

Providing support for hospital management, introducing and operating nursing care facilities and manufacturing and selling contact lenses

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[286A EUCALIA Sector : Services]

| Fiscal Year | Net sales (mn yen) | YoY (%) | Operating profit (mn yen) | YoY (%) | Ordinary profit (mn yen) | YoY (%) | Profit (mn yen) | YoY (%) | EPS (yen) | BPS (yen) | DPS (yen) |
|-------------|-----------------------|------------|------------------------------|------------|-----------------------------|------------|--------------------|------------|--------------|--------------|--------------|
| Dec. 2022 | 16,616 | - | 865 | - | 784 | - | 980 | - | 32.8 | 324.4 | 0.0 |
| Dec. 2023 | 18,054 | 8.7 | 1,899 | 2.2x | 1,853 | 2.4x | 1,051 | 7.2 | 35.2 | 362.0 | 0.0 |
| Dec. 2024 f | 19,863 | 10.0 | 2,018 | 6.3 | 2,473 | 33.5 | 2,015 | 91.7 | 64.1 | - | 0.0 |

Note: Consolidated basis. Figures for the fiscal year ending December 2024 is the company's forecasts. It conducted 1:400 stock split on September 1, 2024. Per share indices are adjusted retroactively.

Operating Healthcare-Related Business Centered on Support for Hospital Management

The EUCALIA group is engaged in a range of businesses, including the comprehensive medical management support business through which it provides management support for hospitals that are struggling financially, the senior-related business that provides move-in consultation and referral for nursing homes and operates nursing homes, and the specially-controlled medical device business which entails the manufacture and sales of contact lenses. In fiscal year ended December 2023, the comprehensive medical management support business accounted for 29.9% of net sales, the senior-related business for 36.9%, the specially-controlled medical device business for 33.0% and other businesses for 0.2%.

Through its comprehensive medical management support business, the company provides support to hospitals that are struggling financially by entering into partnership agreements with them and offering various types of support. Specific support services include management consulting for hospital revitalization as essential medical institutions needed by their communities, financial support such as sale and lease back for hospital-owned real estate and medical receivables factoring, promotion of digital transformation (DX), support for medical supplies and equipment procurement and recruitment and other human resource-related support. These services are typically provided over a long-term period of about 10 years on average.

The senior-related business comprises a nursing care facility move-in consultation and referral service and the operation of elderly nursing care facilities.

EUCALIA provides two services for move-in consultations and referrals to nursing care facilities: face-to-face consultations with advisors, primarily in the Tokyo metropolitan area, and the Sagasix portal site, which enables online searches for facilities and requests for information material.

The company operates 12 nursing care facilities in Tokyo, Kanagawa and Chiba prefectures.

Subsidiary Sincere handles the specially-controlled medical device business, as well as the manufacture and sale of contact lenses.

Financial Statements

| Statement of income | Fiscal Year | Dec. 2022 | | Dec. 2023 | | Nine months to Sep.2024 | |
|--|-------------|-----------|-------|-----------|-------|-------------------------|-------|
| | | (mn yen) | (%) | (mn yen) | (%) | (mn yen) | (%) |
| Net sales | | 16,616 | 100.0 | 18,054 | 100.0 | 14,660 | 100.0 |
| Cost of sales | | 10,807 | 65.0 | 10,948 | 60.6 | 8,015 | 54.7 |
| Gross profit | | 5,808 | 35.0 | 7,106 | 39.4 | 6,645 | 45.3 |
| Selling, general and administrative expenses | | 4,943 | 29.7 | 5,206 | 28.8 | 4,701 | 32.1 |
| Operating profit | | 865 | 5.2 | 1,899 | 10.5 | 1,944 | 13.3 |
| Non-operating income | | 241 | - | 195 | - | 765 | - |
| Non-operating expenses | | 323 | - | 241 | - | 235 | - |
| Ordinary profit | | 784 | 4.7 | 1,853 | 10.3 | 2,473 | 16.9 |
| Profit before income taxes | | 1,298 | 7.8 | 1,749 | 9.7 | 2,568 | 17.5 |
| Profit attributable to owners of parent | | 980 | 5.9 | 1,051 | 5.8 | 1,594 | 10.9 |

| Balance sheet | Fiscal Year | Dec. 2022 | | Dec. 2023 | | Sep.2024 | |
|---|-------------|-----------|-------|-----------|-------|----------|-------|
| | | (mn yen) | (%) | (mn yen) | (%) | (mn yen) | (%) |
| Current assets | | 13,796 | 32.4 | 17,450 | 34.3 | 20,636 | 36.4 |
| Cash and deposits | | 6,164 | 14.5 | 6,724 | 13.2 | 8,238 | 14.5 |
| Accounts receivable-trade | | 3,000 | 7.0 | 3,172 | 6.2 | 3,136 | 5.5 |
| Inventories | | 1,099 | 2.6 | 1,551 | 3.0 | 1,491 | 2.6 |
| Non-current assets | | 28,834 | 67.6 | 33,454 | 65.7 | 36,057 | 63.6 |
| Property, plant and equipment | | 25,959 | 60.9 | 30,269 | 59.5 | 32,602 | 57.5 |
| Intangible assets | | 992 | 2.3 | 1,161 | 2.3 | 1,315 | 2.3 |
| Investments and other assets | | 1,882 | 4.4 | 2,023 | 4.0 | 2,139 | 3.8 |
| Total assets | | 42,630 | 100.0 | 50,904 | 100.0 | 56,693 | 100.0 |
| Current liabilities | | 6,566 | 15.4 | 8,468 | 16.6 | 12,484 | 22.0 |
| Accounts payable - trade | | 1,674 | 3.9 | 1,899 | 3.7 | 2,069 | 3.6 |
| Short-term borrowings | | 570 | 1.3 | 1,496 | 2.9 | 2,868 | 5.1 |
| Current portion of long-term borrowings | | 1,353 | 3.2 | 1,665 | 3.3 | 3,777 | 6.7 |
| Non-current liabilities | | 25,657 | 60.2 | 30,671 | 60.3 | 29,731 | 52.4 |
| Long-term borrowings | | 13,085 | 30.7 | 18,364 | 36.1 | 15,337 | 27.1 |
| Net assets | | 10,406 | 24.4 | 11,764 | 23.1 | 14,477 | 25.5 |
| Owners' equity | | 9,696 | 22.7 | 10,820 | 21.3 | 13,552 | 23.9 |

| Statement of cash flows | Fiscal Year | Dec. 2022 | Dec. 2023 |
|---|-------------|-----------|-----------|
| | | (mn yen) | (mn yen) |
| Cash flows from operating activities | | 2,659 | -208 |
| Depreciation | | 1,057 | 839 |
| Amortization of goodwill | | 92 | 95 |
| Cash flows from investing activities | | 1,411 | -5,582 |
| Cash flows from financing activities | | -5,019 | 6,341 |
| Dividends paid | | -11 | -9 |
| Net increase in cash and cash equivalents | | -896 | 555 |
| Cash and cash equivalents | | 6,143 | 6,698 |

Note: Consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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