



# Medium Term Management Strategy Briefing Document

NICHII GAKKAN COMPANY

June 3, 2015

Erect four pillars for business in Japan

Expand the global business

# Constructing a Long-Term Stable Revenue Structure: Moving from two mainstay businesses to four

Domestic Business	Points	Future Strategies
Medical Support Business [First pillar]	<ul style="list-style-type: none"> <li>- Holding the top market share</li> <li>- Firm profitability</li> <li>- Continuity of contracts</li> </ul>	<ul style="list-style-type: none"> <li>- Focus on profit</li> <li>- Increase in extra value</li> </ul>
Long-Term Care and Health Care Business [Second pillar]	<ul style="list-style-type: none"> <li>- Holding the largest market share in the growth sector</li> <li>- Income figure</li> </ul>	<ul style="list-style-type: none"> <li>- Human resource development</li> <li>- Improvement in productivity</li> <li>- Further opportunities for growth</li> </ul>
Education Business	<ul style="list-style-type: none"> <li>- Human resource development in the operating sections</li> <li>- Global human resource development program (language skills)</li> </ul>	<ul style="list-style-type: none"> <li>- Aim to be a leader in language education business</li> <li>- Towards global business expansion</li> </ul> <p>[Develop into a third pillar]</p>
Childcare Business	<ul style="list-style-type: none"> <li>- Positive expansion in preparation for the launch of a new system (authorized / in-company childcare centers)</li> </ul>	<ul style="list-style-type: none"> <li>- Aim to be a leader in the industry</li> <li>- Support for the childcare of staff working in the medical support and long-term care businesses</li> </ul> <p>[Develop into a fourth pillar]</p>

**Changes in business conditions in Japan**

- Emergence of a working population shortage as the population shrinks
- Perceived as a paradigm shift by the service industry which relies on human resources
- Move towards a globalization strategy

# Globalization Strategy

## To the 1st Stage for Globalization

**1<sup>st</sup>. Stage**    Developing business in China with a long-term care model as the core

2015-2019

Constructing business model  
(Five-Year Plan)

2020-

Establishing business foundations •  
Steady growth

**2<sup>nd</sup>. Stage**    Further developing business in the Asia-Pacific region



# Review on the China Business

## Market Research & Selection of Business Partners

2012:

NICHII CARENET CHINA Co., Ltd. established

\* Currently, Nichii Shanghai Co. Ltd.

2013:

Relationship established with the Chinese government

Nichii China Co., Ltd. established

2014-:

Strategic partnership with the China Planning Institute on Aging, which is directly run by the Chinese government

Reorganization of a local home service operator into a group company

Nichii Hong Kong Limited established

Nichii (Guangzhou) Co., Ltd. established

Instructor training started on a trial basis in the human resource cultivation business

## Circumstances Surrounding Long-Term Care in China

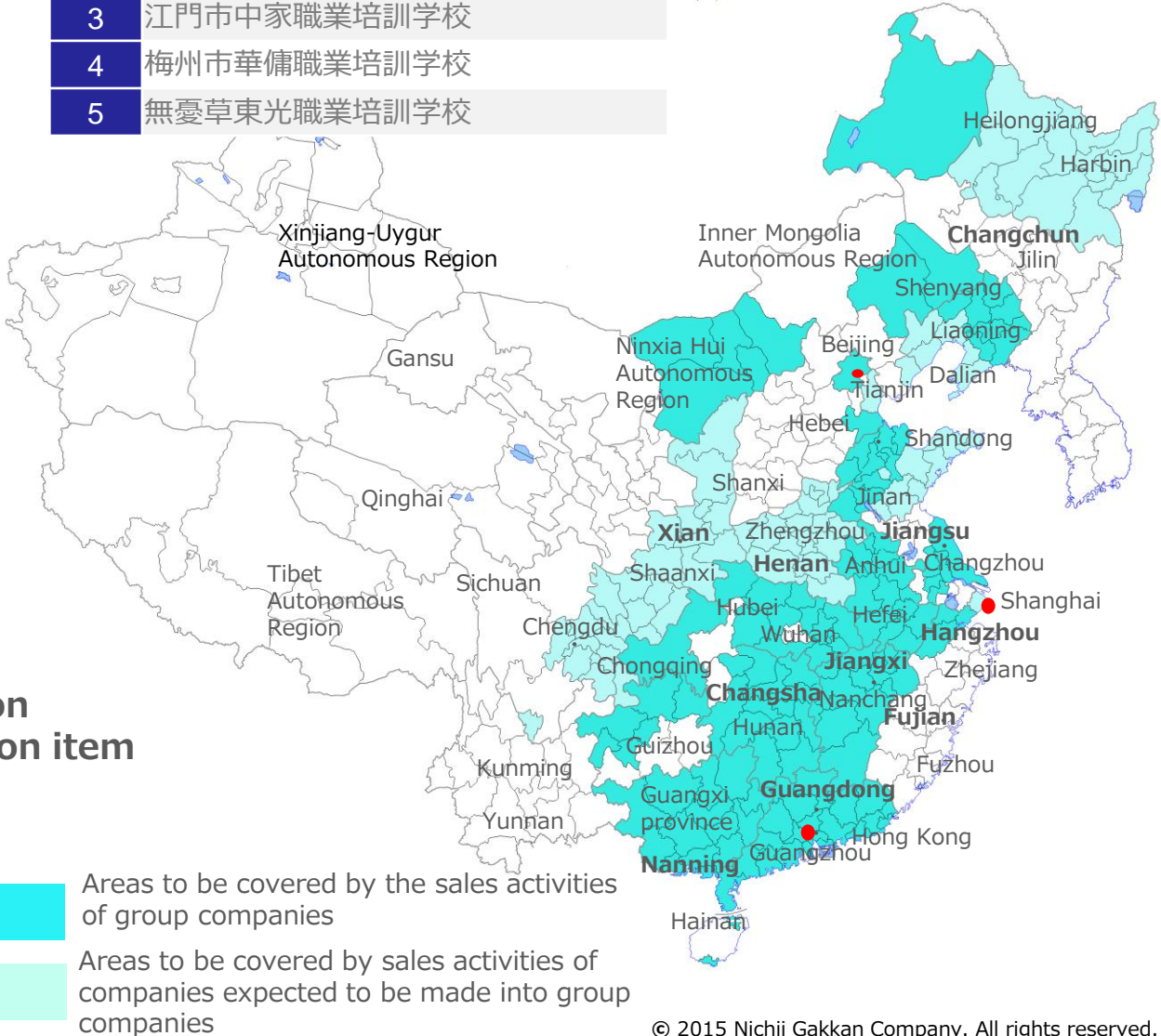
- ▶ No long-term care insurance system exists.
- ▶ Under the circumstances represented by the phrase of *Weifu Xianlao*, which refers to getting old before getting rich in an unequal society, it is difficult to take a uniform business response.
- ▶ The existing long-term care services are a mere extension of home services, and fail to satisfy needs.
- ▶ Implementation of measures to step up home care in the 90-7-3 approach  
-> Beijing City Government announced the creation of 208 home care centers in urban areas on April 4, 2015.

# List of Companies Set to Join the Group (as of June 3, 2015)

	Name of company
1	北京三傑聖一人力資源有限公司
2	重慶凱爾老年公寓管理有限公司
3	江門市中家家政服務有限公司
4	深圳市中家家庭服務有限公司
5	瀋陽助爾家政服務有限公司
6	梅州市客家大嫂家政服務有限公司
7	濟南仁德家庭服務有限公司
8	廣州市正祥和家政服務有限公司
9	北京無憂草科技發展有限公司
10	常州金蓓蕾健康諮詢服務有限公司
11	杭州天使家政服務有限公司
12	南寧康之橋護理服務有限公司
13	武漢爾邦家政有限公司
14	安徽賽菲家庭服務管理有限公司
15	Company K in 大連市
16	Company H in 哈爾濱市
17	Company K in 天津市
18	Company N in 青島市
19	Company C in 鄭州市
20	Company CN in 上海市
21	Company K in 西安市
22	Company M in 成都市
23	Company T in 長沙市
24	Company K in 海口市

**Continuation consideration item**

	Name of school
1	重慶市渝北区世達培訓學校
2	深圳中家職業技能培訓學校
3	江門市中家職業培訓學校
4	梅州市華傭職業培訓學校
5	無憂草東光職業培訓學校



# Nichii's Missions

- ▶ Create a new long-term care market and achieve sound market development in China.
- ▶ Provide services that respond to needs, cultivate staff, and create jobs.

## Key Concepts of China Business Expansion

### Home Care

Display core competence as Nichii's strength to the fullest degree.

### High Quality

Implement the business concept of *three excellent qualities* and narrow down the target groups.

### Localization

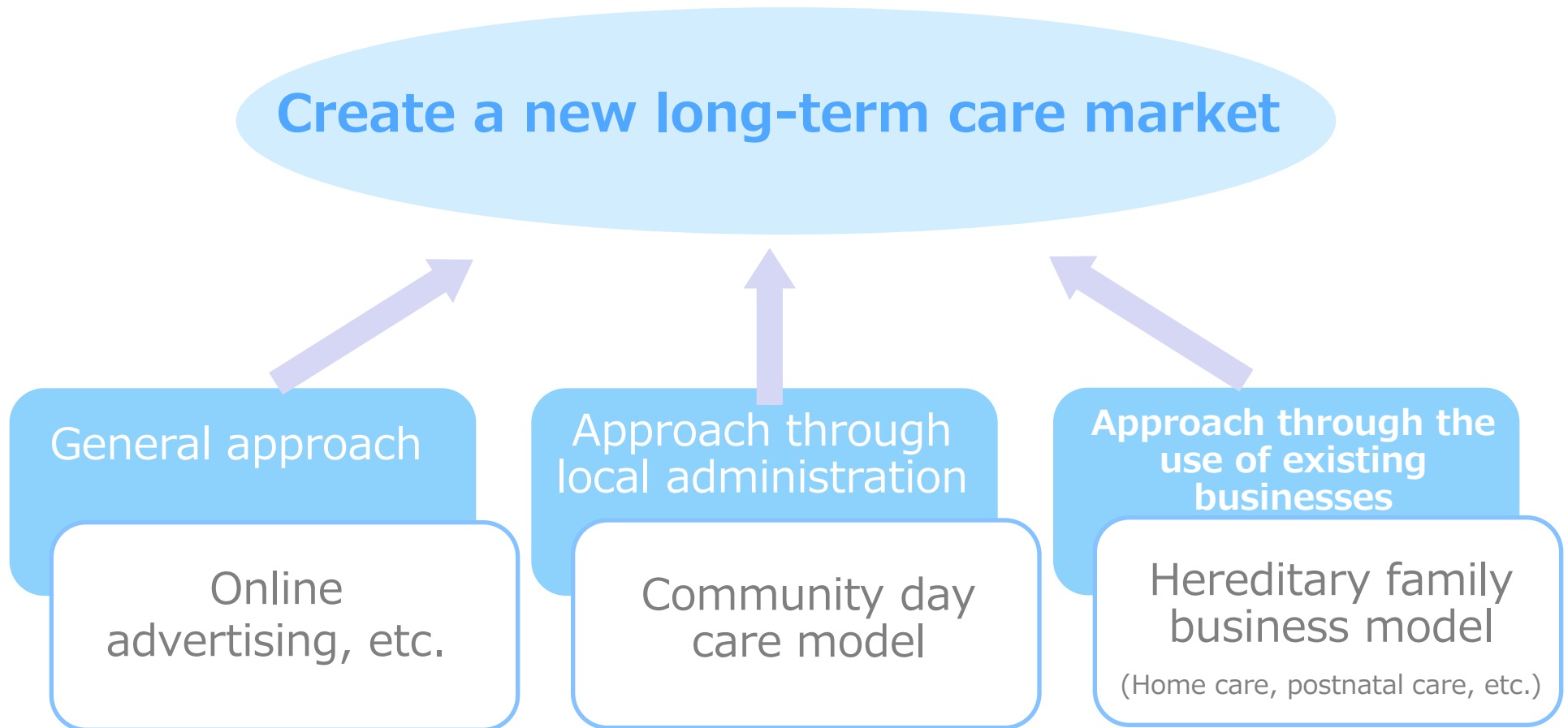
Introduce regional characteristics into services to encourage regional operating companies to become leaders in their respective regions.

### Scale

Form a large-scale corporate group through partnerships with operating companies in major regions across the country.



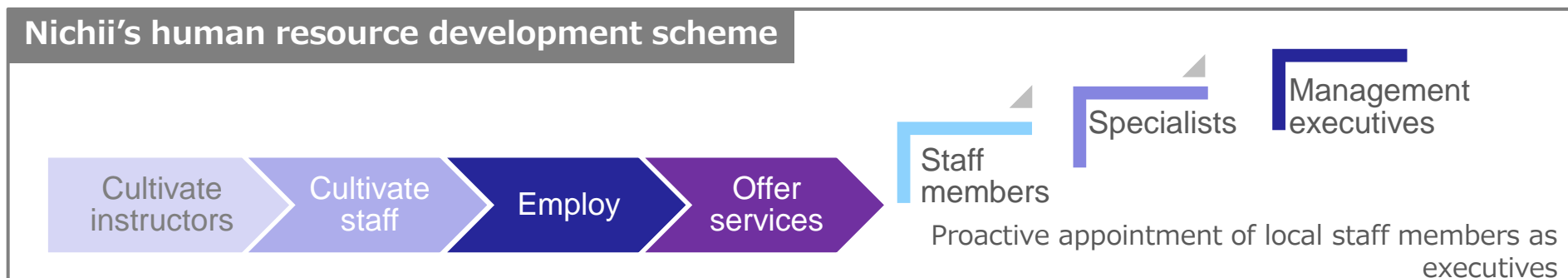
# Market Strategy



# Standardization of the Nichii Method: Establishing *Nichii* as a global brand

## From education to work

Nichii's expertise in education is used to develop high quality human resources and elevate customer satisfaction.



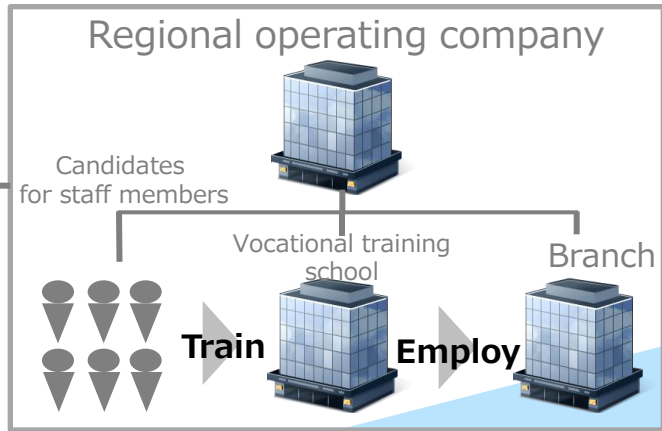
## The *Nichii* brand

The brand name has been changed from *Zhihu* to *Nichii*.  
Stressing that the brand originates in Japan, efforts will be made to transform it into a premium brand.

The new brand logo:



# Localization and Upsizing Strategy

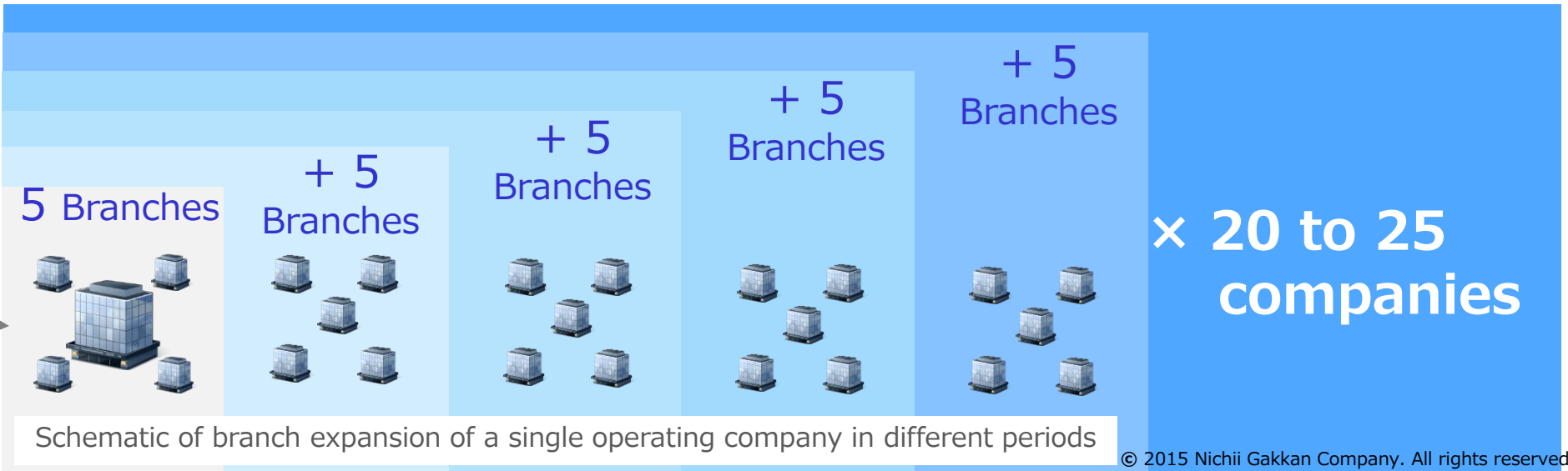


Period for constructing business foundations

Period for steady growth

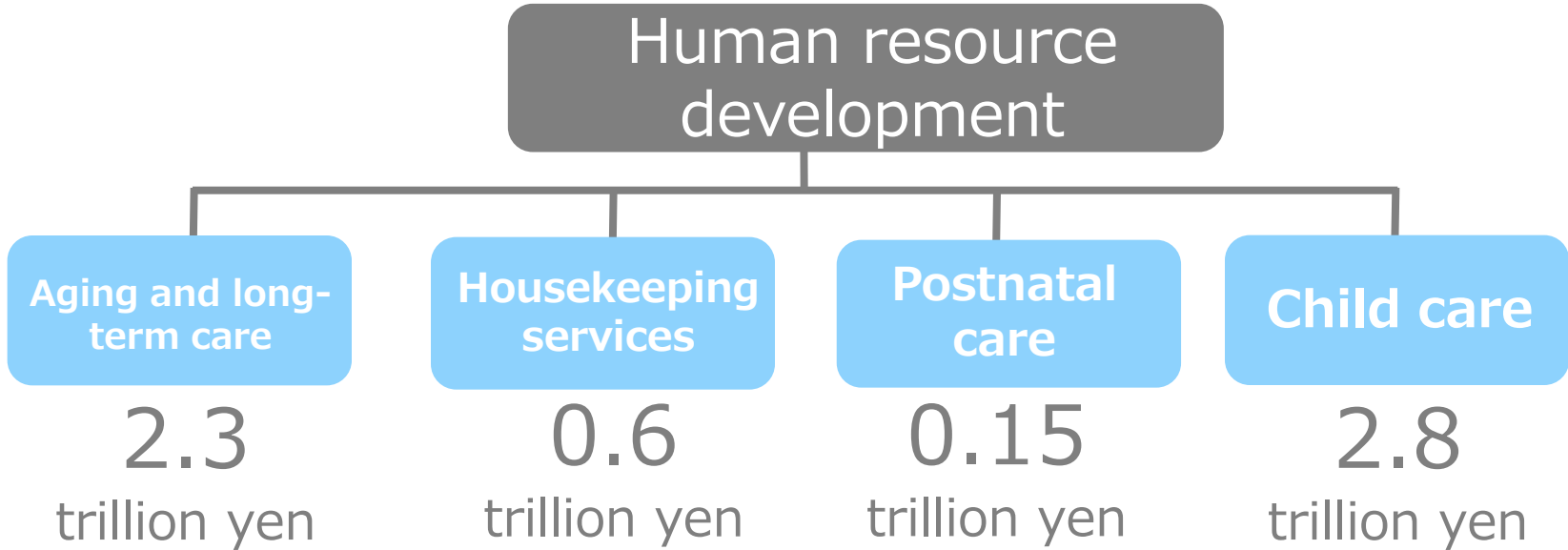
Construction of foundations for the long-term care business

Full operation of the long-term care business



# The Chinese Markets Targeted by the Nichii Group

Market Size: **5.13** trillion yen



## Venturing to cultivate growth markets in China

• Sources: Estimates by Nichii Gakkan Company, based on information from *95081 Jiating Shenghuo*, March 2013, the Yano Research Institute: *Chinese Senior Market Yearbook*, and other sources.

The base plans and other information contained in this accompanying document are forward-looking statements based on the information currently held by the Nichii Gakkan Group. For this reason, they may be affected by uncertain factors, such as the economic environment, deregulation, and employment conditions.

Please note that actual base plans and other information may differ from those stated in this accompanying document.

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