

September 2024



Acquisition of Noah Konzer Co.,Ltd

Summary of the transaction⁽¹⁾

CUC will acquire all of issued shares in Noah Konzer, which operates nursing home in Sapporo. We plan to sell and lease back the acquired real estate

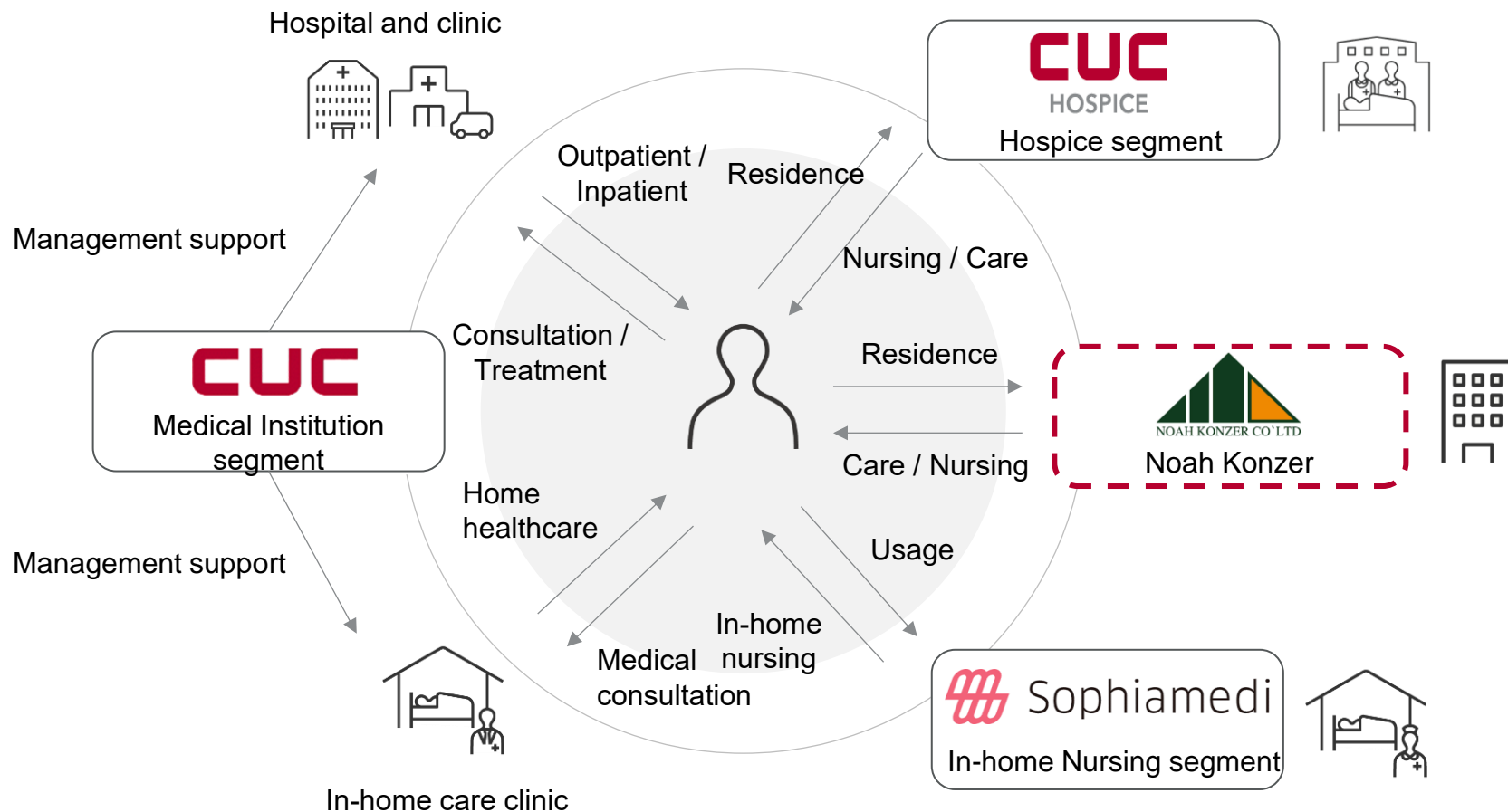
Target company	Noah Konzer Co.,Ltd (Private company)
% of shares to be acquired	100%
Consideration / Enterprise value ⁽²⁾ (¥ mm)	5,300 / 13,740
Financing plan	Cash on hand (CUC will cover consideration by sale of the real estate owned by Noah Konzer and borrowings from banks)
Key financials (¥ mm)	Revenue: 6,617, EBITDA: 997, Net income: 351 (Fiscal year ended January 2024)
Planned closing date	Early October 2024
Date of sale agreement of real estate	Late December 2024 (Currently discussing with Development Bank of Japan Inc. (DBJ))
Impact on financials	Currently under review

1. Above is the plan as of the date of this document and may change in the future due to various reasons.

2. Enterprise value is a sum of consideration and net debt.

Purpose of this transaction

In addition to existing Medical Institution business, Hospice business and In-home Nursing business, CUC group will be able to provide “Scheduled and on-demand in-home care and nursing” which will enable to provide for wider range of users after the closing of this transaction. Some existing floors of Noah Konzer will be converted into hospice floors



Comparison between the target company and our hospice facilities

	Noah Konzer (Current)	Noah Konzer (Future)	Our Hospice (Current)
Capacity per location ⁽¹⁾	129	120-150	43
Patient Characteristics	Care requirement level of 1 to 2	Care requirement level of 3 to 4	Terminal cancer and intractable neurological disease
Occupancy rate of existing facilities ⁽²⁾ (March 2024)	80.4%	~95%	80.7%
Medical dependency	Low	Slightly high	Quite high
Care dependency	Low	Slightly high	High
Number of patients who need in-home doctors	Less than half	Almost all	Almost all
Day care services	Yes	Yes	No

1. If multiple facilities are situated on the same land area, they are considered as a single location.

2. Percentage of total patients to the total number of capacity in existing hospices (Past 12+ months after the opening or acquired through M&A) as of March 31, 2024 (Full-year).

Company overview (1/2)

Outline

Established	1979
Headquarters	Toyohira, Sapporo, Hokkaido
Business overview	Operation of nursing home, provision of services in accordance with long-term care insurance law

Business description

Care services

- ✓ Providing “Scheduled and on-demand in-home care for residents at facilities and day care services
- ✓ Leasing welfare equipment to persons who do not live in facilities

Real estate rental

- ✓ Rent fees from residents at facilities

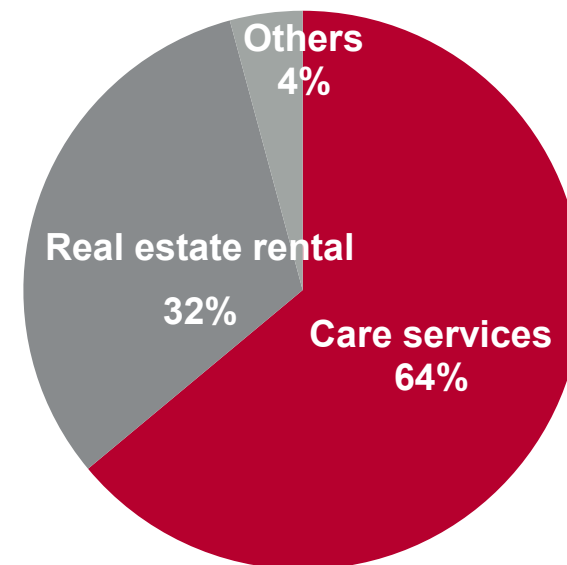
Others

- ✓ Medication support system “Fukuyakkun”
- ✓ Sale of daily necessities and welfare related items

Image of facilities

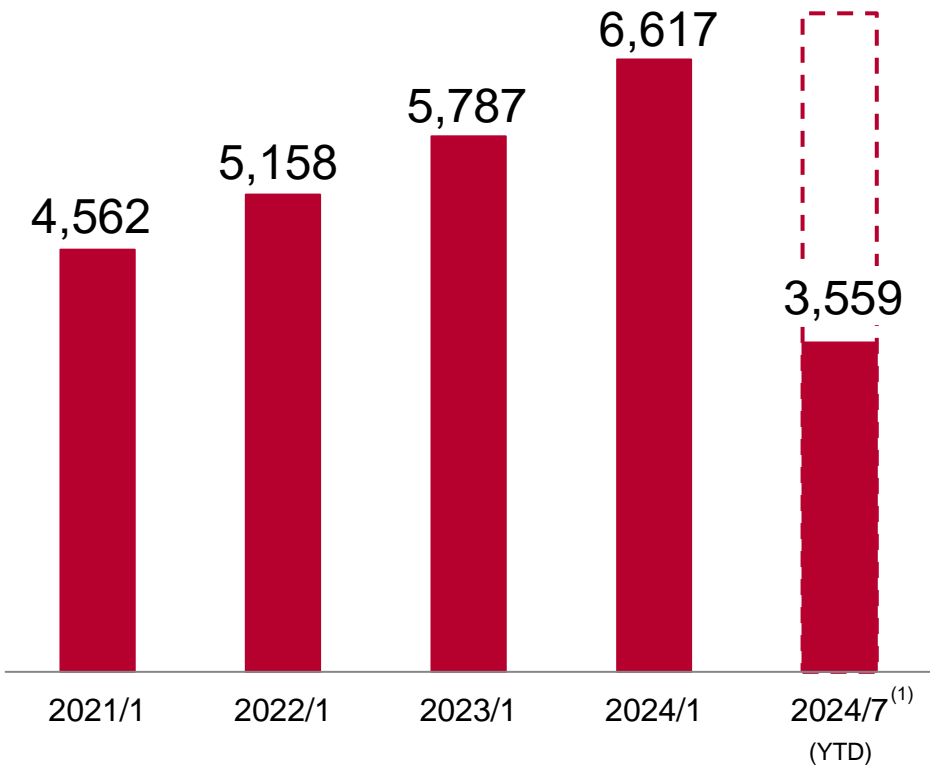


Revenue breakdown (2024/1: 6,617 million yen)

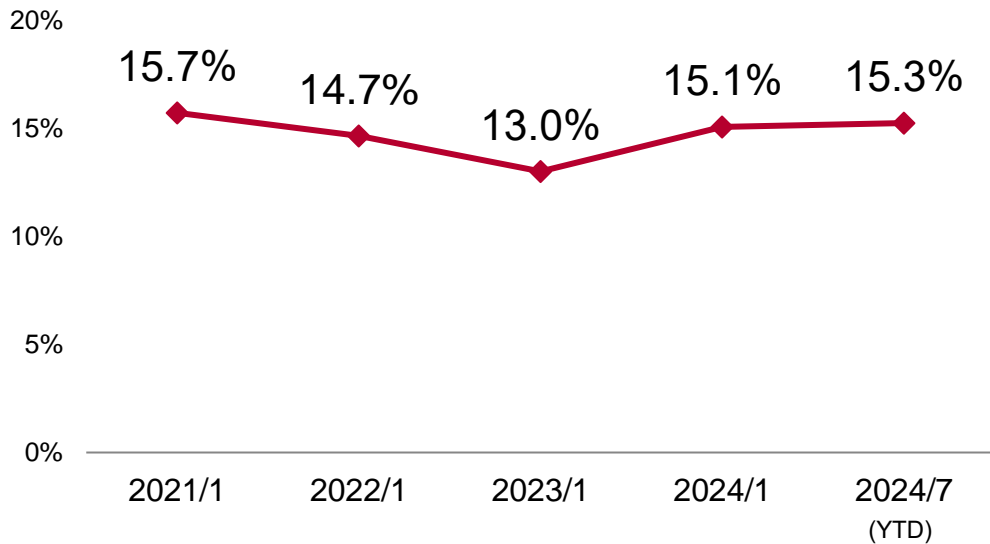


Company overview (2/2)

Revenue (million yen)



EBITDA margin

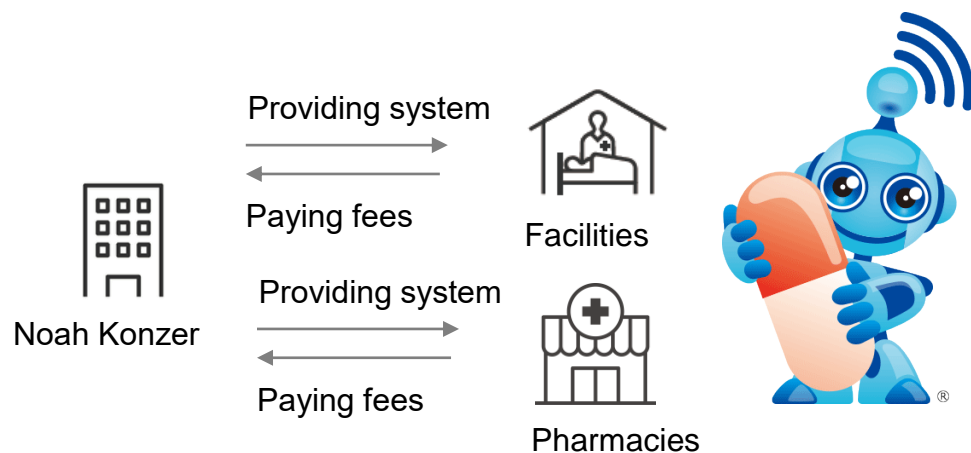


1. The figure calculated by doubling the actual revenue for the 6-month period as of July 2024 is shown with a dotted line.

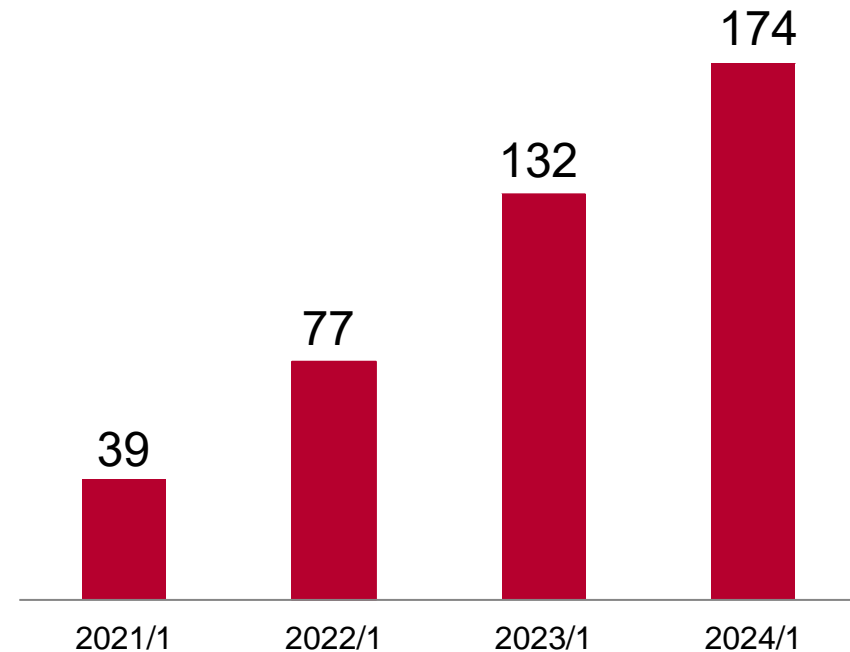
Medication support system “Fukuyakkun”

Fukuyakkun, schedule management system developed by Noah Konzer, assists with dosage planning and manages records on the database. Fukuyakkun helps prevent medication error due to human mistakes, such as missed or incorrect dosages. By reading the QR codes of drug distribution staff, residents, and drug packages, the system optimizes medication assistance and streamlines information management

Business flow



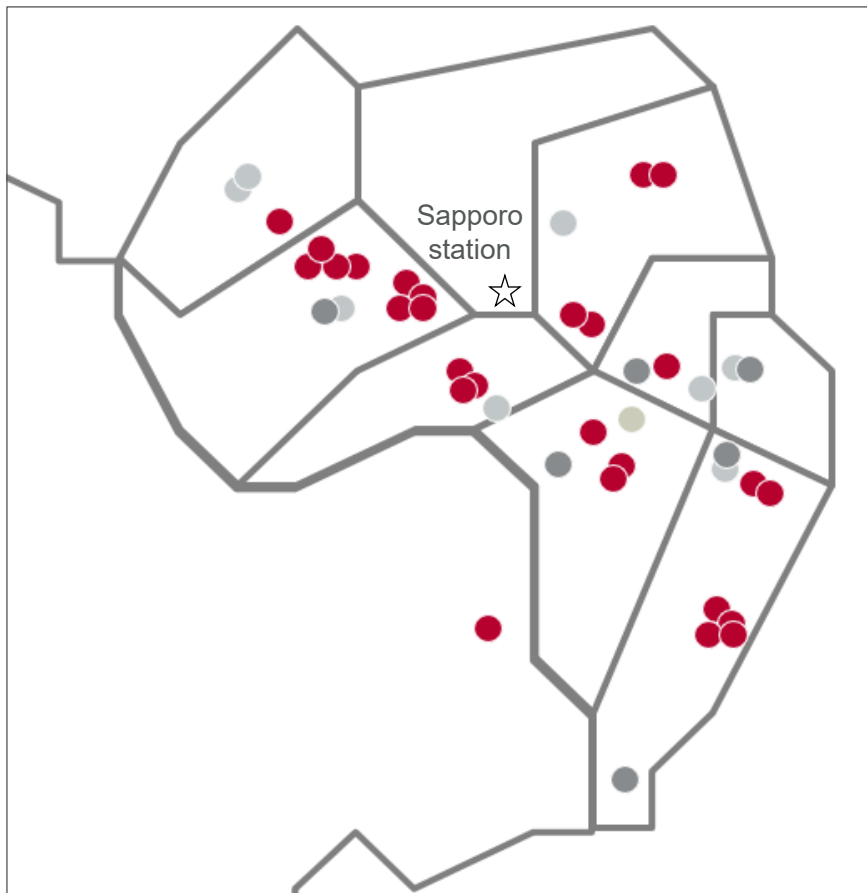
Revenue from Fukuyakkun (million yen)



Footprint in Sapporo after the closing

Noah Konzer operates 27 nursing facilities in Sapporo. CUC group will strengthen area dominance and enhance group synergies

| Footprint in Sapporo (as of June 30, 2024)



	# of facilities
● Noah Konzer	27
● Clients' hospital and clinic	6
● Hospice facilities	8
● In-home nursing station	1
Total	42

Future prospect and synergies

New openings of hospice floor in existing facilities

- Providing services for patients with high medical dependency in the new hospice floor
- 4 floors (1 floor has 40 to 50 beds) are planned to open in the fiscal year March 2026

Acceptance of users with high medical and care dependencies

- Acceptance of users with higher medical and care dependencies than existing facilities by utilizing CUC's knowhow

Digital Transformation

- Investment in digital transformation to utilize in nursing home of Noah Konzer (robot, mechanical bathing, monitoring sensor, etc.)

Expansion of Fukuyakkun

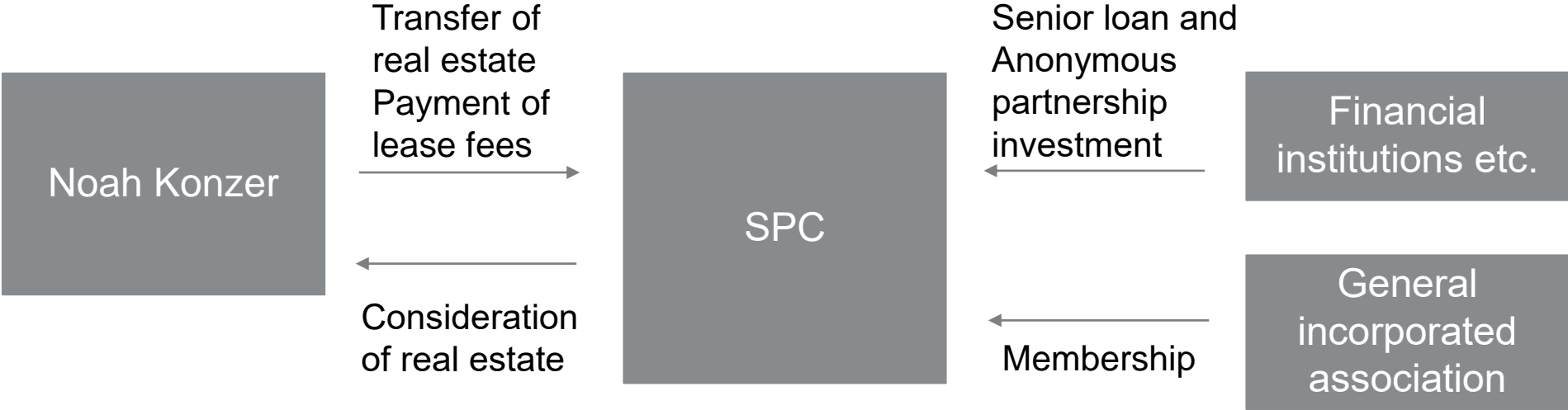
- Expanding Fukuyakkun into nursing home and medical facilities throughout Japan

Optimization of headquarters

- Optimization by integration of headquarters function and system
- Enhancement of recruiting activities in Noah Konzer by our recruitment capability

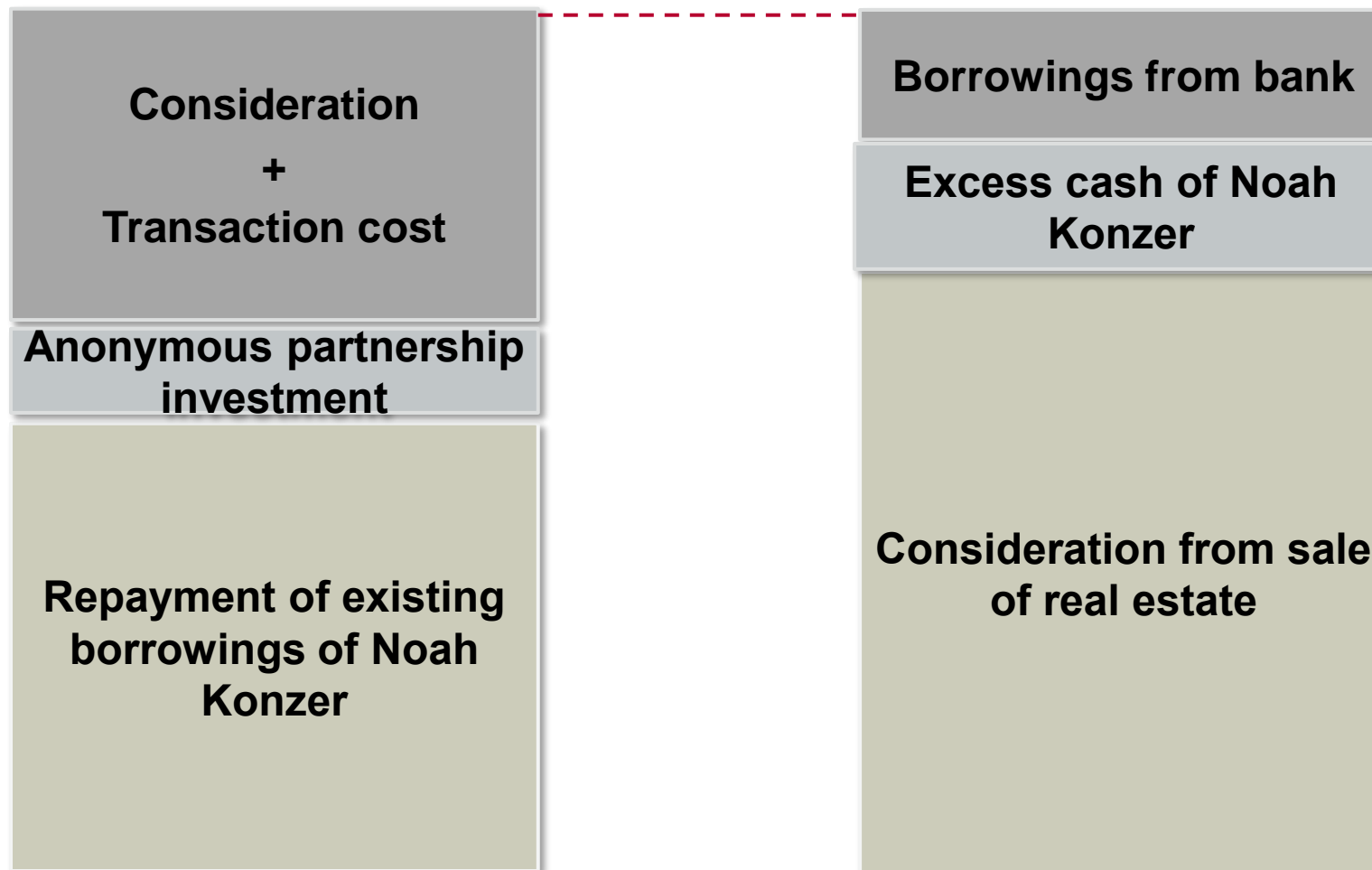
Structure of sale and lease back of real estate

CUC is currently discussing with DBJ to conduct sale and lease back of real estate owned by Noah Konzer by this December. After the completion of the transaction, Noah Konzer will pay lease fees, and depreciation of right-of-use assets will be recorded while depreciation from real estate will decrease



Financing plan

At the time of closing, the balance of cash will temporarily decrease due to the payment of the consideration. CUC will cover the amount equal to consideration by borrowings from banks and sale of real estate



FAQ

FAQ

Q	A
<p>Why did you decided to invest in the target company that operates facilities different from hospices?</p>	<ul style="list-style-type: none">• In the future, we plan to use the facilities to accept patients with high medical dependency (such as those with heart disease, cerebrovascular disease, or decline in ADL), who are not actively accepted by hospices. Currently, the target company primarily accepts patients with low medical dependency, but it is expected that the capacity to handle such cases will be gradually increased• After the acquisition, we can further strengthen our area dominance in Sapporo, where we have existing footprint• Acquisition costs are lower compared to constructing new similar facilities
<p>Are you going to change the future opening plan of hospices?</p>	<ul style="list-style-type: none">• We are not considering any changes at present, however, we are planning to establish 4 hospice floors within the target company's facilities during the fiscal year ending in March 2026, and this will be treated as part of the initial plan
<p>When does consolidation of the target company start?</p>	<ul style="list-style-type: none">• Consolidation will start from 25/3 Q3. The target company currently closes its yearly books in January, but the performance from October to December will be reflected in our Q3 consolidated results
<p>How much goodwill and intangible assets are going to be generated by this acquisition?</p>	<ul style="list-style-type: none">• Although it is not fixed yet, the amount of goodwill and intangible assets will be minimal since the purchase price is expected to be close to the net asset value

Appendix

Noah Konzer facilities

| List of facilities

Location	Name of facilities	Capacity
Hachiken	Building A	42
	Building B	37
	Villa	28
	Bloom View	54
Hassamunishi	Boulangier	75
Hassamu	Le Cerisier	49
Hassamu chuo	Conys Valley	123
	Sun Grace Hassamu	82
Numanishi	Moere	35
	Moere Hills	42
Kita 6	Grand Terrace	116
	Lib Casita	99
Tokiwa	Pleasant	26

Location	Name of facilities	Capacity
Utsukushigaoka	Casa Rich	47
	Second Court	66
	Legend	72
	L Grace	51
Hiraoka	Elizabeth	106
	Victoria	75
Fukuzumi minami	Season Bell	136
Fukuzumi chuo	Paysage	82
Tsukisamunishi	Abbey Chloe	107
Asahigaoka	Urban Class	90
	Un Jour	58
Keimei	Ellen Classe	124
Nishimiyanosawa	Olivier	117
Hongodori	Sei Verisa	120

Image of some facilities

Noah Garden Casa Rich



Noah Garden Paysage



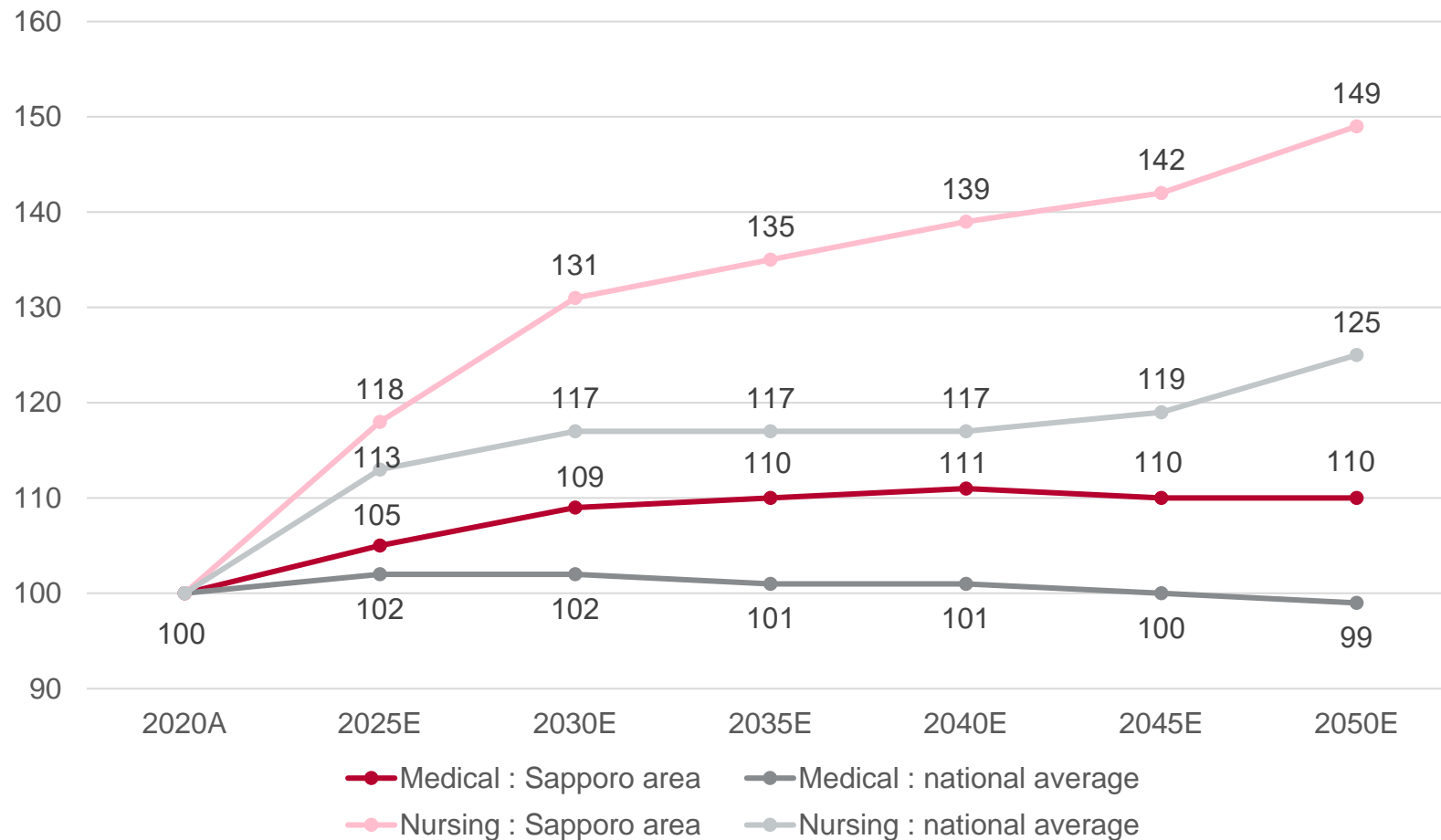
Noah Garden L Grace



Market growth potential

| Medical and nursing care demand forecast for the Sapporo medical area

Medical and nursing care demand forecast index
(Actual in 2020 = 100)



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