

1. Summary of operations implemented using FILP funds

The NCGG develops hospital facilities or medical machines to provide medical services related to physical and mental changes accompanying aging and diseases caused by such changes for which special medical services are required to ensure that the elderly achieve a life-long independence (hereinafter referred to as "age-related diseases").

(Reference) Operations other than those subject to FILP include surveys, research and technology development related to the abovementioned medical services and training of technicians related closely to these operations.

2. Amount of lending under FILP

(Unit: billion yen)

FY2023 FILP	Estimated outstanding amount of FILP lending at the end of FY2022
0.2	10.0

3. Estimated policy cost analysis of the project

(1) Policy cost (Unit: billion yen)

Category	FY2022	FY2023	Fluctuation
1. Government expenditure (subsidies, etc.)	3.4	3.8	+0.4
2. Government revenue (payments to the government, etc.)*	-	-	-
3. Opportunity cost of capital investments, etc.	2.2	0.6	-1.6
Total (1+2+3=policy cost(A))	5.6	4.4	-1.2
Analysis period (years)	30 years	29 years	-1 year

(2) Breakdown of policy cost by the time of the provision of funds (Unit: billion yen)

Category	FY2022	FY2023	Fluctuation
(A) Policy cost (previously cited)	5.6	4.4	-1.2
1) Opportunity cost of capital investments, etc. provided before the beginning of the analysis period	1.9	3.7	+1.8
2) Policy cost expected to be newly accrued during the analysis period	3.7	0.7	-3.0
Government expenditure (subsidies, etc.)	3.4	3.8	+0.4
Government revenue (payments to the government, etc.)*	-	-	-
Opportunity cost of surplus, etc.	0.2	-3.1	-3.4
Opportunity cost of capital investments, etc.	-	-	-

(4) Sensitivity analysis (cases where assumptions change)

(Unit: billion yen)

(A) Policy cost (previously cited)	Case of assumed interest rate + 1%	Fluctuation	1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
			4.4	5.7	+1.3
(A) Policy cost (previously cited)	Case of a 1% decrease in medical services revenues	Fluctuation	1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
			4.4	5.5	+1.1

(Note) Components in each column may not add up to the total because of rounding.

* Government revenue (payments to the government, etc.) is booked as a negative amount. Example: -10 b. yen for 10 b. yen in payments to government, etc.

(3) Year-to-Year comparison analysis

(Computing any fluctuation from previous year)

(Unit: billion yen)

Policy cost		FY2022	FY2023	Simple fluctuation
		Simple comparison (before adjustment)	5.6	4.4
Past year comparison (after adjustment)	1) Adjusting initial years (Analysis results after adjusting initial year to that for FY2023 analysis)		2) Adjusting assumed interest rates (Analysis results of re-estimation using assumed interest rate for FY2022)	Real fluctuation (2-1)
	5.1	2.8	-2.4	

[Real fluctuation factor analysis]

○Factors behind policy cost increase

- None

○Factors behind policy cost decrease

- Decrease in cost due to an increase in revenue from medical services (-2.4 billion yen)

4. Outline of estimation and project prospect employed in the analysis

[Outline of estimation]

- The operation subject to the analysis is the development of hospital facilities or medical machines, etc. required for the NCGG to provide medical services for age related diseases.
- The analysis period covers 29 years for the redemption of 200 million yen in fiscal loans committed in FY2023 and existing fiscal loans for the operation.

[Approach on future operations]

- With the anticipated reduction in the impact of COVID-19, there are plans to transition away from the operation of dedicated COVID-19 wards and increase the number of occupied beds in wards at The Center for Comprehensive Care and Research on Memory Disorders. The resulting increase in revenue from medical services is factored into the estimation.
- Note that revisions to medical services fees have not been reflected as there are still undetermined factors.

(Unit: million yen)

FY	Result					Estimated	Planned	Assumptions for calculation			
	2017	2018	2019	2020	2021			2022	2023	2024	2025
Medical services revenue	6,012	6,502	6,782	6,323	7,068	7,106	8,476	8,778	8,778	...	8,778
Medical services expenses	5,894	5,958	5,970	5,896	6,538	7,247	7,440	7,704	7,704	...	7,704

5. Reasons for granting of subsidies, mechanism and underlying laws

(Reasons for granting of subsidies)

In order to contribute to the progress and improvement of public health through the improvement of medical services for age-related diseases as a national medical policy by carrying out investigation, research, and exploitation of techniques of medical services for age-related diseases, and providing medical services closely related to these works and giving training to technicians.

(Underlying laws and regulations)

Act on General Rules for Incorporated Administrative Agencies (Act No.103 of 1999)

Article 46 The national government may give incorporated administrative agencies grants equivalent to all or any part of the funds necessary for their operations.

(Underlying laws and regulations for the payments to the national treasury)

Act on National Research and Development Agencies that Conduct Research related to Advanced and Specialized Medical Care (Act No.93 of 2008)

Article 20 (1) National Centers for Geriatrics and Gerontology covered by the now-defunct special account for national advanced medical centers became an incorporated administrative agency with the same name. Later, under provisions of Article 130 of the Act on the Arrangement of Relevant Acts Incidental to Enforcement of the Act Partially Amending the Act on General Rules for Incorporated Administrative Agencies (Act No. 67 of 2014), the National Center for Geriatrics and Gerontology became a national research and development agency with the same name.

(2) National Centers for Advanced and Specialized Medical Care may deduct from the amount equal to the reserve specified in Paragraph 1 the amount approved under the said Paragraph. After the deduction, the remaining amount, if any, shall be paid to the national treasury.

(3) (Omitted)

6. Special remarks

- Under provisions of the Act on Incorporated Administrative Agency engaging in Research on Highly Specialized Medicine (Act No. 93 of 2008), the National Center for Geriatrics and Gerontology covered by the now-defunct special account for national advanced medical centers became an incorporated administrative agency with the same name. Later, under provisions of Article 130 of the Act on the Arrangement of Relevant Acts Incidental to Enforcement of the Act Partially Amending the Act on General Rules for Incorporated Administrative Agencies (Act No. 67 of 2014), the National Center for Geriatrics and Gerontology became a national research and development agency with the same name.

(Reference) Outcome and social and economic benefits of operations

1. Diagnostic treatment

The Center provides advanced pioneering medical technologies concerning diseases unique to elderly people and tries to standardize geriatrics and gerontology to enhance effectiveness and safety for elderly people.

- Promoting the development and diffusion of models available for other medical institutions regarding new medical services for elderly people, including the improvement of quality of life and the implementation of minimally invasive therapies, based on the achievements of cooperative clinical research between the research institute and the hospital.
- Compiling its research outcomes and knowledge of domestic and overseas research institutes and medical institutions, etc., and providing advanced pioneering medical services to prevent, diagnose, and treat diseases unique to elderly people and to restore their deteriorated functions.
- Implementing support linked closely to everyday life, including the penetration of understanding about dementia and other age-related diseases, and the mitigation of burdens. Classes are held for patients and their families adapted to disease and health conditions.
- Developing sarcopenia diagnosis methods using artificial intelligence and remote medical care and instruction systems using information and communication technologies.
- Using integrated medical care databases to share data with other research organizations, develop frailty registries common to multiple facilities, promote research on frailty and improve elderly disease treatment results and elderly people's quality of life.
- Developing and diffusing model medical care for the end-of-life stage, including advance care planning linked with home care and end-of-life care.

2. Research

The Center promotes studies for figuring out the onset mechanism of dementia and preventing deterioration of elderly people's self-reliance levels, and has also been carrying out longterm research and surveys on age changes covering broad fields of medical science, psychology, exercise physiology, nutrition science, etc.

•The Center has tackled essential investigation, prevention, diagnosis and therapy approach development for diseases that it covers, particularly dementia (Alzheimer's disease) and made great contributions to the promotion of medical care by taking the following measures:

Examining aging-related changes in the brain and the factors that prevent aging through a project to analyze brain images of local resident cohorts

- Improving clinical data pooling functions to develop databases and other systems for implementing joint therapeutic trials and clinical research with enterprises promptly and effectively
- Using robot engineering and information and communication technologies to prevent and delay the progression of dementia
- Cooperating with specialized outpatient clinics, specialized care units and biobanks to conduct comprehensive surveys, analyses and frailty diagnosis and develop disease prevention and treatment methods
- Enhancing databases to promote genomic medicine. Using genomic data to promote individualized medicine for Japanese

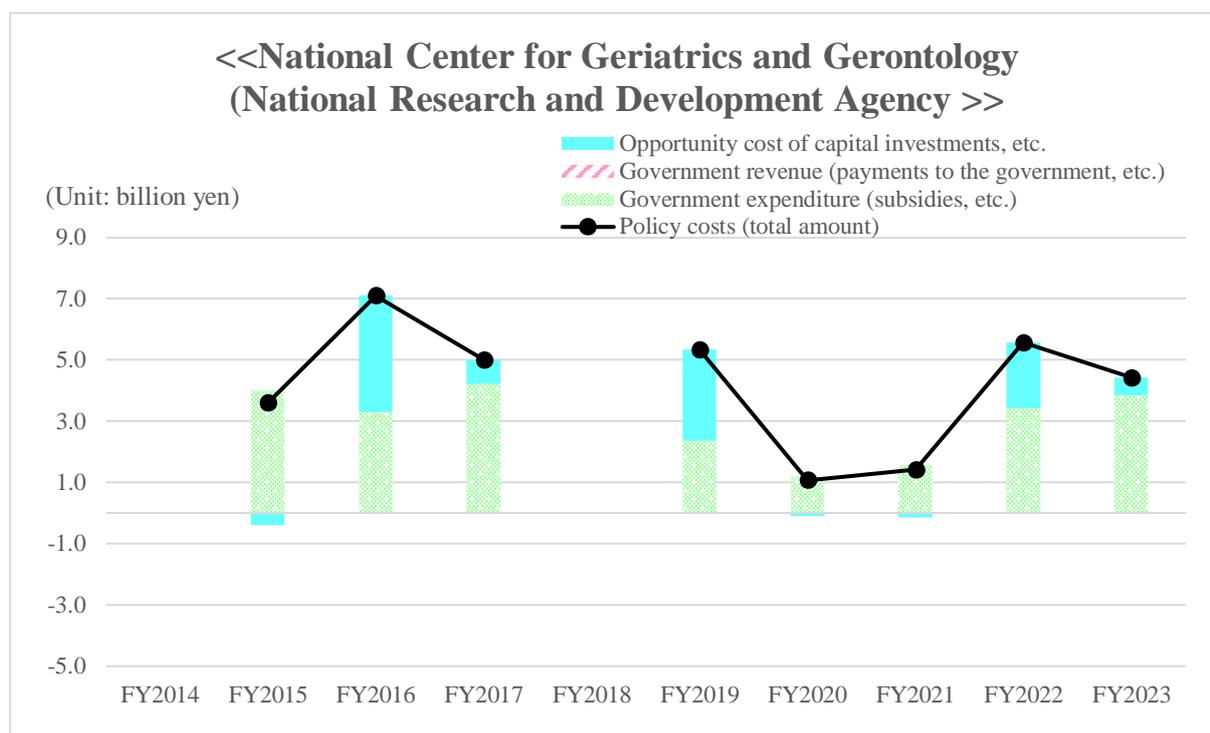
3. Educational training

To become a base for developing useful human resources for Japan and other countries, the Center nurtures human resources who would lead the promotion of medical care and research regarding aging-related diseases.

- Fostering and training dementia support doctors (nine sessions were held in FY2022 for 1,011 persons, with the cumulative number of training session participants since their initiation in FY2005 reaching 13,641)
- Training sessions for initial dementia patient support team members (eight sessions were held in FY2022 for 1,508 persons, with the cumulative number of training session participants since their initiation in FY2015 reaching 13,493.)
- Comprehensive nursing training for geriatrics and home care (six sessions were held in FY2022 for 153 persons, with the cumulative number of training session participants since their initiation in FY2014 reaching 1,658.)
- Training sessions for cognitive (cognition and exercise) instructors (two sessions were held in FY2022 for 19 persons, with the cumulative number of training session participants since their initiation in FY2015 reaching 394.)
- Training for cognitive practitioners (two training sessions were held in FY2022 for 38 persons; 100 persons in a web-based session, with the cumulative number of training session participants since the first session in FY2015 reaching 1,012.)

Overview of policy cost analysis results

[Changes in policy costs]



Note: Policy costs for each fiscal year differ in assumptions including interest rates applied to estimates.

(Unit: billion yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Policy costs (total amount)		3.6	7.1	5.0		5.3	1.1	1.4	5.6	4.4
Government expenditure (subsidies, etc.)		4.0	3.3	4.2		2.4	1.2	1.6	3.4	3.8
Government revenue (payments to the government, etc.)		-	-	-		-	-	-	-	-
Opportunity cost of capital investments, etc.		-0.4	3.8	0.8		3.0	-0.1	-0.2	2.2	0.6

【Explanation of policy cost trends】

- As the development of hospital facilities or medical machines for medical services is subjected to FILP, the policy cost covers subsidies (grants for operation cost, etc.) from the government for the medical service segment and the opportunity cost of capital investments, etc. from the government.
- From FY2021 to FY2022, policy cost increased by 4.2 billion yen. This is due to an increase in subsidies for operating expenses (retirement benefits for the medical services segment) accompanying the review of prerequisites, and an increase in the opportunity cost of capital investments, etc.
- In FY2023, policy cost decreased due to an increase in year-end reserves associated with an improvement in revenue from medical services.

【FILP agency's self-assessment of policy cost analysis results (FY2023)】

- The results of the policy cost analysis in FY2023 showed that policy cost decreased when compared to the results of policy cost analysis in FY2022.

This is due to a decrease in opportunity cost of capital investments, etc. associated with an improvement in medical revenue and expenditures, and is assessed to be unproblematic from the perspective of financial soundness.

- The results of the sensitivity analysis (case of assumed interest rate + 1%) showed an increase of 1.3 billion yen in the policy cost compared to the basic case due to a rise in the opportunity cost such of capital investments, etc. due to an increase in the discount amount associated with the interest rate difference. As no other major changes were seen, however, the NCGG's assessment is that the increase has no problem with financial soundness.

- The sensitivity analysis (case of a 1% decrease in medical services revenues) showed an increase of 1.1 billion yen in the policy cost from the basic case due to a rise in the opportunity cost of capital investments, etc. However, the NCGG's assessment is that the increase's impact on actual financial conditions is minimal.

(Reference) Financial Statements

Balance Sheet

(Unit: million yen)

Item	End of FY2021 (Result)	End of FY2022 (Estimated)	End of FY2023 (Planned)	Item	End of FY2021 (Result)	End of FY2022 (Estimated)	End of FY2023 (Planned)
(Assets)				(Liabilities and net assets)			
Current assets	8,704	4,921	5,430	Current liabilities	6,781	3,184	3,652
Cash and bank deposits	5,369	3,494	3,771	Management expense grants liabilities	182	-	-
Accounts due for medical operations	1,350	1,156	1,388	Donation received	264	264	264
Accounts receivable	1,878	170	170	Current portion of long-term borrowings	206	437	457
Inventory assets	49	49	49	Accounts payable	311	368	870
Other current assets	58	52	52	Money unpaid	5,046	1,326	1,261
Fixed assets	20,075	19,709	18,739	Current portion of lease obligation	-	26	26
Tangible fixed assets	18,416	17,725	16,862	Advances received	171	171	171
Buildings	13,673	12,813	12,201	Deposit received	258	258	258
Structures	230	207	183	Accrued expenses	0	0	0
Medical instruments and equipment	683	541	556	Provisions			
Other instruments and equipment	532	866	623	Provision for bonuses	343	334	345
Vehicles	1	1	0	Fixed liabilities	13,483	13,682	13,150
Land	3,294	3,294	3,294	Contra-accounts for assets	1,477	1,305	1,155
Other tangible fixed assets	4	4	4	Contra-accounts for assets funded by operational grants	415	353	270
Intangible fixed assets	81	410	305	Contra-accounts for assets funded by subsidies	1,016	918	863
Software	78	407	303	Contra-accounts for assets funded by contributions	46	33	22
Telephone subscription right	0	0	0	Long-term borrowings	9,099	9,518	9,261
Other intangible fixed assets	3	3	2	Unpaid long-term expenses	981	882	783
Investment and other assets	1,578	1,575	1,572	Lease liabilities	-	184	158
Long-term loan receivable	11	11	11	Provisions	1,927	1,793	1,793
Allowance for repayment exemption	-10	-10	-10	Provision for retirement benefits	1,686	1,686	1,686
Long-term prepaid expenses	10	7	4	Provision for environment protection measures	107	107	107
Bankruptcy or rehabilitation claims, etc.	8	8	10	Provision for loss on litigation	134	-	-
Allowance for loan losses	-8	-8	-10	(Total liabilities)	20,264	16,866	16,801
Contra-accounts for provision for retirement benefits	1,567	1,567	1,567	Capital			
				Government investment	10,334	10,334	10,334
				Capital surplus	-1,350	-1,675	-1,726
				Capital surplus	4,467	4,467	4,736
				Other administrative costs accumulated	-5,817	-6,142	-6,462
				Amount equivalent to accumulated depreciation cost (-)	-5,508	-4,439	-4,759
				Amount equivalent to accumulated net gains or losses on sale or disposal (-)	-309	-1,703	-1,703
				Deficit carried forward	-469	-894	-1,240
				Unappropriated loss for the period (-)	-469	-894	-1,240
				(of this, gross loss (-))	5	-425	-346
				(Total net assets)	8,515	7,764	7,367
Total assets	28,779	24,631	24,169	Total liabilities and net assets	28,779	24,631	24,169

Notes 1. The balance sheet includes amounts for projects other than those subject to the policy cost analysis.

2. Components may not add up to the total because of rounding.

Income Statement

(Unit: million yen)

Item	FY2021 (Result)	FY2022 (Estimated)	FY2023 (Planned)
Ordinary expenses	12,590	14,072	14,334
Operating expenses	12,536	14,002	14,262
Research operating expenses	1,196	1,219	1,216
Clinical research operations expenses	3,342	3,728	3,530
Medical care operations expenses	7,157	8,226	8,665
Education and research operations expenses	207	247	247
Information operating expenses	40	41	41
General and administrative expenses	594	542	562
Other ordinary expenses	54	70	72
Ordinary income	12,771	13,562	13,988
Income from grants for operating expenses	2,525	2,948	2,804
Operating income	8,957	9,069	10,683
Research operating income	21	7	6
Clinical research operations income	1,713	1,842	1,842
Medical care operations income	7,096	7,094	8,708
Education and research operations income	122	126	126
Other operating income	4	-	-
Other ordinary income	1,290	1,545	501
Ordinary profit (loss)	181	-510	-346
Temporary losses	190	1	-
Loss on retirement of fixed assets	9	1	-
Cost of eliminating fixed assets	175	-	-
Provision for litigation loss	7	-	-
Temporary profits	14	86	-
Other temporary profits	14	86	-
Net profit or loss	5	-425	-346
Gross profit or loss	5	-425	-346

Notes 1. The income statement includes amounts for projects other than those subject to the policy cost analysis.

2. Components may not add up to the total because of rounding.