

**Q&A Summary of the Web Conference**  
**on FY2025 Financial Results and the FY2026 Financial Forecast**

[Date & Time]      Wednesday, February 13, 2026 / 10:00-11:00 (JST)

[Speaker]            Hideo Misawa, President, EUCALIA Inc.

This is an English translation of the Japanese Q&A summary.

**Q: How big differences come between year (FY2024)-on-year (FY2025) Revenue Growth (+4.9 billion yen) and Operating Profit Growth (+73 million yen)?**

A: Recurring Revenue has continued to grow steadily. However, Operating Profit remained at a low level due to Strategic Investments in Recruitment and M&A, as well as the absence of the one-time gains recorded in the previous year.

**Q: How come MIN Target number +5 Affiliated Hospitals in Total medical management support segment for FY2025?**

A: As the environment for hospitals deteriorated more severely than expected in FY2025, we intentionally took a cautious approach to acquiring Affiliated Hospitals from the second quarter onward. The situation has continued to worsen in the fourth quarter due to factors such as inflation, and we have remained focused on determining the appropriate time to commence full-scale management support. Therefore, in FY2025, we achieved +5 new Affiliated Hospitals against Initial plan (+5 to +8)

**Q: When do you expect full-scale support for Affiliated Hospitals to begin?**

A: We consider the timing for full-scale management support for Affiliated Hospitals to be when they reach a stage requiring measures such as civil rehabilitation, debt rescheduling by financial institutions, or debt forgiveness. While it is impossible to predict precisely when such circumstances will arise, we are proceeding cautiously so that we are fully prepared to act when the timing comes.

In FY2026, although we continue to monitor external conditions closely, we believe that the timing for full-scale support is still ahead. Accordingly, we plan to target the acquisition of approximately five Affiliated Hospitals same as in FY2025.

**Q: What is the breakdown between recurring and one-time revenue in Affiliated Hospitals business for FY2025?**

A: Approximately 70% of the revenue in the Total Medical Management Support business is

generated from Affiliated Hospitals, of which 80% is recurring and 20% is one-time. Within recurring revenue, asset-based revenue accounts for about 60%, while non-asset-based revenue represents the remaining 40%.

Although asset-based revenue has not grown significantly, non-asset-based recurring revenue—an area EUCALIA has prioritized—is steadily increasing, and progress is tracking in line with our plan.

**Q: How big differences come between year (FY2025)-on-year (FY2026) Revenue Growth (+8.3 billion yen) and Operating Profit Growth (+657 million yen)? Is the reason the same as in FY2025?**

A: FY2026 is positioned as a phase for building our foundation for growth, and Strategic Investments will continue to be essential. As a result, Operating Profit Growth is expected to be modest relative to Revenue Growth.

However, the earnings forecast does not factor in any one-time revenue or new M&A transactions, leaving room for upside. Historically, one-time revenue has contributed 0.5–1.0 billion yen to Profit, and we expect at least 0.5 billion yen in FY2026 as well, although this is not reflected in the forecast.

**Q: How are you assessing the 2026 medical and long-term care reimbursement revision that will take effect on June 1, 2026?**

A: Our view for the 2026 medical and long-term care reimbursement revision is not as a measure to improve hospital profitability, but rather as a form of institutional support aimed at preventing short-term cash-flow deterioration. By narrowing the gap between rising fixed costs and reimbursement levels, the revision is expected to reduce sudden cash shortages and related bankruptcies. However, because it does not address the fundamental structural issues facing hospitals, we believe that consolidation—not bankruptcy—will continue over the medium to long term.

The revision does not inherently promote hospital growth; it is designed primarily to stabilize operations. Through our programs—such as digital transformation (DX) initiatives and strengthening team-based medical care—EUCALIA will continue to support hospitals in improving competitiveness and management performance. We also recognize that consolidation will continue even after the revision, and we are positioned to provide solutions during those phases as well.

Furthermore, in addition to Total medical management support, EUCALIA operates a portfolio that covers the broader healthcare value chain, including home healthcare. As such, we regard the 2026 revision as an opportunity to further expand the value we

provide across the healthcare ecosystem.

**Q: Could you provide an update on the External Consulting business, including its recent progress?**

A: From the second quarter in FY2025, as the environment for hospitals deteriorated more severely than expected, EUCALIA shifted to a more cautious stance toward acquiring new Affiliated Hospitals. As a result, resources that had originally been allocated for Affiliated Hospitals support were redeployed to the External Consulting business, enabling us to focus on securing projects from large and public hospitals outside our Affiliated Hospital network.

As a result of these efforts, we successfully won several large-scale projects, including DX support for Toranomon Hospital and management improvement support for Matsudo City General Hospital. While the immediate contribution to revenue and profit is still limited, these projects have allowed us to accumulate expertise and experience in supporting large-scale hospitals, while also expanding our service offerings—such as the enhancement of our DX solutions. These initiatives represent meaningful progress and will contribute significantly to our future business expansion.

**Q: Could you provide an update on the BPO business, including its recent progress?**

A: In April 2025, EUCALIA established ReMedica, a BPO-dedicated company, to streamline administrative operations at medical institutions and nursing care facilities. The purpose of this initiative is to reduce workload amid the increasingly severe labor shortage. Leveraging more than 20 years of on-site management support expertise, ReMedica provides an end-to-end solution—from workflow assessment and visualization to the design of highly effective RPA-driven operations.

As a result, the medical affairs department of Affiliated Hospitals that have adopted this solution has successfully reduced workloads by more than 30%. We will extend this proven “BPO model” beyond our Affiliated Hospitals to help address the broader societal challenge of labor shortages in the healthcare sector. In addition, we plan to incorporate generative AI to further enhance efficiency and reduce labor needs.

For FY2026, we expect eight new contracts, bringing the total number of BPO contracts to nine.

**Q: Why was Medistep Inc. reclassified into the Total Medical Management Support segment?**

A: Japan has entered a super-aged society, and medical demand—particularly among

those aged 75 and older—is expected to continue rising. The traditional hospital-centered care model is becoming increasingly difficult to sustain, while patients increasingly prefer to receive support for daily living in familiar environments such as their homes or care facilities. As a result, the flow from hospitalization to discharge and then to home healthcare is accelerating.

For healthcare providers as well, strengthening coordination among hospitals, clinics, and home healthcare services has become essential. Communities require a comprehensive care system in which individuals can move seamlessly among medical institutions, care facilities, and their homes, while receiving diverse services even as their care needs become more severe.

To respond to these changes, the EUCALIA Group is advancing initiatives that integrate medical and home-based care, contributing to the creation of a society where people can access healthcare and long-term care without anxiety.

**Q: What are the differences among Hippocratic AI, Claude, and ChatGPT healthcare?**

A: As AI technologies are still emerging, particularly in areas that have only recently been developed, we refrain from making specific comments at this stage. However, we continue to closely monitor future developments, including potential applications within our services.

EUCALIA places great importance on improving labor productivity in healthcare and ensuring that patients receive the care they truly need. With a market-in approach at the core of our philosophy, we remain committed to actively adopting the most suitable tools. At present, we are advancing our collaboration with Hippocratic AI.

**Q: What were the contributions and growth prospects of the companies acquired in FY2025 to the EUCALIA Group?**

A: The companies acquired in FY2025 were consolidated in either the third or fourth quarter, resulting in a limited revenue contribution of just over 1.5 billion yen for the year. In FY2026, revenue will be recorded for the full year, and combined with expected business growth, we anticipate sales to exceed 5 billion yen —more than three times the FY2025 level.

**Q: What were the drivers behind the year (FY2024) -on-year (FY2025) growth of the other segment.**

A: The Other segment consists of the Data business and the Smart Brain Dock business, both of which exceeded forecasts and recorded significant increases in both revenue

and profit.

The Data business secured multiple large-scale projects and achieved full-year profitability for the first time in its fifth year of operation. We expect the business to remain profitable in FY2026 as well.

In the Smart Brain Dock business, the expansion of examination menu offerings and the introduction of new AI-based analysis services contributed to higher unit prices. The number of contracted facilities has reached approximately 320, and cumulative users have exceeded 170,000. While the business is expected to remain solid in FY2026, Operating Profit is planned to decline due to Strategic Investments, including trial projects.

**Q: How did the negative operating cash flow come in FY2025?**

A: Operating cash flow for FY2025 was negative 1.9 billion yen ; however, all factors were healthy and linked to business expansion.

The main drivers were:

1. Approximately 0.8 billion yen for the acquisition of real estate for sale in preparation for FY2026,
2. Approximately ¥1.6 billion increase in accounts receivable associated with higher revenue, and
3. An increase in operating loans due to the growth in the number of Affiliated Hospitals.

**Q: SG&A has been increasing year by year. What is the appropriate SG&A ratio for EUCALIA?**

A: EUCALIA is currently in the phase of building its foundation for growth, and we consider the current personnel expense ratio of approximately 33% to be appropriate. However, as AI continues to advance and individual productivity is expected to further improve, we aim to manage this level appropriately while maintaining it and ultimately reduce the personnel expense ratio to below 25% over the long term.

**Q: How do you assess the share price movement (+¥36) from the earnings announcement on Friday, February 13 to today's briefing? Also, how do you view the current share price level?**

A: We believe that the capital markets have recognized our track record to a certain extent, and investor understanding of our FY2026 Forecast has been steadily improving. Going forward, we will continue to hold briefings and enhance our disclosures, while expanding

our engagement with investors to further increase the clarity and visibility of EUCALIA's growth story.