

## **FAQ on FY March 2023 Second Quarter Financial Results**

This FAQ contains questions and answers that may be asked by shareholders, investors, and other stakeholders regarding the Company's financial results. Please refer to this together with the financial highlights and financial highlights brief report.

### **[Business performance and future prospects]**

#### **Q. Will there be any impact from COVID-19?**

A. A certain percentage of people in our facilities were infected, and although we are working to detect and contain the spread of infection as quickly as possible, we recognize that this may have some impact.

#### **Q. How much growth is expected annually?**

A. We expect sales to increase to around 5 billion to 6 billion annually.

#### **Q. How long does it take on average to become profitable after opening a new facility?**

A. It takes 3 to 4 months to become profitable on a monthly basis, and 10 to 12 months for profitability on a cumulative basis.

#### **Q. What is the cost of a new facility?**

A. The construction cost of a facility is about 600-800 million yen (in the case of in-house construction), and the purchase cost of furniture and fixtures is about 50-60 million yen (for both in-house construction and lease contracts).

#### **Q. What is the ratio of in-house construction and lease contracts?**

A. Of the 20 PD House facilities planned for the fiscal year March 2023, 5 will be acquired through in-house construction and 15 will be acquired through leasing. There is a policy to increase the proportion of in-house construction in our future plans, given improved creditworthiness as a result of our stock listing and the prospect of ample retained earnings.

#### **Q. Will future revisions to the medical and nursing care system have an impact on business performance?**

A. We are aware of the risk that insurance reimbursement may be reduced in the future due to system reform, but we expect we can secure sufficient profits because we will benefit from economies of scale as the number of facilities increases.

[Management system]

**Q. What is the employee's annual income?**

A. The average annual salary for the most recent fiscal year was approximately 4.33 million yen. Employees who joined or retired during the term, part-timers, and employees with an annual salary of 1 million yen or less are excluded.

**Q. How many employees are there per facility?**

A. We have 55 to 60 staff members in a 50-bed facility.

**Q. What is the turnover rate?**

A. The turnover rate in the previous fiscal year was about 15%. This fiscal year, we have set up a department in charge and are working to improve the turnover and the forecast at the current time is for the rate to become around 12%.

**Q. How long is the average length of stay at the facility?**

A. It is about two and a half years, but the facility has only been in operation, so we are currently verifying.

**Q. Does the facility provide end-of-life care?**

A. We provide care to end-of-life. (Many residents are requesting it)

**Q. Where are the Parkinson's patients who are not in "PD Houses"?**

A. About 70% are cared for at home and the remaining 30% are in hospitals and nursing care facilities of other companies.

[Other]

**Q. What are the conditions for opening a "PD House"? Are there any conditions such as location?**

A. The areas for facility opening are densely populated areas such as Kanto and Kansai. The locations will be within a 10-minute walk from a station and also have restrictions on hazard maps.

**Q. What is the planned increase in the number of "PD House" facilities?**

A. We aim to open 100 "PD House" facilities by 2030.

**Q. What was the impetus for opening facilities specializing in Parkinson's disease?**

A. We had been operating hospice-type residential fee-based nursing homes in the Hokuriku region and accepted a wide variety of residents, including Parkinson's disease patients in addition to terminal cancer patients and ALS patients. Since the treatment and care for each of these diseases differ, it is difficult to create an environment suitable for the symptoms of the diseases, so we conceived the idea of opening facilities specializing in Parkinson's disease that would allow for sufficient rehabilitation rooms and rehabilitation staff.

**Q. What is your policy regarding shareholder returns?**

A. The policy is to continue to increase annual dividends in line with growth in net income under our basic policy of paying continuous and stable dividends, taking into consideration the balance between investment and shareholder return.

<Disclaimer>

This material contains forward-looking statements made at the time the material was prepared. These descriptions do not guarantee future performance and contain certain risks and uncertainties. Therefore, please be aware that actual performance may differ significantly from the forecasts and projections contained in this material.