported “Real Estate Business” segment has been abolished and incorporated into “Other Businesses”.

(Millions of yen)

		2Q FY2025 / 6 Result	2Q FY2026 / 6 Result	2Q FY2026 / 6 YoY	FY2026 / 6 Forecast
Long-Term Care (details are provided on the next page)	**Net sales**	18,944	**21,336**	**+2,392 [+12.6%]**	43,450
	Segment profit	2,378	**3,019**	**+640 [+26.9%]**	5,434
Other Businesses	**Net sales**	1,409	**1,315**	**(94) [(6.7%)]**	5,734
	Segment profit	(1)	**23**	**+25 [−%]**	238
Good Partners (staffing services, etc.)	Net sales	1,389 (Note 1)	1,244	(144) [(10.4%)]	2,643
	Operating profit	69	61	(8) [(12.5%)]	148
Amortization of goodwill		(16)	(16)	- [−%]	(32)
Charm Senior Living (Resident referral services)	Net sales	15	24	+8 [+55.8%]	88
	Operating profit	8	(7)	(16) [−%]	2
Real Estate	Net sales	4	46	+41 [+893.5%]	3,002
	Operating profit	(64)	(13)	+51 [−%]	128
Other Peripheral Businesses	Net sales	-	-	- [−%]	-
	Operating profit	-	-	- [−%]	-
Adjustments	**Intersegment sales or transfers**	(302)	**(324)**	(22) [−%]	(597)
	Segment profit (Note 2)	(623)	**(617)**	+5 [−%]	(1,213)
Consolidated	**Net sales**	20,051	**22,327**	+2,275 [+11.4%]	48,585
	Operating profit	1,753	**2,425**	+671 [+38.3%]	4,460
	Ordinary profit	1,877	**2,456**	+578 [+30.8%]	4,615
	Extraordinary Income and Losses	-	**(2)**	(2) [−%]	-
	Profit attributable to owners of parent	1,271	**1,646**	+375 [+29.5%]	3,090

Eight-month fiscal period due to change in fiscal year (see Note 1 below)

Previous period figures are for a eight-month term.

(Note 1) Due to a change in the fiscal year, Good Partners' fiscal period for the 2nd quarter of FYE June 2025 is a 8-month term from May 1, 2024, to December 31, 2024.
(Note 2) 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.

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Next, let me turn to performance by segment. In the Long-Term Care business, revenue increased by 12.6% year-on-year and segment profit rose significantly by 26.9% year-on-year. I will explain the Long-Term Care business in more detail on the next slide.

Within Other Businesses, first, subsidiary Good Partners posted lower revenue and profit year-on-year on a reported basis, as the prior fiscal year reflected only eight months due to a change in fiscal year-end. However, in substance, revenue and profit increased.

For Charm Senior Living, expenses are currently preceding revenue due to an increase in the number of sales consultants, but the number of resident referral cases to our group is also increasing, contributing to overall group performance.

As for the Real Estate business, this will be the final year. The Chofu-Kokuryo project in Chofu City, which is scheduled for sale in the fourth quarter, is progressing as planned, and we are moving forward with contract procedures with the buyer.

【Breakdown of the Long-Term Care Business Segment】

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Breakdown of the Long-Term Care Business Segment

(Millions of yen)

		2Q FY2025 / 6 Result	2Q FY2026 / 6 Result	2Q FY2026 / 6 YoY	FY2026 / 6 Forecast
Long-Term Care	Net sales	18,944	**21,336**	+2,392 [+12.6%]	43,450
	Segment profit	2,378	**3,019**	+640 [+26.9%]	5,434
	[Margin]	[12.6%]	**[14.1%]**	[+1.6pt.]	[12.5%]
	Avg.occupancy rate [residents / capacity]	86.9% [5,993／6,899]	89.0% [6,687／7,512]	+2.1pt. [+694／+614]	89.7% [6,846／7,634名]
Charm Care (excl. M&A facilities): Existing fee-based homes for the elderly with long-term care (2+ years in operation)	Net sales	14,247	**16,084**	+1,836 [+12.9%]	32,676
	Operating profit	2,482	**2,954**	+472 [+19.0%]	5,375
	[Margin]	[17.4%]	**[18.4%]**	[+0.9pt.]	[16.4%]
	Avg.occupancy rate [residents / capacity]	94.8% [4,437／4,681]	94.6% [4,859／5,135]	(0.2pt.) [+422／+454]	94.8% [4,982／5,257]
Existing Residential fee-based homes for the elderly (2+ years in operation)	Net sales	899	**838**	(60) [(6.7%)]	1,665
	Operating profit	137	**130**	(7) [(5.2%)]	291
	[Margin]	[15.3%]	**[15.6%]**	[+0.2pt.]	[17.5%]
	Avg.occupancy rate [residents / capacity]	96.7% [364／376]	97.2% [352／362]	+0.5pt. [(12)／(14)]	96.7% [350／362]
2nd-year facilities (1–2 years since opening)	Net sales	1,478	**1,573**	+95 [+6.4%]	3,059
	Operating profit	112	**130**	+18 [+16.1%]	210
	[Margin]	[7.6%]	**[8.3%]**	[+0.7pt.]	[6.9%]
	Avg.occupancy rate [residents / capacity]	78.9% [347／440]	74.6% [502／672]	(4.3pt.) [+155／+233]	78.6% [497／633]
Newly established facilities (less than 1 year in operation) (Including pre-opening facility costs)	Net sales	882	**529**	(352) [(40.0%)]	1,274
	Operating profit	(251)	**(169)**	+81 [—%]	(417)
	[Margin]	[—%]	**[—%]**	[—pt.]	[—%]
	Avg.occupancy rate [residents / capacity]	44.5% [299／672]	48.1% [183／379]	+3.6pt. [(117)／(293)]	49.0% [205／419]

In 2Q FY2025/6, the segment includes high-end brand facilities with the highest unit prices.

Due to conversion to long-term care homes

Profit margin information has been added.

Note: The numbers of residents and capacity represent monthly averages, calculated by dividing the total of end-of-month figures by six for 2Q and by twelve for the full-year forecast.

(Continued on the next page)

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This slide shows the breakdown of the Long-Term Care business segment. Starting this time, we have added profit margin figures. The overall profit margin of the Long-Term Care business increased by 1.6 percentage points from 12.6% in the same period of the previous fiscal year to 14.1%. While revenue at our existing fee-based homes for the elderly with long-term care increased, profit grew even faster, and the profit margin rose by 0.9 percentage points year-on-year.

【Breakdown of the Long-Term Care Business Segment】

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Related page: p.9

Breakdown of the Long-Term Care Business Segment

(Millions of yen)

		2Q FY2025 / 6 Result	2Q FY2026 / 6 Result	2Q FY2026 / 6 YoY	FY2026 / 6 Forecast
M&A-acquired facilities: LIKE (Oct 2021–) (+1 facility in Jun 2024)	Net sales	1,057	**1,097**	+40 [+3.8%]	2,161
	Operating profit	189	**224**	+34 [+18.4%]	345
	[Margin]	[17.9%]	**[20.5%]**	[+2.5pt.]	[16.0%]
	Avg.occupancy rate [residents / capacity]	95.5% [439／460]	98.0% [451／460]	+2.6pt. [+12／±0]	97.7% [449／460]
Amortization of goodwill		(90)	**(90)**	− [−%]	(181)
Former CARE 21 (Sep 2024–)	Net sales	150	**748**	+597 [+396.7%]	1,716
	Operating profit	(153)	**(193)**	(39) [−%]	(256)
	[Margin]	(−%)	**(—%)**	(—pt.)	(−%)
	Avg.occupancy rate [residents / capacity]	23.0% [47／205]	57.2% [214／374]	+34.2pt. [+167／+169]	63.1% [236／374]
CM Care (Oct 2024–)	Net sales	228	**464**	+236 [+103.5%]	897
	Operating profit	(46)	**34**	+80 [−%]	70
	[Margin]	[—%]	**[7.4%]**	[—pt.]	[7.8%]
	Avg.occupancy rate [residents / capacity]	91.8% [60／65]	97.4% [127／130]	+5.6pt. [+67／+65]	96.9% [126／130]
Amortization of goodwill		(0)	**(1)**	(0) [−%]	(3)

Includes Jun 2024 acquisition; differs from page 9 figures

In 2Q FY2025/6, three facilities were acquired in September 2024 and two facilities in November 2024; in 1Q, only the three facilities acquired in September were included.

Referral fees increased due to strong occupancy performance.

Note: The numbers of residents and capacity represent monthly averages, calculated by dividing the total of end-of-month figures by six for 2Q and by twelve for the full-year forecast.

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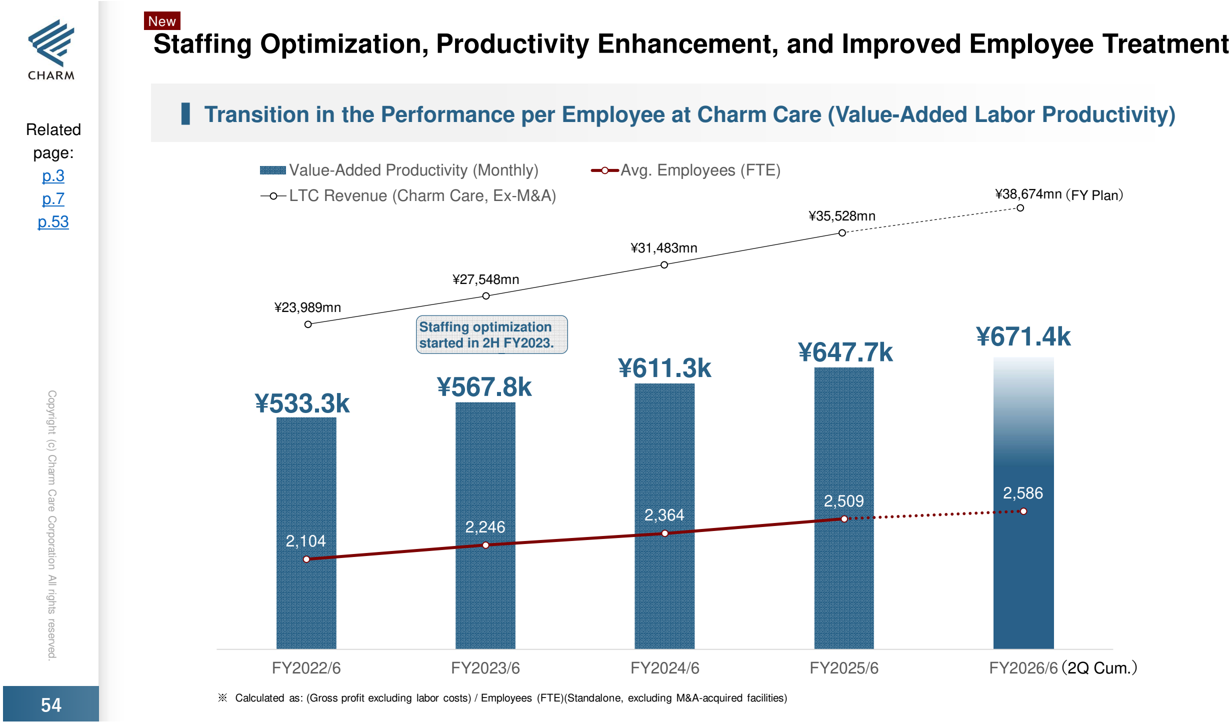
The same applies to our subsidiary LIKE. Its profit margin increased significantly by 2.5 percentage points from 17.9% in the same period of the previous fiscal year to 20.5%. The main factor behind this was that, while we were impacted by inflation and wage increases, we were able to achieve productivity improvements that more than offset those impacts.

【Staffing Optimization, Productivity Enhancement, and Improved Employee Treatment】



As shown in the graph on the slide, profit generated per employee has been rising year by year, and these results are being reflected in the performance of the Long-Term Care business.

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Breakdown of the Long-Term Care Business Segment

(Millions of yen)

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(Continued on the next page)

Occupancy has also been progressing steadily at facilities in their second year and newly opened facilities. Among newly opened facilities, we even have highly popular facilities that exceeded 70% occupancy within just two months of opening.

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Related page: p.9

Breakdown of the Long-Term Care Business Segment

(Millions of yen)

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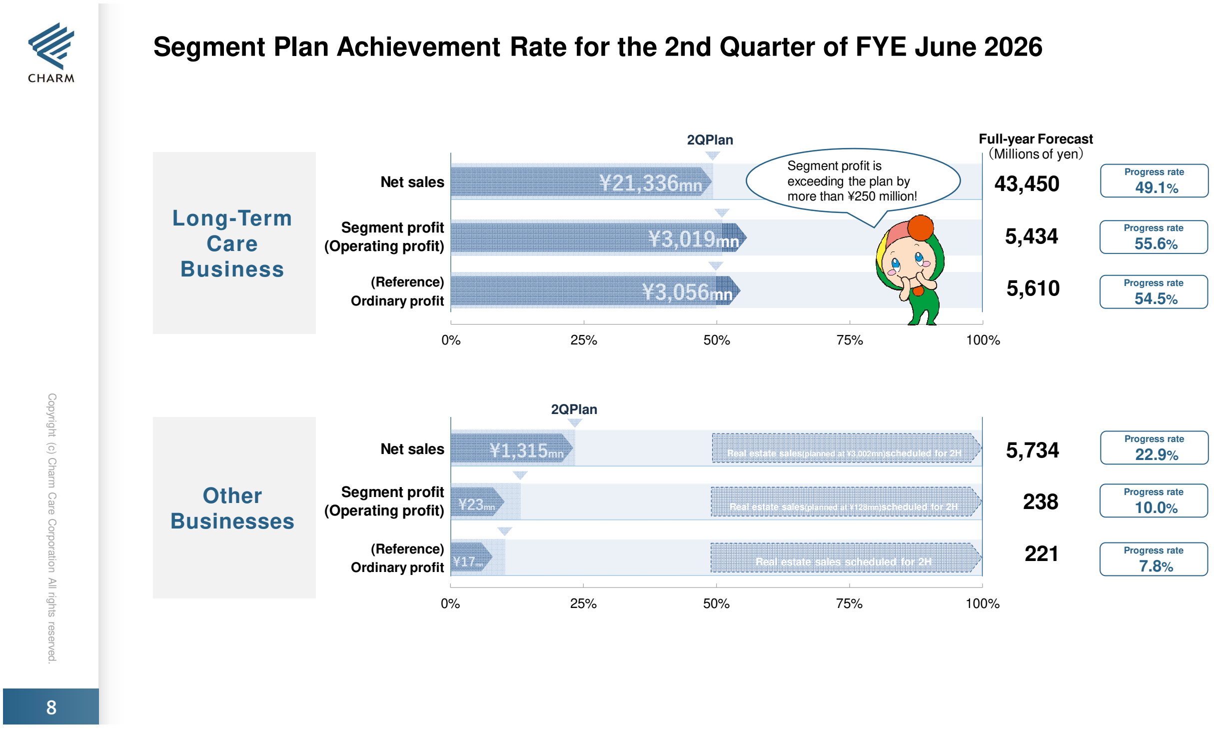
For the former Care21 facilities acquired through M&A in the previous fiscal year, occupancy is steadily increasing due to our sales capabilities, and revenue is also growing significantly in line with that improvement.

For the CM Care facilities also acquired through M&A in the previous fiscal year, we are operating at near full occupancy. On the other hand, there remains room to improve operational efficiency, and we believe there is potential to raise profit margins to our level going forward.

【Segment Plan Achievement Rate for the 2nd Quarter of FYE June 2026】



While we do not disclose segment-level plan figures, the productivity improvement initiatives I mentioned earlier have progressed beyond our assumptions, allowing us to keep labor costs under control. As shown in the graph on the slide, profit in the Long-Term Care business segment has significantly exceeded plan.

【Transition of occupancy rate】

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Related page:
p.6
p.23

Transition of occupancy rate

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

Average occupancy rate during the 2nd Quarter of the year ending in June 2026 (July–December)(*)

At our existing facilities：**94.6%**（The occupancy rate as of December 31, 2025, was **94.4%**（maintaining high occupancy rate））

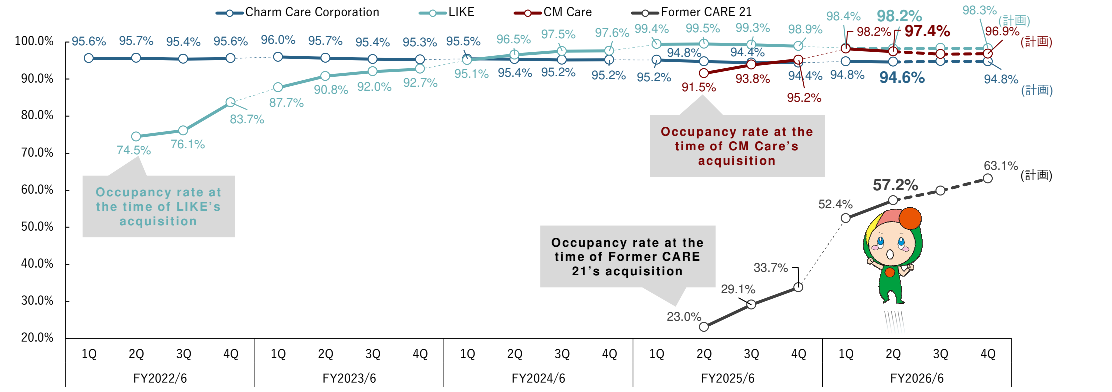
At LIKE's existing facilities：**98.2%**（The occupancy rate as of December 31, 2025, was **97.3%**（maintaining high occupancy rate））

※ Calculation of occupancy rate：Individual facilities that have been opened or acquired for over 24 months (two years) from their opening or acquisition month are included in the calculation.

（Reference）Former CARE 21（5 facilities）：**57.2%**（The occupancy rate as of December 31, 2025, was **62.0%**（Improving））

CM Care（2 facilities）：**97.4%**（The occupancy rate as of December 31, 2025, was **95.4%**（maintaining high occupancy rate））

Cumulative average occupancy rate during the period by quarter



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Next, I will discuss the transition of occupancy rates. Occupancy at our existing facilities is generally progressing in line with plan. Occupancy at the former Care21 facilities is improving steadily. The existing LIKE facilities and CM Care facilities continue to maintain very high utilization, operating at near full occupancy.

【Quarterly Performance Trends of the Long-Term Care Business (3-month intervals)】

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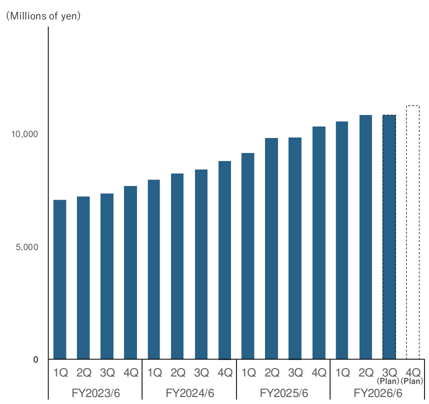
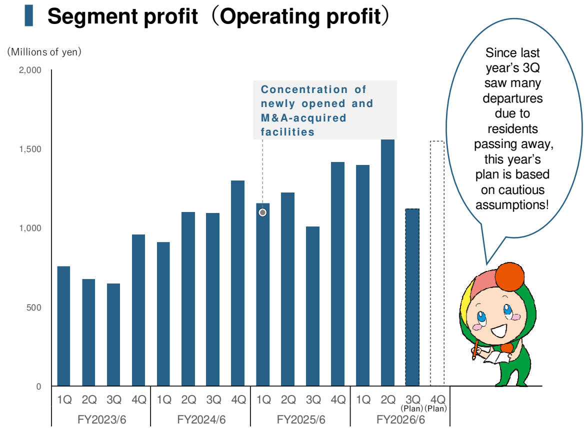
Quarterly Performance Trends of the Long-Term Care Business (3-month intervals)

- 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.

Net sales



Segment profit（Operating profit）



Note：Results are presented by quarterly accounting period (three months).
Note：Segment profit is higher in 2Q than 3Q due to seasonal factors (decrease in long-term care fees due to fewer calendar days, allowances during year-end and New Year holidays paid to staff, etc.).
Note：There are some imbalances from quarter to quarter due to the concentration of opening expenses associated with new facility openings.

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Please refer to the segment profit graph on the right side of the slide. In the third quarter of the fiscal year ended June 2025, segment profit declined due to a higher-than-usual number of move-outs caused by resident passings.

For the current fiscal year, in light of last year's situation, we have prepared our plan based on conservative assumptions. At this point, we do not expect move-outs at the same level as the previous fiscal year. While we are not complacent, we anticipate that the decline will not be as severe as last year.

【Earnings Forecast for FYE June 2026 (No Revision)】

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Related page: p.22 p.23

Earnings Forecast for FYE June 2026 (No Revision)

- The Long-Term Care business continues its upward growth trajectory, steadily increasing the number of rooms (capacity) through new facility openings while maintaining a high occupancy rate.
- For the seven fee-based homes for the elderly acquired through M&A in the fiscal year ending June 2025, improvements in occupancy rates and operational efficiency are steadily progressing, and similar improvements are expected in the next fiscal year.
- The sale of properties owned by our Group, which had been scheduled for the fiscal year ending June 2025 but was postponed, is still underway. However, as the sale has not been finalized at this point, it is not included in the performance forecast figures.

Full-year forecasts (consolidated)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
FY2025 / 6 (result)	46,673	3,845	4,024	2,936
FY2026 / 6 (forecast)	48,585	4,460	4,615	3,090
Change	+4.1%	+16.0%	+14.7%	+5.2%

Note: For details by segment, please refer to pages 22–23 of the Medium-Term Management Plan.

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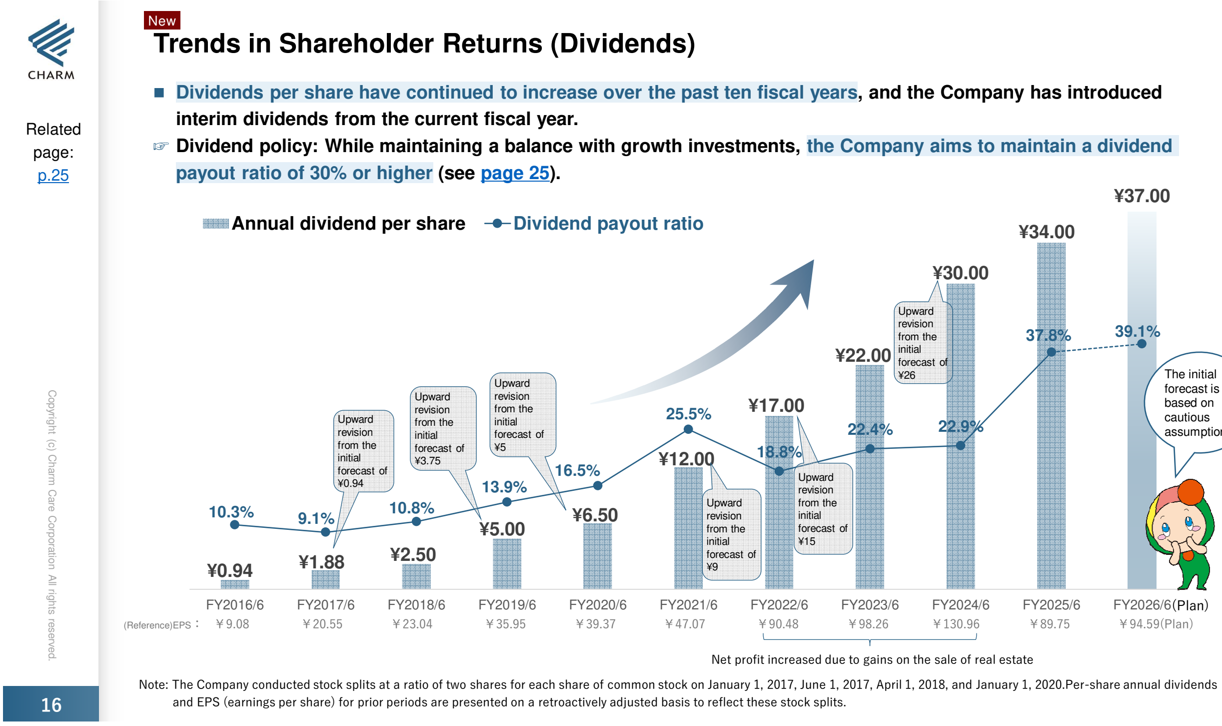
We have not revised our full-year forecast since the beginning of the fiscal year. As noted at the beginning, profit is exceeding plan across all metrics as of the second quarter, but at this point we are maintaining our initial forecast.

【Trends in Shareholder Returns (Dividends)】



Starting this time, we have included the historical trend of dividend results. We have not revised our dividend forecast either, but as shown on the slide, we have been able to continue increasing dividends. Going forward, our policy is to "maintain a dividend payout ratio of 30% or higher while considering the balance with growth investments," and we intend to continue returning value to our shareholders. That concludes my remarks.

【Strategy for the Medium-Term Management Plan Period (FYE June 2026—FYE June 2028)】

CHARM

Related page: p.52

Strategy for the Medium-Term Management Plan Period (FYE June 2026－FYE June 2028)

1 Core Business : The Long-Term Care Business

1. "Back to Basics" — Focusing on Our Core Business: The Long-Term Care Business

- **Enhance the on-site capabilities of our fee-based homes for the elderly, the source of our profits, and increase the number of attractive, high-performing homes ("Charm Homes")**
  - ① Strengthen personnel for education and training, thoroughly implement field-based OJT, and improve quality through enhanced caregiving skills and services.
  - ② Enhance the management and sales capabilities of facility managers who oversee on-site operations.
  - ③ Area managers should also adopt a field-oriented approach to ensure early detection and resolution of issues related to operations and occupancy (vacancies).
  - ④ Risk management should likewise be field-oriented, with reinforced measures to prevent problems before they occur.
- **Strengthening Human Resources through Improved Compensation and Workplace Environment**
  - ① Promote talent acquisition by leveraging the industry's top-level salary structure, achieved through base pay increases and revisions to the bonus system (partial conversion of bonuses to monthly salary).
  - ② Establish a selection rate of 50% or higher for the four-day workweek system to enhance recruitment capabilities.
  - ③ Strengthen interview and hiring capabilities by adopting a field-oriented approach for recruitment staff.
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- **Improving Productivity through a Lean Workforce and Digital Transformation (DX)**
  - ① Regarding the "3:0.9 facility" (Charm Suite Nishinomiya Yogaicho), which was the first in Japan to be officially approved, 10 facilities are planned as pilot sites in the fiscal year ending June 2026. Applications will be submitted to local governments as conditions are met, with plans to further expand thereafter. (As of now, no facilities other than Charm Suite Nishinomiya Yogaicho have been confirmed, so figures related to this are not included in the current Medium-Term Management Plan.)
  - ② Promote the use of IT and AI to streamline operations and reduce overtime hours (e.g., see the AI care plan on page 52).

18

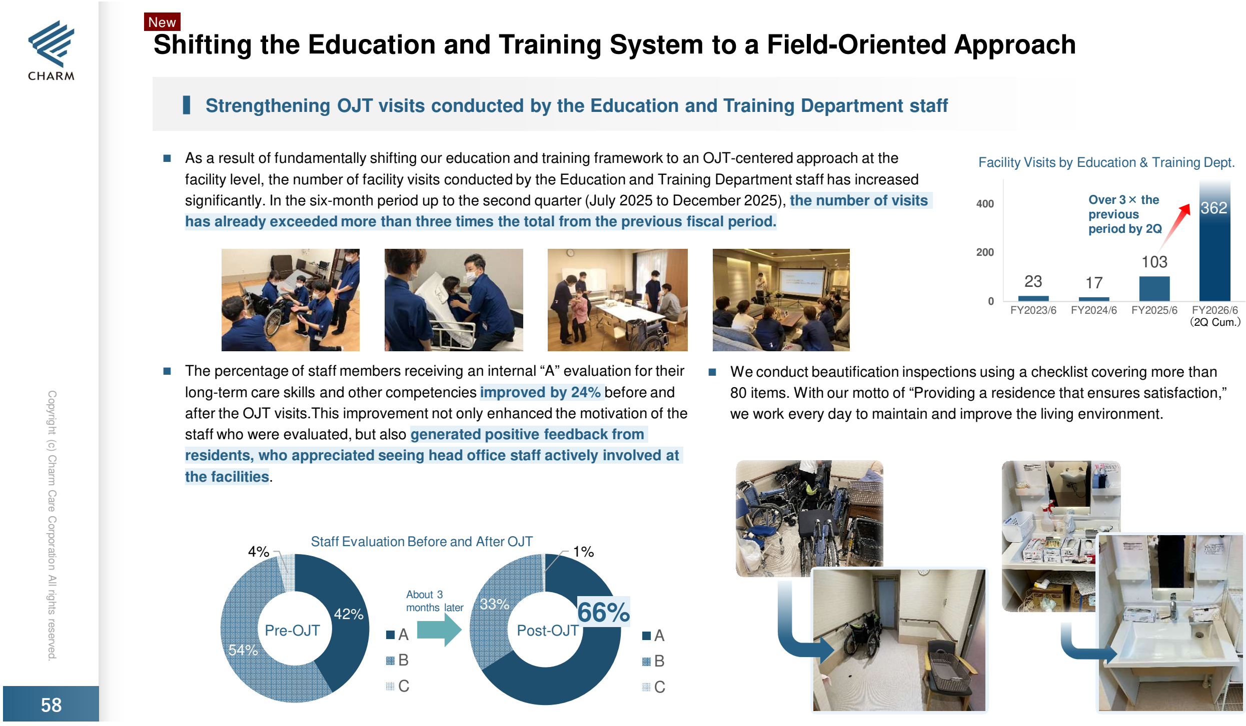
Shimomura:
Once again, I am Shimomura, Chairman of the Board and CEO. As I stated at the beginning of the fiscal year, this year we are pursuing a "return to basics" and are advancing the business by focusing on our core Long-Term Care business. Specifically, we are adhering to an "on-site first" philosophy in order to thoroughly enhance on-site capabilities.

In the business of operating fee-based homes for the elderly, revenue and profit can only be generated at the facility level. Moreover, it is no exaggeration to say that the company's reputation, public perception, and brand strength are determined by the quality of the services provided at each facility.

With that in mind, this year we have significantly reviewed and strengthened our education and training framework in order to enhance caregiving skills and service quality.

Up through the previous fiscal year, we gathered care staff at our training center for instruction. Starting this fiscal year, however, we have shifted to a method in which headquarters education and training staff visit facilities and directly provide guidance to improve the care services being delivered on-site—in other words, we have strengthened OJT.

【Shifting the Education and Training System to a Field-Oriented Approach】



The graph in the upper right of the slide shows the number of on-site visits by our education and training staff. As of the interim period, this is already more than three times the level of the previous fiscal year. On-site training by education and training staff has not only been well received by our staff, but has also been highly evaluated by residents and their families.

This year, we increased the number of education and training staff, and we are making sure they regularly visit facilities and directly coach less experienced care staff, working together as one team to raise capabilities. As a result of this on-site training, caregiving skills are improving. We intend to continue these efforts going forward and aim to become No.1 in the industry in terms of care service quality as well.

CHARM

Related page: p.52

Strategy for the Medium-Term Management Plan Period (FYE June 2026 – FYE June 2028)

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  - ② Promote the use of IT and AI to streamline operations and reduce overtime hours (e.g., see the AI care plan on page 52).

18

In order to raise the level of facility managers who oversee operations at each facility, President Kokaji and I conduct facility manager training every month. As we are planning to increase the number of new openings going forward, we believe developing facility managers who can provide top-level on-site management is extremely important.

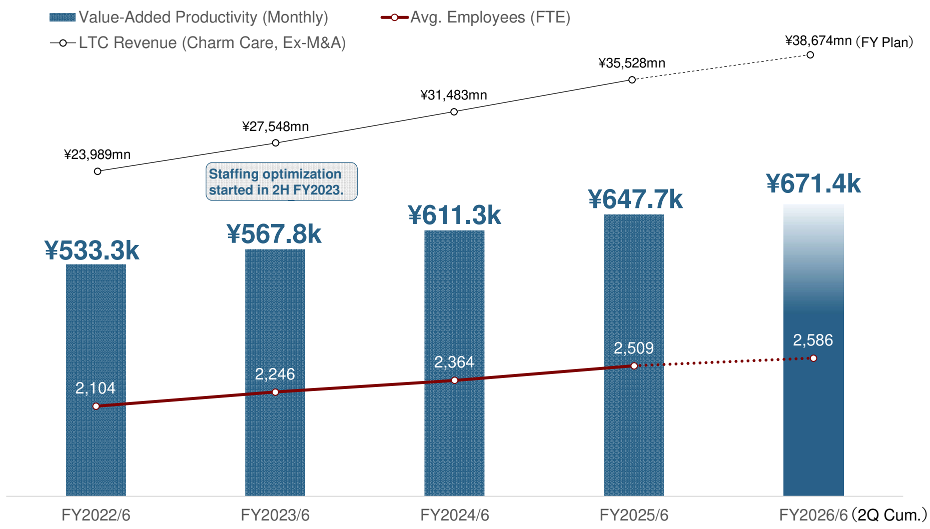
CHARM

Related page: p.3 p.7 p.53

New

Staffing Optimization, Productivity Enhancement, and Improved Employee Treatment

Transition in the Performance per Employee at Charm Care (Value-Added Labor Productivity)

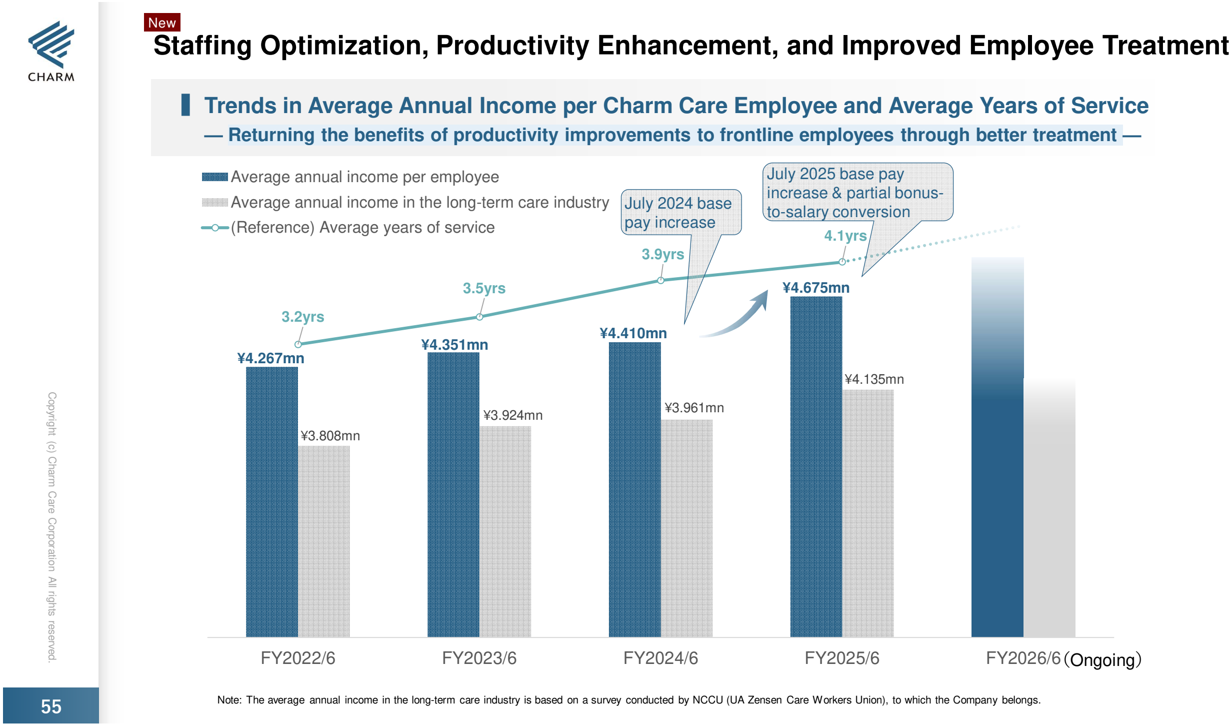


※ Calculated as: (Gross profit excluding labor costs) / Employees (FTE)(Standalone, excluding M&A-acquired facilities)

54

Regarding our "small but highly skilled team" project, which we started about three years ago to enable operations with the minimum necessary staff without lowering service quality, we are seeing results. As shown in the graph on the slide, productivity has been improving year by year.

【Staffing Optimization, Productivity Enhancement, and Improved Employee Treatment】



As for the labor costs reduced through the results of the “small but highly skilled team” project, we have not simply retained these savings at the company level; we have also returned them to on-site staff through improved compensation, achieving base pay increases for two consecutive fiscal years. As shown in the graph on the slide, the average annual salary of our employees has most recently reached ¥4.675 million, substantially exceeding the long-term care industry average of ¥4.135 million.

【Staffing Optimization, Productivity Enhancement, and Improved Employee Treatment】

CHARM

Related page: p.54

Staffing Optimization, Productivity Enhancement, and Improved Employee Treatment

▌ 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.

  ⇒Since the fiscal year ended June 2024, we have been continuously working to improve productivity, and productivity continues to improve at present. (see page 54)

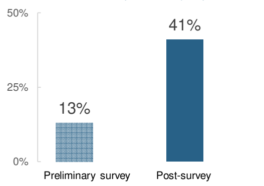
- **For the first time in Japan** (according to our research), (*)a staffing ratio of **3:0.9** (0.9 full-time equivalent caregiving and nursing staff for every 3 residents) has been approved at our 'Charm Nishinomiya Yōgaicho.'

In FYE June 2026, verification started with 10 facilities and is currently scheduled to be filed sequentially from March 2026.

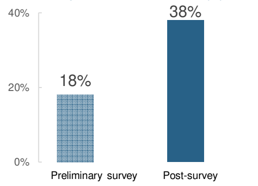
(*) Starting from April 2024, the previous staffing limit of 3:1 has been relaxed to 3:0.9. However, several conditions must be met, including holding committees to discuss productivity improvements, ensuring the quality of care services, utilizing multiple technologies such as monitoring devices, and demonstrating achievements in reducing staff burdens. Therefore, it is not simply a matter of automatic approval.

Discussions and deliberations in the Productivity Improvement Committee.

Changes in staff motivation in the initiatives for productivity improvement.



Ease of determining business priorities through the introduction of IT equipment.



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There is no end to the “small but highly skilled team” project. Under regulations, the staffing criteria is “3:1.” However, in the previous fiscal year, our company became the first in the nation to receive approval for “3:0.9” staffing relaxation in Nishinomiya City. This fiscal year, we are working to implement this at 10 additional facilities, and starting in March we will proceed with submissions to the authorities in stages, a few facilities at a time. Next fiscal year, we intend to further increase that number.

【Work environment improvement & staff retention】

CHARM

Related page: p.82

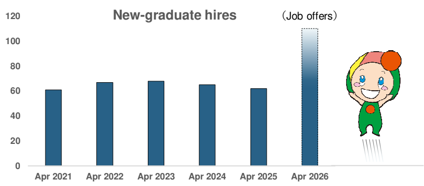
New

Work environment improvement & staff retention

Introducing an optional four-day workweek

- As shown on page 82, securing personnel is a major challenge in the care industry. To address this issue, we introduced **an optional four-day workweek** in July 2024, and about **60%** of our care staff have chosen this option.
  60% ! !
  This is **a pioneering initiative** in the 24/7 facility-based care sector.
  A labor union survey also found that **75% of staff who selected the four-day workweek wish to continue with it**.
  ～Staff feedback～
  "More days off," "**less fatigue**" (*), "better work–life balance," "able to take on side jobs"
  (*) Under the five-day workweek, 8-hour day shifts and 16-hour night shifts are mixed, whereas the four-day workweek fixes each shift at 10 hours, which is considered beneficial for staff health.

- Optional four-day workweek boosts recruitment.
  In new-graduate recruitment, the number of job offers extended far exceeded the previous year, allowing us to achieve our hiring target early. Because applications continued to increase, we closed the recruitment at 110 hires. Mid-career applications also rose by about 20% year on year, resulting in a reduction in cost per hire.



In addition, we are working to secure human resources through the following initiatives:
- ◆ Streamlining operations and reducing workload through the introduction of advanced technologies such as IT equipment and AI
- ◆ Optimizing staffing led by Associate Leaders
- ◆ Extending the mandatory retirement age from 60 to 65
- ◆ Establishing a system that allows managers, including Facility Directors, to work until age 75 under the contract employee annual salary system

56

In July 2024, as part of work style reforms, we introduced an optional four-day workweek. Today, approximately 60% of our care staff have chosen this option. We have adopted an optional system in which staff for whom it is physically difficult—such as those raising young children due to family circumstances, or those for whom it is difficult due to age or physical condition—do not need to choose it.

Since this 60% includes in the denominator staff who do not need to participate, we believe this participation rate is very high.

Some companies may have adopted a four-day workweek in their headquarters functions, but the long-term care business operates 24 hours a day, 365 days a year. Under these conditions, we operate by combining four-day and five-day work schedules.

In addition, it is extremely difficult to incorporate this into rotations in an environment where diverse types of staff—full-time employees, temporary workers, and hourly part-time workers—work side by side. However, we have succeeded in building the know-how and systems to make this work, and we believe this has been a major factor.

The optional four-day workweek has also produced positive results in recruitment. The number of accepted offers for new graduate hires significantly exceeded the prior year, and because we expected to exceed our hiring plan by a wide margin, we closed applications at 110. On October 1, we held an offer ceremony for 100 candidates, and as of the end of October, we have secured 110 new graduate hires.

In addition, the number of mid-career applications has increased by approximately 20% year-on-year, while recruitment costs have decreased, resulting in positive effects. In this way, our company has been proactive in introducing new initiatives, such as improving operational efficiency and offering diverse working styles.

I believe that the most important thing in management is innovation. Companies that do not continue evolving will stagnate and eventually decline. My motto is "Never believe conventional wisdom." In other words, I believe it is important to question what we currently do—asking "Is this really okay?"—and to continuously improve.

In the long-term care industry, there is a concept of standardizing operations under the idea that "everyone should work equally." However, while staff working on-site have varying capabilities, having everyone perform work equally can create significant differences in the quality of difficult care services, such as excretion support and transfers.

Therefore, we will promote specialization and division of labor. By assigning difficult care services to highly skilled staff and encouraging specialization, we will improve service quality and speed.

Meanwhile, other staff will handle routine tasks, creating more time flexibility. We will build an environment in which care staff can focus on the essential care of being close to residents, in order to improve customer satisfaction.

In this way, we will continue to drive innovation repeatedly for the growth of the company, improve and streamline operations, and aim to become the leading company in the long-term care industry. Thank you for your continued support.

CHARM

Related page:
p.52

Strategy for the Medium-Term Management Plan Period (FYE June 2026－FYE June 2028)

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  - ② Promote the use of IT and AI to streamline operations and reduce overtime hours (e.g., see the AI care plan on page 52).

18

Shiro Kokaji (hereafter, Kokaji):
I am Kokaji, Representative Director, President, and COO. I will explain the status of specific business execution.

First, regarding education and training at facilities. As Shimomura mentioned earlier, we plan to increase the number of new openings going forward, and we are working to develop talent who can become future facility managers and to secure outstanding talent. We have created a positive cycle in which the resources generated through productivity improvements are returned to staff, and we have been able to steadily increase hiring at the facility manager level.

Regarding "3:0.9" staffing relaxation, we expect to be able to file notifications at nine of the ten target facilities within this fiscal year, and we are working toward having at least five to six of those accepted.

As for the "AI Care Planner" we have been developing with the NTT Group, we have now begun trial use of the prototype at four facilities, and we plan to roll it out across all facilities from April onward. We believe this will dramatically improve care manager productivity, provide resources for further improvements in staff compensation, and also contribute to our profitability.

【Strategy for the Medium-Term Management Plan Period (FYE June 2026－FYE June 2028)】

CHARM

Strategy for the Medium-Term Management Plan Period (FYE June 2026－FYE June 2028)

1 Core Business : The Long-Term Care Business

2. Increase in the Number of New Openings and Expansion of Service Areas

- **Increase in New Openings through In-House Development (Land Acquisition and Building Construction)**
  ① Leverage enhanced financial capacity from focusing on the Long-Term Care business to actively pursue in-house development and increase the number of new openings, contributing to operational profitability.
  ② Obtain early information on turnkey-property opportunities.
  ③ Prioritize operational and capital efficiency by focusing new openings on the mid-price segment.
- **Expansion of Establishment Areas(Targeting Core Cities; Policy of Dominant Development Remains Unchanged)**
  ① Expanding acquisition of project information in the suburbs of the Tokyo metropolitan area, where the number of people requiring care is increasing — mainly in Kanagawa and Saitama Prefectures.
  ② Entry into the Nagoya area (not included in the figures of this Medium-Term Management Plan).

3. Increase in the Number of Homes through M&A and Profit Contribution through Post-Acquisition Operational Improvements

- **Acquisition of projects centered on strategic approaches to underperforming facilities, combined with our proprietary know-how for post-merger integration (PMI)**
  ① Increase project acquisitions by focusing on strategic approaches to facilities with operational challenges (not included in the figures of this Medium-Term Management Plan)
  ② After acquisition, deploy and effectively utilize our personnel to implement operational and financial improvements using our proprietary know-how (PMI)

☞ **Our unique expertise in achieving industry-leading profit margins in the facility-based long-term care sector is our greatest strength in M&A**

19

We consider new openings to be one of our strengths. We continue to receive a large amount of information on new openings, and we have been able to expand our opening areas into new regions within Kanagawa Prefecture as well as Saitama Prefecture.

【List of Planned New Facility Openings】

CHARM

List of Planned New Facility Openings

Note: This document reflects the latest information available as of today and will be updated from time to time.
Underlined items indicate changes from the previous version.

Related page: p.21

FYE June 2027

No.	New Opened/Acquired Facilities		Rooms (People)	Opening
1	ATTENITY Chofu Shibasaki [In-house] (Chofu City)	Construction started	52	Sep.2026
2	Charm Suite Kyoto Matsugasaki (Sakyo-ku, Kyoto City)	Construction started	80(84)	Sep.2026
3	Charm Akashi Nishishinmachi (Akashi City, Hyogo)	Construction started	90(100)	Nov.2026
4	Charm Premier Sakurashinmachi (Setagaya-ku)	Construction started	62(72)	Jan.2027
5	Charm Suite Megurohoncho (Meguro-ku)	Construction started	72	Mar.2027
6	Charm Suite Miyamaedaira (Miyamae-ku, Kawasaki City)	Construction started	86	Apr.2027
Total	6 facilities (Tokyo area: 4, Kinki area: 2)		442(466)	

All projects other than in-house development are lease-based projects from property owners.

FYE June 2028

No.	New Opened/Acquired Facilities		Rooms (People)	Opening
1	(Tent.)Charm Suite Higashi Totsuka (Totsuka-ku, Yokohama City)		87	July.2027
2	(Tent.)Charm Premier Konanyamate (Higashinada-ku, Kobe City)	Construction started	94(100)	Aug.2027
3	(Tent.)Charm Suite Kokubunji Hikarimachi (Kokubunji City, Tokyo)		71	Oct.2027
4	(Tent.)Charm Suite Kugenuma Kaigan (Fujisawa City, Kanagawa)		97	Oct.2027
5	(Tent.)Charm Amagasaki Nishikoya [In-house] (Amagasaki City, Hyogo)		100	Nov.2027
6	(Tent.)ATTENITY Amagasaki Nishikoya [In-house] (Amagasaki City, Hyogo)		50	Nov.2027
7	(Tent.)Charm Suite Aobadai (Aoba-ku, Yokohama city)		68	Dec.2027
8	(Tent.)Charm Premier Grand Shakujii Park (Nerima-ku)	Construction started	54(76)	Jan.2028
9	(Tent.)Charm Suite Chidoricho (Ota-ku)		72	Feb.2028
10	(Tent.)Charm Premier Grand Sangubashi (Shibuya-ku)		27(50)	Feb.2028
11	(Tent.)Charm Premier Miyazakidai (Miyamae-ku, Kawasaki City)		60(72)	Feb.2028
12	(Tent.)Charm Premier Sendagaya (Shibuya-ku)		49(50)	Mar.2028
13	(Tent.)Charm Suite Yukigayaotsuka (Ota-ku)		90	May 2028
14	(Tent.)Charm Suite Soka Hikawacho (Soka City, Saitama)		80	Jun.2028
New 15	(Tent.)**Charm Koshigaya Akayamacho (Koshigaya City, Saitama)**		**60(72)**	**Jun.2028**
Total	15 facilities (Tokyo area: 12, Kinki area: 3)		1,059(1,135)	

FYE June 2029～

(Tent.)Charm Suite Kakio (Machida City, Tokyo) [In-house] – 79 rooms planned
(Tent.)Charm Suite Kyoto Shogoin (Sakyo-ku, Kyoto City) – 80 rooms (86) [In-house] planned
New **(Tent.)Charm Suite Tsukimino (Yamato City, Kanagawa) – 74 rooms [In-house] planned**
Several other facilities in progress

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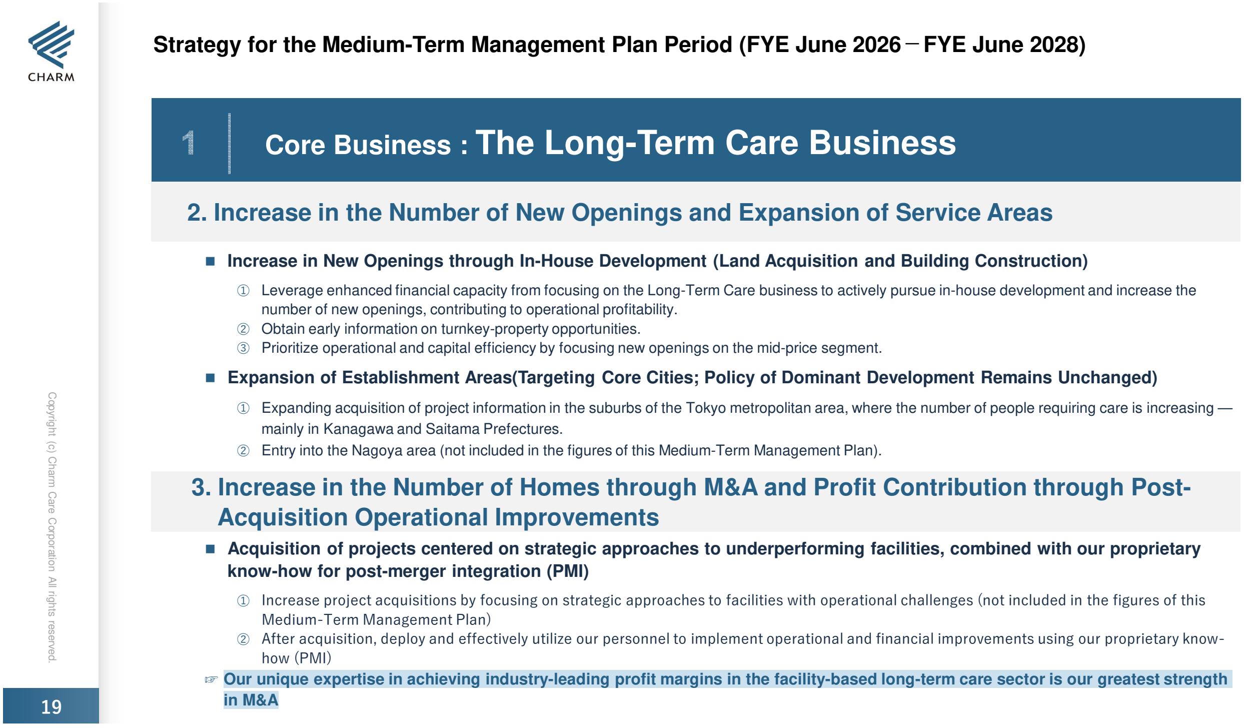
While some projects originally targeted for the fiscal year ending June 2027 have been pushed back, we expect to achieve the annual target of 15 new openings that we discussed at the beginning of the fiscal year in the fiscal year ending June 2028. We are also currently reviewing many properties for the fiscal year ending June 2029 and beyond, and we will disclose them on a rolling basis once they reach a stage where disclosure is possible.



With respect to projects in the Nagoya region, which we are considering as a new area, we are also reviewing multiple opportunities, and several projects are nearing the stage where we can finalize agreements. We plan to disclose these as they are finalized.

【Rapidly Expanding the Number of Operated Facilities through M&A (2)】

CHARM

Related page: p.7 p.27

Rapidly Expanding the Number of Operated Facilities through M&A (2)

(4) Acquired CM Care Co., Ltd. as a subsidiary through a share acquisition from NRE Service Co., Ltd., together with two operating facilities and others

Acquisition date：October 1, 2024

Number of facilities (rooms)：Two fee-based homes for the elderly with long-term care (130 rooms in total) (also includes an in-home long-term care support office and a multifunctional long-term care/nursing in a small group home support office)

Location：Tokyo metropolitan area（Ota Ward, Tokyo / Kawasaki City, Kanagawa Prefecture）

New

(5) Acquired "Merci Masumi" through a business transfer from Biken Techno Co., Ltd. (scheduled to be renamed "Charm Ikeda Masumicho")

Acquisition (Scheduled) date：Mar 1, 2026

Number of facilities (rooms)：One fee-based home for the elderly with long-term care (56 rooms)

Location：Kinki metropolitan area (Ikeda City, Osaka Prefecture)

We will promote early improvement of occupancy rates and operational efficiency by applying the Group's expertise.

In addition, we are considering and examining several other M&A projects and **turnkey properties(*)**, focusing primarily on fee-based homes for the elderly with long-term care.⇒**Three turnkey properties have already been opened.**

(*) Turnkey properties have the advantage of requiring less time to open and often having lower rental costs compared to the current market rates.

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Next, regarding M&A. As already disclosed, in this fiscal year we acquired a fee-based home for the elderly with long-term care, "Merci Masumi," from Biken Techno Co., Ltd., and began operating it from March 1 under the name "Charm Ikeda Masumicho." While this facility has many challenges in terms of occupancy and operations, it is in a very good location, and we believe we can improve it within about one year by applying our know-how.

In addition, we are receiving information on a wide range of M&A opportunities of various sizes, and there are some projects we are reviewing in detail. As with new openings, we will inform you once they reach a stage where we can make disclosures.

【Strategy for the Medium-Term Management Plan Period (FYE June 2026—FYE June 2028)】

CHARM

Related page: p.21

Strategy for the Medium-Term Management Plan Period (FYE June 2026－FYE June 2028)

2 Related Businesses of the Long-Term Care Business

■ **Personnel dispatch, home-visit nursing, and hospice businesses operated by Good Partners**

① The personnel dispatch business continues as a service to temporarily supplement staffing shortages at facilities within our Group.
② The home-visit nursing business leverages synergies with Residential fee-based homes for the elderly and other facilities within our Group.
③ The hospice business is being developed with a focus on thorough risk management, while carefully monitoring the business environment and regulatory trends.

■ **Resident referral business operated by Charm Senior Living**

① To further promote resident occupancy at fee-based homes for the elderly with long-term care and Residential fee-based homes for the elderly within our Group, and to enhance overall Group management efficiency, we are strengthening our workforce.
② Personnel with both practical caregiving experience and strong sales capabilities are selected from facility sites and effectively utilized as sales staff of our company or as personnel of Charm Senior Living.
③ We are also considering M&A opportunities in the web-based customer acquisition business (Note: figures related to this are not included in the current medium-term management plan).

■ **Other businesses related to the Long-Term Care business**

① We are considering M&A opportunities in other areas related to the Long-Term Care business (Note: figures related to this are not included in the current medium-term management plan).
② We are also continuing to explore peripheral businesses utilizing AI technologies in the Long-Term Care business (Note: figures related to this are not included in the current medium-term management plan).

☞ **Regarding the real estate business, in light of environmental changes such as rising construction costs and higher interest rates, we will prioritize focusing on the Long-Term Care business. Accordingly, we will discontinue the business after completing the ongoing project for the fiscal year ending June 2026 (the Chofu City Kokuryo project) and abolish the reporting segment.**

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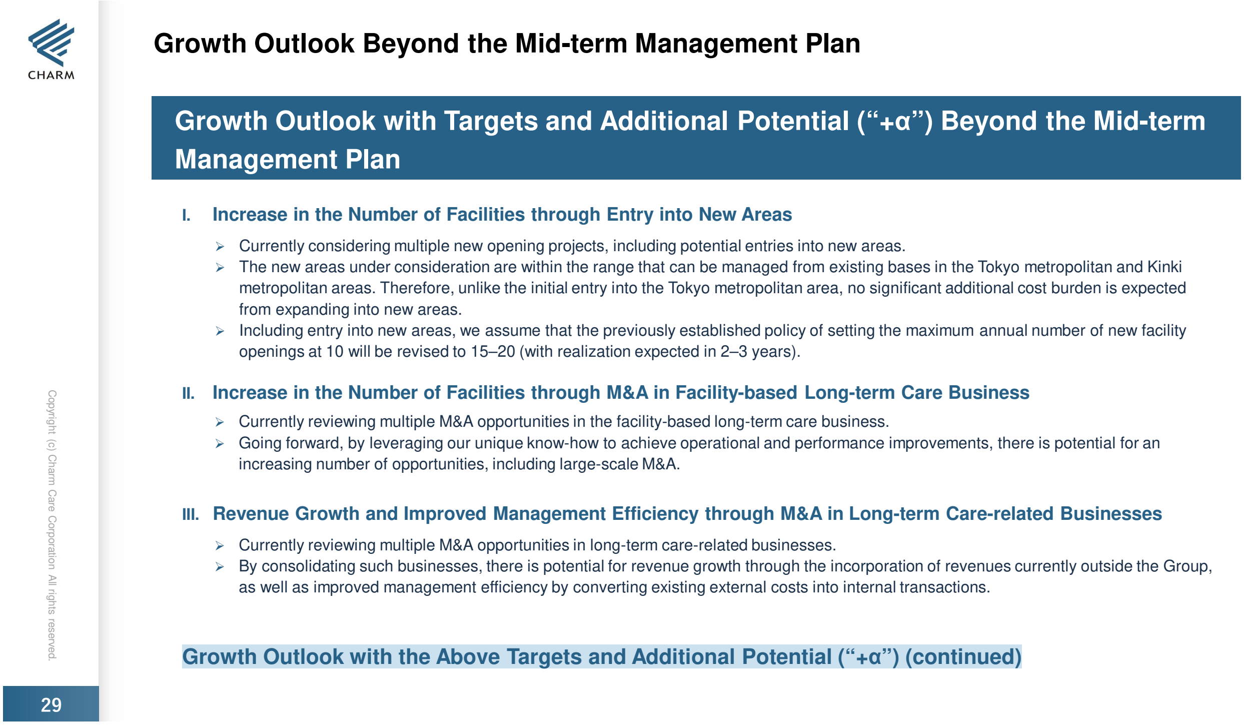
Next, regarding the hospice business of Good Partners. Recently, the details of the revision to home-visit nursing fees were announced. This revision is expected to reduce revenue from insurance income compared to the past; however, we believe these facilities have a very strong social infrastructure role in supporting people in the terminal stage.

After reviewing costs and other factors to ensure we can secure profit margins to a certain extent, we aim to build a structure that allows us to continue opening several facilities per year.

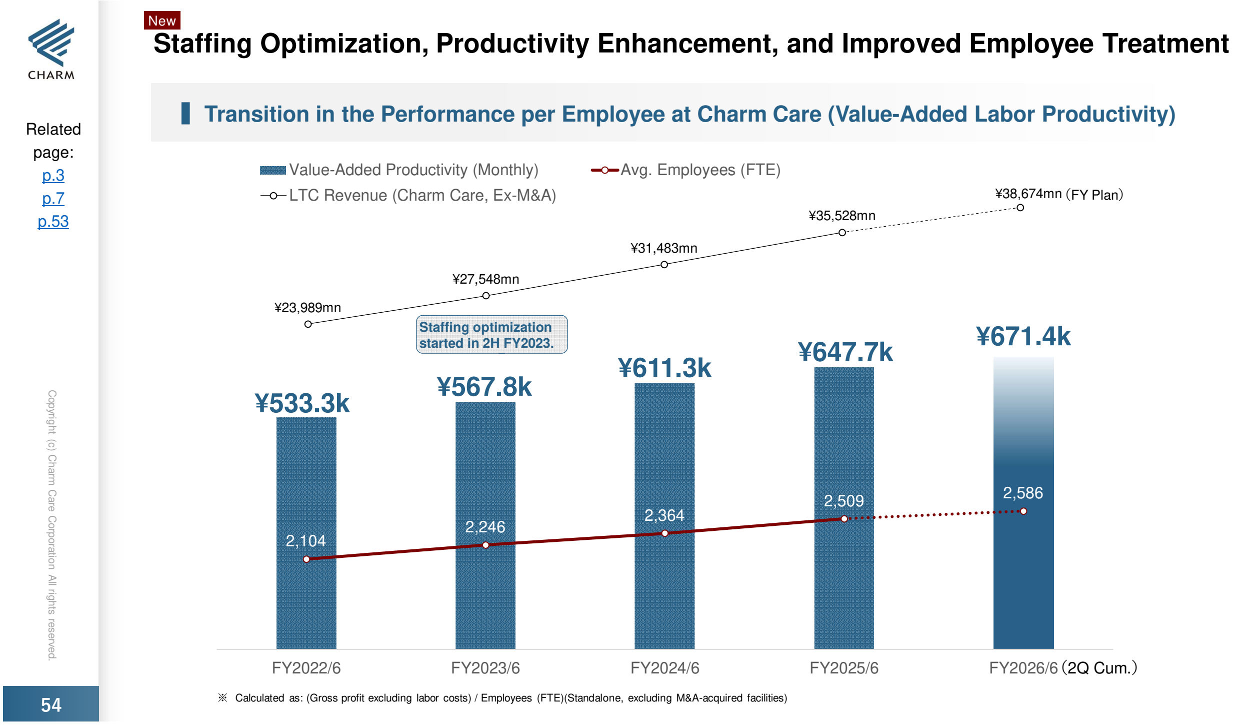
As for the resident referral business of Charm Senior Living, the number of referral cases has been gradually increasing, and it is increasingly contributing significantly to promoting occupancy at our facilities. In addition, we are advancing collaboration with organizations that have potential customers. If this is realized, we believe it will contribute to the performance of Charm Senior Living and, in turn, to our own performance.

【Growth Outlook Beyond the Mid-term Management Plan】



Lastly, regarding future growth. Up through the previous fiscal year, our annual target for new openings was capped at a maximum of 10 facilities, but we will raise this to 15 to 20. In particular, as property development costs continue to rise, we believe securing M&A opportunities will be increasingly important, and we will continue making efforts to gather information. That concludes my remarks.

【Q&A: Factors Behind Productivity Improvements】



Questioner:

"Productivity improved beyond expectations this time, and operating income also exceeded plan. Could you explain the factors that drove this stronger-than-expected productivity improvement? For example, was it due to education focused on on-site capabilities?"

Kokaji:

"One factor behind the productivity improvement is that while revenue came in slightly below plan, we were able to thoroughly implement staffing structures aligned with occupancy conditions this fiscal year.

In long-term care facilities, it is common for staffing levels to remain unchanged even when revenue falls short. However, our company has established a dominant structure in both the Tokyo metropolitan area and the Kinki metropolitan area, and we believe our optimization of staffing based on occupancy worked extremely well this fiscal year."

【Q&A: Early Results and Accuracy of the ‘AI Care Planner’ Prototype】

CHARM

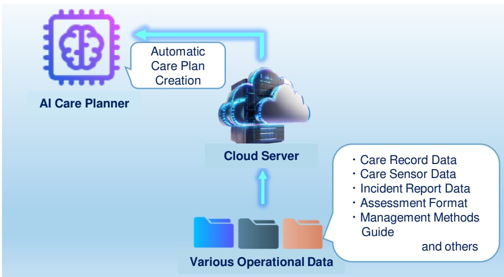
Related page: p.18

Promotion of Long-Term Care DX

Automated creation of care plans using generative AI

- Developed the generative AI system "AI Care Planner," **specialized in creating care plans for fee-based homes for the elderly**, in collaboration with NTT DX Partners. (Most existing systems are designed for home-based care.)
- By automating the majority of care plan creation, it is expected that care managers can **reduce the time spent on this task by approximately 35 hours per month**.
- Scheduled to be deployed in the field at fee-based homes for the elderly with long-term care operated by our company in spring 2026. **Started prototype testing at four pilot facilities** in January 2026.

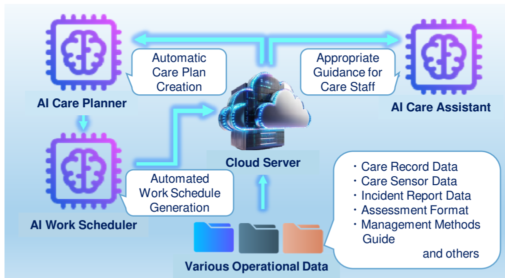
【Data Linkage Image】



Future Developments

- In addition to aiming for more detailed care plan creation through "AI Care Planner," we plan to expand the system to include the tentative "AI Care Assistant," which supports early onboarding and skill standardization of care staff, and the tentative "AI Work Scheduler," which automates staff work schedules to further reduce on-site workload. Through accelerating digital transformation (DX) for staff working in the Long-Term Care business, **we aim to improve productivity in the industry and address the issue of labor shortages**.

【System Expansion Concept】



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Questioner:

“You have introduced the prototype of the ‘AI Care Planner,’ developed with NTT DX Partner, at four facilities. Could you share your current impressions and its accuracy?”

Kokaji:

“I have also confirmed progress with the head of our Long-Term Care DX Promotion Office, and it is proposing extremely appropriate care plans—so much so that you could call it a ‘super care manager.’

In the end, humans always review the generated care plans, make adjustments, and finalize them as the final plan. Previously, when humans created the initial draft manually, there were variations in quality and preparation time. With the ‘AI Care Planner,’ there is no such variation, and we are seeing very appropriate care plans being proposed, so we feel very encouraged by the results.”

【Q&A: Impact of the Special Revision to Long-Term Care Fees】

CHARM

Past Revisions to Long-term Care Fees

Year of revision	Revised percentage	(Actual) Revised percentage	Main details
FY2015	−2.27%	−4.48%	➢ 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]	➢ Special revision (+1.14%) to improve benefits for long-term care workers
FY2018	+0.54%	+0.54%	➢ 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%	➢ 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%	➢ 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]	➢ Special revision (+1.13%) to improve benefits for long-term care workers
FY2024	+1.59%	+0.61%	➢ 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.
New **FY2026 (Special revision, Planned)**	**+2.03%**	**[No change]**	➢ **Improvement in treatment of care staff: +1.95%, including approximately ¥100,000 per employee allocated to care providers, and approximately ¥70,000 per employee allocated to care staff at providers working on productivity improvements and operational collaboration.** ➢ Increase in the standard monthly food cost: +0.09% (no impact on fee-based homes for the elderly).

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Moderator:

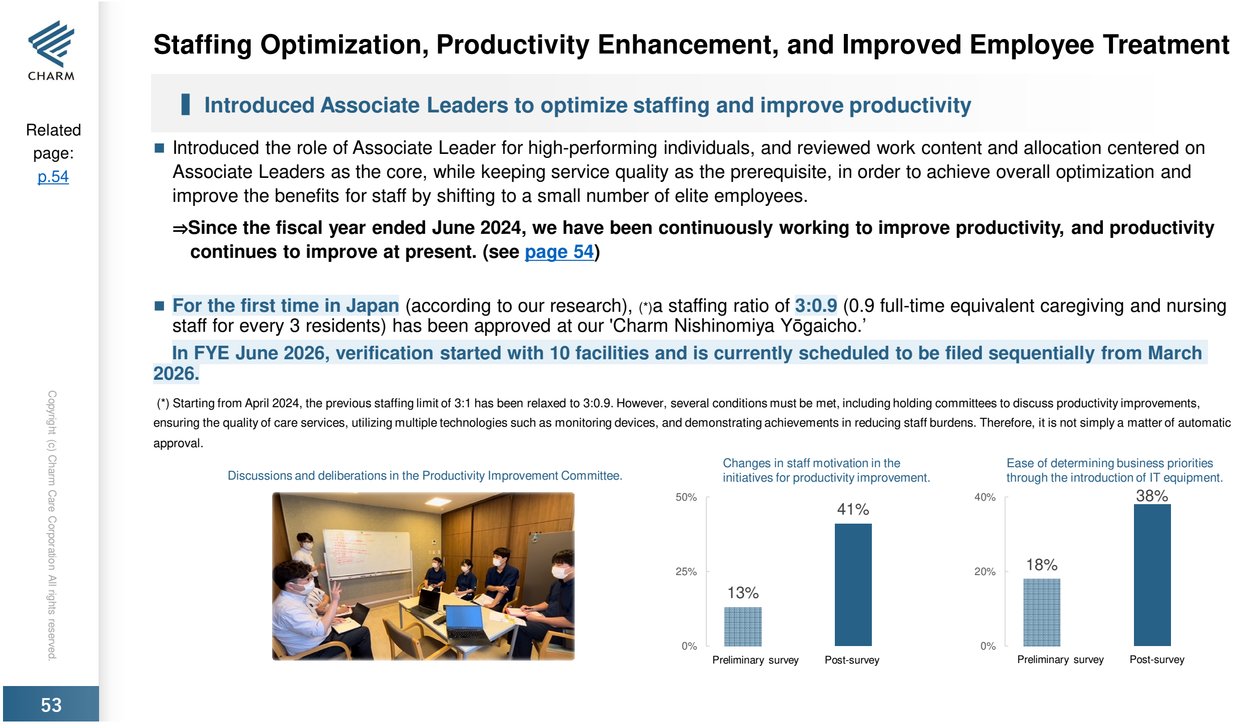
"We have a question: What impact will the special revision to long-term care fees have on your company?"

Maeda:

"This special revision is intended to improve compensation. Since the increase in long-term care fees will be directed toward improving staff compensation, there will be no impact on our profit and loss. We believe it will be positive for recruitment, as higher staff compensation can help narrow the wage gap versus other industries.

In addition, under this revision, an additional ¥7,000 will be provided for staff at companies working on productivity improvements. Since we have been advancing IT initiatives and related efforts, we believe we will qualify for this and that it will strengthen our recruitment capabilities even within the industry."

【Q&A: Progress on Staffing Relaxation and Next Fiscal Year’s Plan】



Moderator:

“We have a question: Regarding the ‘3:0.9’ staffing ratio, how many of the 10 facilities do you expect will be approved this fiscal year? Also, to the extent possible, how many facilities do you plan to expand this to next fiscal year?”

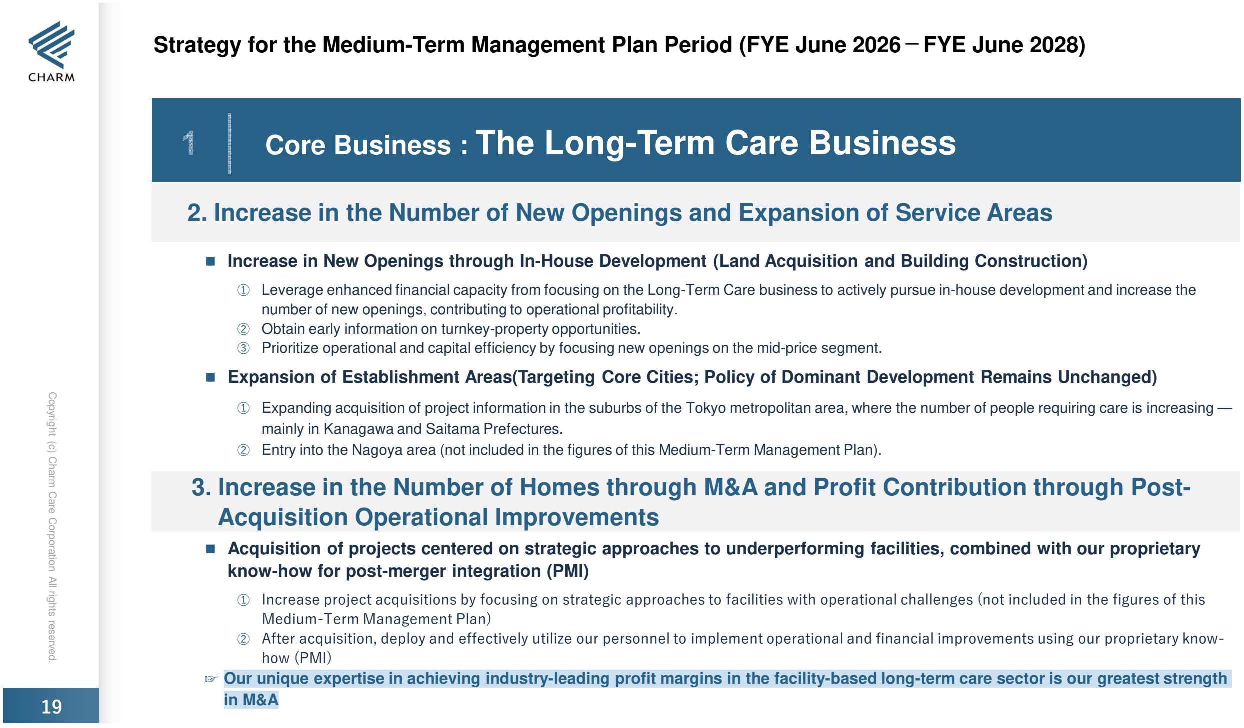
Kokaji:

“This fiscal year, we expect to be able to file notifications at nine of the 10 target facilities. Among them, we are working toward having at least five to six accepted.

Nationwide, a notification-based system has been adopted, and one reason progress has been slow is that it may be somewhat too strict. Since each insurer proceeds with discussions on a municipal basis, we have also heard that there is significant variation in guidance. There are aspects we will not know until we proceed, but at this point we are working toward having at least five to six accepted.

Next fiscal year, we will continue pursuing a ‘small but highly skilled team’ approach, and our policy remains unchanged: we aim to be able to file notifications for at least 20 facilities.”

【Q&A: Progress on New Opening Projects in the Nagoya Region】



Moderator:

"We have a question: We have not yet seen announcements on new opening projects in Nagoya. What is the current status?"

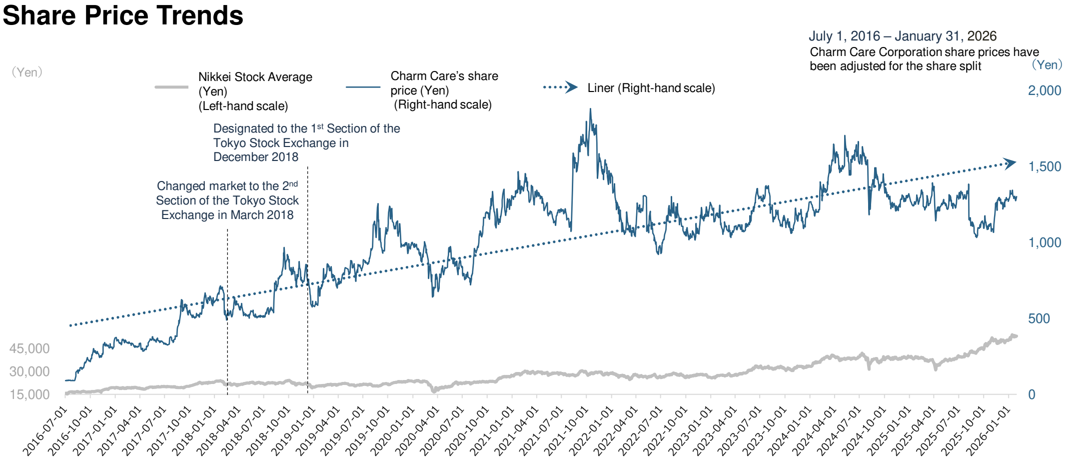
Kokaji:

"In this results briefing, we had hoped to announce that at least one or two facilities had been finalized. However, there are two to three facilities that are close to the stage where we can finalize agreements, and we believe we will be able to disclose them in the near future.

In addition to the recent surge in construction costs, landowners in the Nagoya region also have business practices that differ somewhat from those in Kansai and Tokyo. However, we have finally started to get the hang of it. We believe we will be able to make an announcement very soon, and we appreciate your continued support."

【Q&A: Share Price】

Share Price Trends



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, 2025: **¥1,296**
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
FY2022/6 (consolidated)	17.00円	18.8%	4.5%
FY2023/6 (consolidated)	22.00円	22.4%	4.7%
FY2024/6 (consolidated)	30.00円	22.9%	5.2%
FY2025/6 (consolidated)	34.00円	37.8%	5.4%
FY2026/6 forecast (consolidated)	37.00円	39.1%	5.3%

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Moderator:
"We have a question: Despite performance exceeding plan, the share price has not risen significantly. Are there any hidden concerns?"

Maeda:
"There are no particular concerns. In our communications with investors, I believe we are increasingly being evaluated for our mid-term management plan policy of focusing on the Long-Term Care business, as well as for our plan and performance this fiscal year.

Accordingly, we believe performance will be reflected in the share price going forward, and we also intend to strengthen our messaging through IR activities."

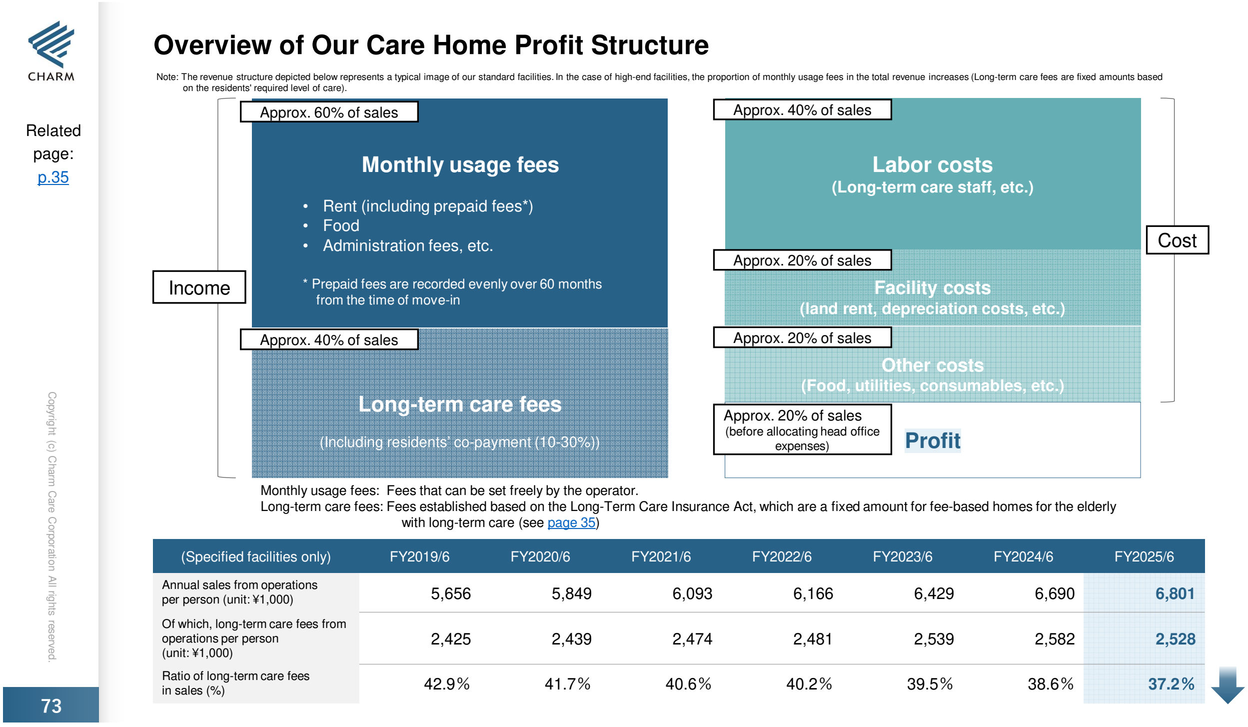
【Q&A: Possibility of Property Sales This Fiscal Year】

Moderator:
"We have a question: I believe you postponed property sales that would be recorded as extraordinary gains. Is there a prospect that you can sell them within this fiscal year?"

Kokaji:
"This fiscal year, we are not planning any projects that would generate extraordinary gains like last fiscal year. That said, while it is not finalized, there is a possibility that we may sell one property within this fiscal year. We

will disclose it once it is decided. At present, we are proceeding with coordination toward a potential sale of one property."

【Q&A: Impact of Rising Construction Costs on New Openings】



(Specified facilities only)	FY2019/6	FY2020/6	FY2021/6	FY2022/6	FY2023/6	FY2024/6	FY2025/6
Annual sales from operations per person (unit: ¥1,000)	5,656	5,849	6,093	6,166	6,429	6,690	6,801
Of which, long-term care fees from operations per person (unit: ¥1,000)	2,425	2,439	2,474	2,481	2,539	2,582	2,528
Ratio of long-term care fees in sales (%)	42.9%	41.7%	40.6%	40.2%	39.5%	38.6%	37.2%

Moderator:

"We have a question: We have heard that construction costs have risen significantly. Will this affect new openings?"

Kokaji:

"This question also came up in the previous results briefing. This is not only an issue for our company, but while it may be preferable to lease existing buildings and develop them into facilities, the level of difficulty has increased significantly.

Naturally, we will need to raise the rent we pay compared to previous levels in order to reach agreements. As I mentioned last time, we will also review building specifications more than before so that the facilities can operate efficiently, and we will move forward in a way that aligns as much as possible with construction costs."

【Q&A: Collaboration with Ship Healthcare Holdings】

CHARM

Share Ownership (as of December 31, 2025)

- Total number of issued shares: 32,712,000 shares (including 30,612 shares of treasury stock)
- Total number of shareholders: 7,725 (No. of shareholders with voting rights: 6,513)
- Foreign share ownership ratio: **16.8%** (as of the end of June 2025: 11.6%)
- 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)	5,308,600	16.23%
3	The Master Trust Bank of Japan, Ltd. (trust account)	2,226,800	6.81%
4	Nomura Securities Co., Ltd.	963,246	2.94%
5	Custody Bank of Japan, Ltd. (trust account)	917,100	2.80%
6	NORTHERN TRUST CO.（AVFC）RE IEDP AIF CLIENTS NONLENDING 15PCT TREATY ACCOUNT	617,070	1.89%
7	UBS AG LONDON A/CIPB SEGREGATED CLIENT ACCOUNT	491,900	1.50%
8	TOKYU LAND CORPORATION	396,500	1.21%
9	STATE STREET BANK AND TRUST COMPANY 505044	375,000	1.15%
10	THE BANK OF NEW YORK 134088	368,200	1.13%

Note: Ratio held includes treasury stock (30,612 shares)

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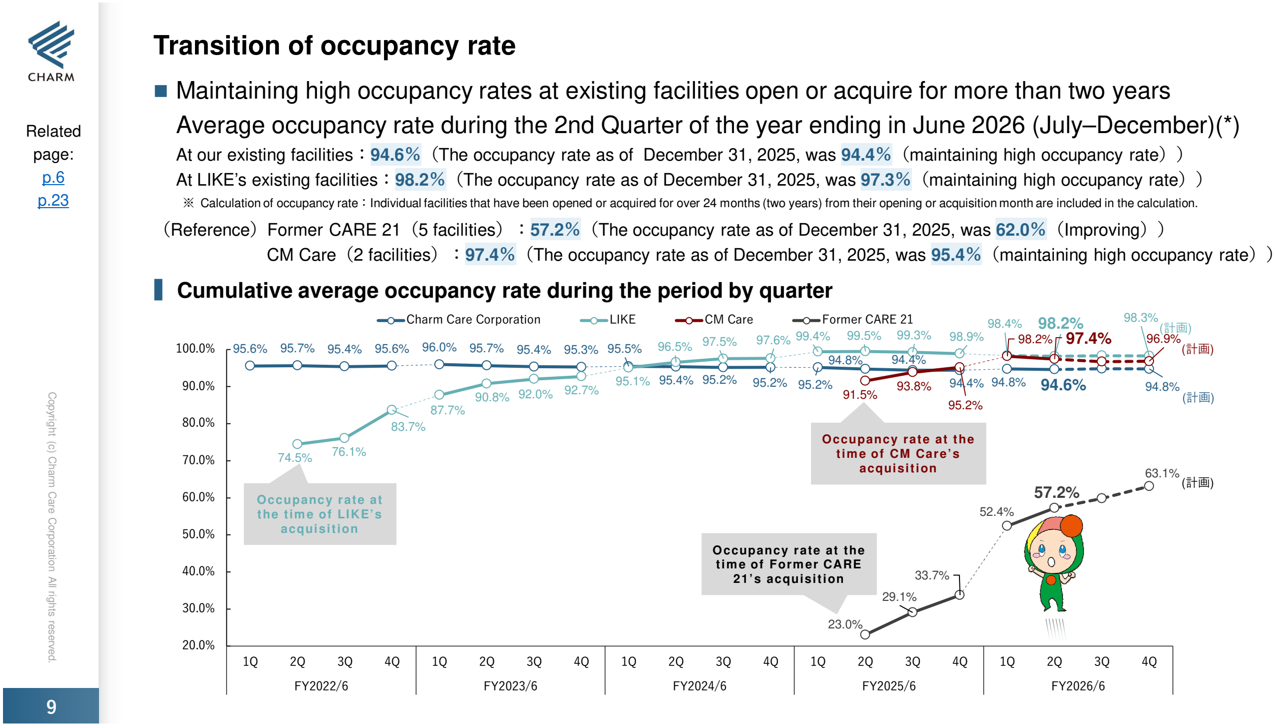
Moderator:

“We have a question: Could you provide an update on your business alliance initiatives with Ship Healthcare Holdings?”

Maeda:

“With Ship Healthcare Holdings, we have been advancing initiatives such as joint purchasing aimed at mutual cost improvements, as well as collaboration in education for human resource development. Coordination among the respective teams and at the operational level has been deepening significantly. We would like to continue these initiatives and pursue synergy benefits for both parties.”

【Q&A: Factors Behind Improved Occupancy Rates】



Moderator:

"We have a question: Occupancy at the former Care21 facilities has been improving, and the same is true for LIKE's facilities. Why does occupancy rise when your company operates these facilities?"

Kokaji:

"We are not doing anything particularly special. First, in this industry, I believe there are many companies that are not carrying out sales activities properly. Our company places importance on thoroughly executing basic sales activities.

That said, at the time of transition, we carefully check whether there are any pricing mismatches. Since each facility has rent to be paid, some mismatches remain, but in the case of Care21's facilities, we implemented some price reductions at the time of transition.

It is important to optimize pricing to a level where proper sales activities can be conducted, and we believe this is an area where our company may have strengths compared to others."

【Q&A: Status of Move-outs】

Moderator:

“We have a question: Move-outs increased during last winter. What is the current situation this fiscal year?”

Maeda:
“As you pointed out, last fiscal year saw an increase in move-outs due to resident passings during the winter. This was also seen as a nationwide trend. This fiscal year, however, we believe move-outs due to resident passings have not occurred at the same level as last year so far. We are not complacent, but we believe the decline will not be as severe as last year.”

【Q&A: Reasons for a High Number of New Openings】

CHARM

Related page: p.7

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, Tokyo Metro Group, West Japan Railway Company (JR West) Group, Hankyu Corporation, etc.
Real estate:	NTT 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-Buddhist Association（Kyoto）etc.

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Moderator:
“We have a question: One of your strengths seems to be the high number of new openings. Could you tell us the key to being able to open so many new facilities?”

Shimomura:
“To open new facilities, it is essential to gather information. We receive information from a variety of developers and other sources, and this is a factor behind our ability to open many new facilities.

In addition, we make decisions on whether to proceed with new openings as quickly as possible. We are told that bringing information to our company leads to a high likelihood of realization, and we believe this is a major reason why we receive proposals from many parties saying, ‘Shall we do this together?’”

【Q&A: Securing Human Resources for New Openings】

CHARM

Related page: p.21

List of Planned New Facility Openings

Note: This document reflects the latest information available as of today and will be updated from time to time. Underlined items indicate changes from the previous version.

FYE June 2027

No.	New Opened/Acquired Facilities		Rooms (People)	Opening
1	ATTENITY Chofu Shibasaki [In-house] (Chofu City)	Construction started	52	Sep.2026
2	Charm Suite Kyoto Matsugasaki (Sakyo-ku, Kyoto City)	Construction started	80(84)	Sep.2026
3	Charm Akashi Nishishinmachi (Akashi City, Hyogo)	Construction started	90(100)	Nov.2026
4	Charm Premier Sakurashinmachi (Setagaya-ku)	Construction started	62(72)	Jan.2027
5	Charm Suite Megurohoncho (Meguro-ku)	Construction started	72	Mar.2027
6	Charm Suite Miyamaedaira (Miyamae-ku, Kawasaki City)	Construction started	86	Apr.2027
Total	6 facilities (Tokyo area: 4, Kinki area: 2)		442(466)	

All projects other than in-house development are lease-based projects from property owners.

FYE June 2028

No.	New Opened/Acquired Facilities		Rooms (People)	Opening
1	(Tent.)Charm Suite Higashi Totsuka (Totsuka-ku, Yokohama City)		87	July.2027
2	(Tent.)Charm Premier Konanyamate (Higashinada-ku, Kobe City)	Construction started	94(100)	Aug.2027
3	(Tent.)Charm Suite Kokubunji Hikarimachi (Kokubunji City, Tokyo)		71	Oct.2027
4	(Tent.)Charm Suite Kugenuma Kaigan (Fujisawa City, Kanagawa)		97	Oct.2027
5	(Tent.)Charm Amagasaki Nishikoya [In-house] (Amagasaki City, Hyogo)		100	Nov.2027
6	(Tent.)ATTENITY Amagasaki Nishikoya [In-house] (Amagasaki City, Hyogo)		50	Nov.2027
7	(Tent.)Charm Suite Aobadai (Aoba-ku, Yokohama city)		68	Dec.2027
8	(Tent.)Charm Premier Grand Shakujii Park (Nerima-ku)	Construction started	54(76)	Jan.2028
9	(Tent.)Charm Suite Chidoricho (Ota-ku)		72	Feb.2028
10	(Tent.)Charm Premier Grand Sangubashi (Shibuya-ku)		27(50)	Feb.2028
11	(Tent.)Charm Premier Miyazakidai (Miyamae-ku, Kawasaki City)		60(72)	Feb.2028
12	(Tent.)Charm Premier Sendagaya (Shibuya-ku)		49(50)	Mar.2028
13	(Tent.)Charm Suite Yukigayaotsuka (Ota-ku)		90	May 2028
14	(Tent.)Charm Suite Soka Hikawacho (Soka City, Saitama)		80	Jun.2028
New 15	(Tent.)Charm Koshigaya Akayamacho (Koshigaya City, Saitama)		60(72)	Jun.2028
Total	15 facilities (Tokyo area: 12, Kinki area: 3)		1,059(1,135)	

FYE June 2029～

(Tent.)Charm Suite Kakio (Machida City, Tokyo) [In-house] – 79 rooms planned
(Tent.)Charm Suite Kyoto Shogoin (Sakyo-ku, Kyoto City) – 80 rooms (86) [In-house] planned
New (Tent.)Charm Suite Tsukimino (Yamato City, Kanagawa) – 74 rooms [In-house] planned
Several other facilities in progress

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Moderator:

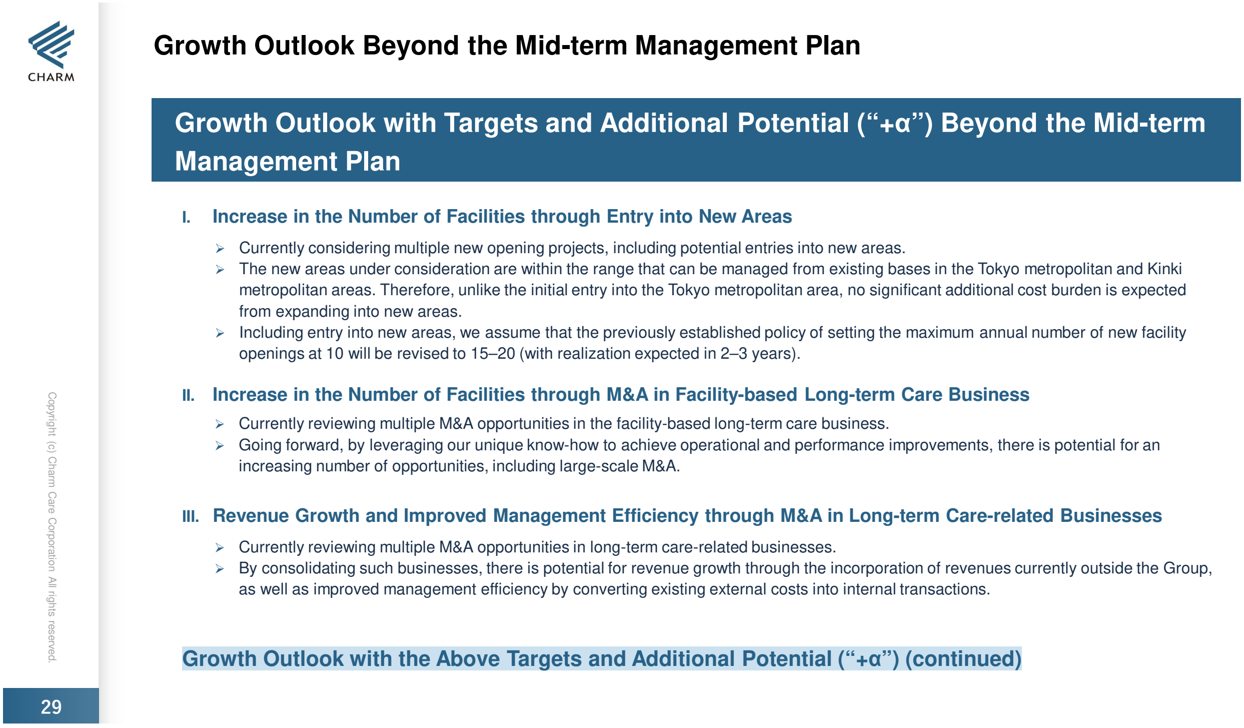
"We have a question: You expect 15 new facility openings in the fiscal year ending June 2028. Will you be able to secure sufficient human resources?"

Kokaji:

"Currently, we are advancing the 'small but highly skilled team' approach while improving compensation, which is making a significant contribution to reducing turnover.

As the number of new openings increases, turnover tends to rise, but since around last year, compensation improvements have contributed significantly to reducing turnover, and this has also strengthened our recruitment capabilities. It is not that securing human resources becomes easy, but we believe we can manage at a level that allows us to respond."

【Q&A: Outlook for the Long-Term Care Industry】



Moderator:

“We have a question: With rising costs across the industry, how do you think the industry landscape will change in five or ten years? Given the difficulty of new entrants, will companies like yours that are proactive in business transfers be able to benefit from survivor gains?”

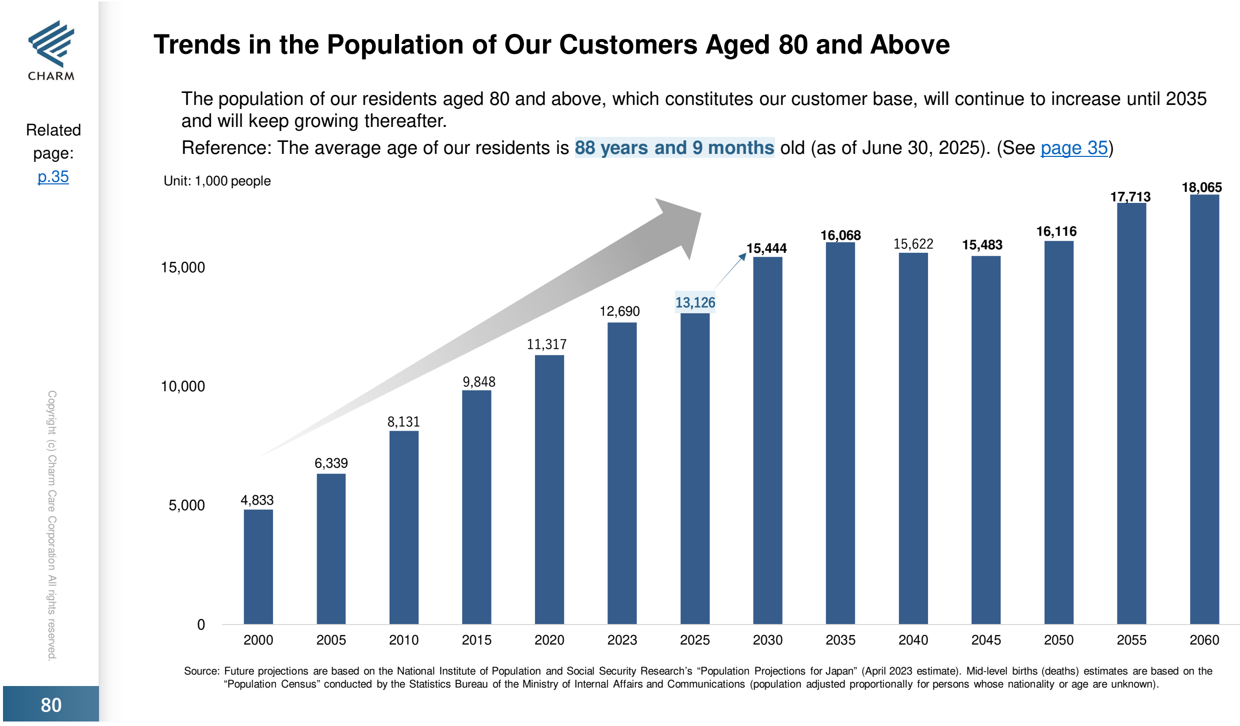
Kokaji:

“As you suggested, we think so as well. We expect that securing human resources will become even more difficult, and the business environment will become increasingly challenging. As a result, it will become difficult for small and medium-sized companies–particularly smaller operators–to continue, and we believe consolidation will progress and M&A will become more active.

Within the long-term care insurance system, it will undoubtedly be difficult to further expand long-term care benefits in a proactive way. While the Ministry of Health, Labour and Welfare has officially recognized the verification of the ‘3:0.9’ staffing ratio, five years from now, productivity improvements in staffing will be even more strongly demanded.

If that cannot be achieved, operators will not be able to survive. We have anticipated this and began initiatives a bit early, starting three years ago.”

【Q&A: Future Demand and Capacity for New Openings in the Tokyo and Kinki Metropolitan Areas】



Moderator:
"We have a question: Looking ahead, do you expect demand among the middle-income and above segments to continue increasing? Also, is there still room for new openings in the Tokyo and Kinki metropolitan areas?"

Maeda:
"There is data indicating that the population aged 80 and above—our target customer age group—will continue to increase, and we believe this trend is particularly pronounced in the Tokyo and Kinki metropolitan areas.

Related page: p.38

Ratio of the Elderly by Prefecture

- Given the increase in 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 38)

	2020			2045			Increase in the elderly (10,000 people)
	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**	**+300 [+7.9%]**
Tokyo	1,373	322	23.4	1,361	418	30.7	+96 [+7.3%]
Kanagawa Prefecture	914	236	25.8	831	292	35.2	+56 [+9.4%]
Kyoto Prefecture	257	76	29.5	214	81	37.8	+5 [+8.3%]
Osaka Prefecture	873	244	28.0	734	266	36.2	+22 [+8.2%]
Hyogo Prefecture	544	161	29.5	453	176	38.9	+15 [+9.4%]
Nara Prefecture	132	42	31.7	100	41	41.1	(1) [+9.4%]

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

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As for locations for openings, in some areas it is difficult to obtain designation as a specified facility from the authorities. However, if we can generate profits as Residential fee-based homes for the elderly, openings are possible. In some cases, it is also possible to convert to fee-based homes for the elderly with long-term care after opening, and therefore we believe there is still ample room for openings."

【Q&A: Outlook for Acquiring Reuse Projects and Their Disadvantages】

Strategy for the Medium-Term Management Plan Period (FYE June 2026 – FYE June 2028)

1 Core Business : The Long-Term Care Business

2. Increase in the Number of New Openings and Expansion of Service Areas

- **Increase in New Openings through In-House Development (Land Acquisition and Building Construction)**
  - ① Leverage enhanced financial capacity from focusing on the Long-Term Care business to actively pursue in-house development and increase the number of new openings, contributing to operational profitability.
  - ② Obtain early information on turnkey-property opportunities.
  - ③ Prioritize operational and capital efficiency by focusing new openings on the mid-price segment.
- **Expansion of Establishment Areas(Targeting Core Cities; Policy of Dominant Development Remains Unchanged)**
  - ① Expanding acquisition of project information in the suburbs of the Tokyo metropolitan area, where the number of people requiring care is increasing — mainly in Kanagawa and Saitama Prefectures.
  - ② Entry into the Nagoya area (not included in the figures of this Medium-Term Management Plan).

3. Increase in the Number of Homes through M&A and Profit Contribution through Post-Acquisition Operational Improvements

- **Acquisition of projects centered on strategic approaches to underperforming facilities, combined with our proprietary know-how for post-merger integration (PMI)**
  - ① Increase project acquisitions by focusing on strategic approaches to facilities with operational challenges (not included in the figures of this Medium-Term Management Plan)
  - ② After acquisition, deploy and effectively utilize our personnel to implement operational and financial improvements using our proprietary know-how (PMI)

☞ **Our unique expertise in achieving industry-leading profit margins in the facility-based long-term care sector is our greatest strength in M&A**

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Moderator:
"We have a question: Reuse projects are increasing. Could you tell us your outlook for future acquisitions, their economics, and disadvantages?"

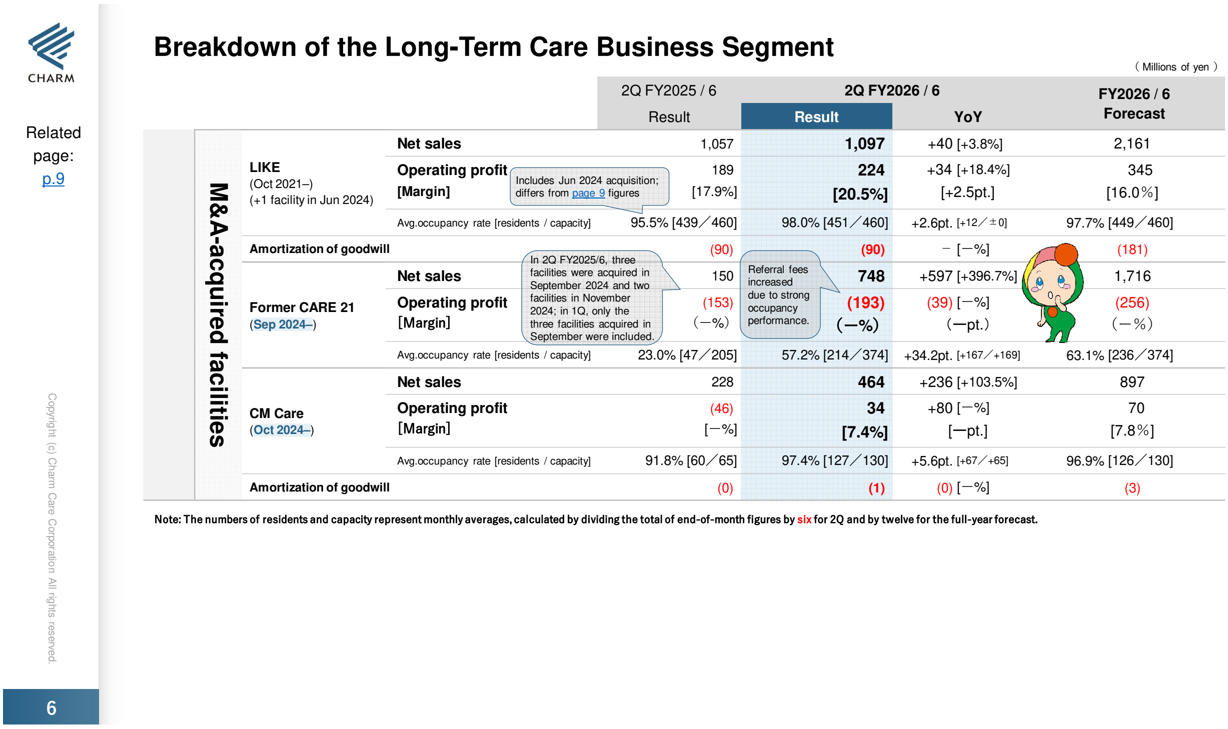
Kokaji:
"Reuse projects are similar to M&A, and projects developed in the past can offer strong economic benefits. Not only in our industry, but I believe the trend of reusing older buildings is likely also progressing in the broader residence industry, and we see similar tendencies in fee-based homes for the elderly.

Many operators are now looking at whether they can reuse properties that they would previously have terminated after 20 or 25 years. Therefore, we initially thought we would be able to gather more information on projects specifically focused on reuse.

Of course, if we receive such information, we will proactively pursue it, but to be honest, there is less information available than we expected at this stage.

As for disadvantages, because these are older buildings, repair and maintenance costs can be significant. Therefore, if we operate them, we need to appropriately factor in repair and maintenance expenses. In addition, at the start-up stage or at a renewed opening, we believe it is necessary to rebuild the value proposition by providing offerings that residents will clearly choose and by effectively "rebuilding" the facility."

【Q&A: Efforts to Improve Profit Margins at CM Care】



Breakdown of the Long-Term Care Business Segment

(Millions of yen)

M&A-acquired facilities		2Q FY2025 / 6 Result	2Q FY2026 / 6 Result	2Q FY2026 / 6 YoY	FY2026 / 6 Forecast
LIKE (Oct 2021–) (+1 facility in Jun 2024)	Net sales	1,057	1,097	+40 [+3.8%]	2,161
	Operating profit [Margin]	189 [17.9%]	224 [20.5%]	+34 [+18.4%] [+2.5pt.]	345 [16.0%]
	Avg.occupancy rate [residents / capacity]	95.5% [439／460]	98.0% [451／460]	+2.6pt. [+12／±0]	97.7% [449／460]
Amortization of goodwill		(90)	(90)	− [−%]	(181)
Former CARE 21 (Sep 2024–)	Net sales	150	748	+597 [+396.7%]	1,716
	Operating profit [Margin]	(153) (−%)	(193) (−%)	(39) [−%] (−pt.)	(256) (−%)
	Avg.occupancy rate [residents / capacity]	23.0% [47／205]	57.2% [214／374]	+34.2pt. [+167／+169]	63.1% [236／374]
CM Care (Oct 2024–)	Net sales	228	464	+236 [+103.5%]	897
	Operating profit [Margin]	(46) [−%]	34 [7.4%]	+80 [−%] [−pt.]	70 [7.8%]
	Avg.occupancy rate [residents / capacity]	91.8% [60／65]	97.4% [127／130]	+5.6pt. [+67／+65]	96.9% [126／130]
Amortization of goodwill		(0)	(1)	(0) [−%]	(3)

Note: The numbers of residents and capacity represent monthly averages, calculated by dividing the total of end-of-month figures by six for 2Q and by twelve for the full-year forecast.

Moderator:
"We have a question: Please explain why profit margins at CM Care—acquired through M&A—are low. Do you expect them to improve to a level comparable to your company's margins?"

Kokaji:
"CM Care operates two properties: 'Charm Shin-Kawasaki' and 'Charm Omori.' The rent we pay is significantly lower than our own level. Therefore, we believe it will be possible to secure profit margins even higher than ours going forward.

However, initially these facilities operated under a '2:1' staffing structure and were run with relatively generous staffing for their pricing. In practice, they were operated with staffing levels significantly exceeding '2:1,' such as '1.2:1' or '1.3:1.'

At present, the process of optimizing staffing has progressed to around the '2:1' level. However, if we were to make an even larger change in a short period, it could cause confusion on the ground. Therefore, we are currently proceeding with the goal of moving toward '2.5:1' or '2.3:1.'

In addition, as an ancillary business to the fee-based home for the elderly operations at 'Charm Shin-Kawasaki,' there is an attached nursing small-scale multifunctional in-home care support office.

This is our first initiative of this kind, and since we do not yet have sufficient know-how in this area, generating profit has been below expectations, which is one of the issues. Therefore, we are also considering whether we should continue this business going forward. We believe CM Care can be improved to our level within about one more year."