

(Note)

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Consolidated Financial Results for the Three Months Ended June 30, 2023 (IFRS)

July 26, 2023

Company name: CUC Inc.
Stock exchange: Tokyo Stock Exchange
Code number: 9158
URL: <https://www.cuc-jpn.com/en/>
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Availability of supplementary materials on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Not scheduled

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the three months ended June 30, 2023

(1) Consolidated operating results

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before taxes		Net income		Net income attributable to CUC shareholders		Total comprehensive income	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2023	7,663	(24.4)	834	(40.6)	793	(42.5)	474	(47.8)	482	(47.3)	607	(49.4)
June 30, 2022	10,136	89.3	1,404	157.8	1,378	165.6	907	183.1	913	188.0	1,201	270.2

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	21.25	21.22
June 30, 2022	43.75	43.75

(Note) On April 13, 2023, CUC conducted a 200-for-1 stock split of its common share. Basic earnings per share and diluted earnings per share were calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2023.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to CUC shareholders	Ratio of equity attributable to CUC shareholders
	Million yen	Million yen	Million yen	%
As of June 30, 2023	56,250	23,923	23,666	42.1
As of March 31, 2023	39,750	11,920	11,704	29.4

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Fiscal year ended March 31, 2023	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		0.00	-	0.00	0.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated financial results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before taxes		Net income		Net income attributable to CUC shareholders		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	31,864	(9.5)	3,444	(6.5)	3,164	(12.9)	2,023	(15.9)	2,033	(16.1)	75.47

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Changes in significant subsidiaries during the current quarter (Changes in specified subsidiaries that caused a change in the scope of consolidation): None

(2) Changes in accounting policies and accounting estimates

- 1) Changes in accounting policies required by IFRS: None
- 2) Changes in accounting policies other than item 1) above: None
- 3) Changes in accounting estimates: None

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2023: 29,030,400 shares

March 31, 2023: 22,630,400 shares

2) Total number of treasury shares at the end of the period:

June 30, 2023: 675,000 shares

March 31, 2023: 675,000 shares

3) Average number of shares during the period:

Three months ended June 30, 2023: 22,658,696 shares

Three months ended March 31, 2023: 20,870,400 shares

* Quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The forward-looking statements in this report including the forecast of financial results are based on the information that is currently available, as well as certain assumptions that are deemed to be reasonable by the Company. Therefore, there might be cases in which actual results differ materially from the forecast due to various factors.

1. Qualitative information on quarterly financial results

(1) Explanation of operating results

The group's mission is "Creating Hope through Healthcare". Under this mission, CUC provides various services, aiming to create an environment where patient-centered healthcare is provided for as many people as possible, to develop a workplace required by local communities in which all healthcare workers are proud and motivated, and to build sound and sustainable society by solving healthcare issues for society.

Until the previous fiscal year, CUC's reportable segments were divided into Management Support segment and In-home Nursing/Hospice segment, and those were reclassified to Management Support segment, Hospice segment and In-home Nursing segment from the current fiscal year.

Management Support segment provides medical institution operations supports such as strategic and business management support, marketing support, HR/recruiting support, IT support, accounting support, general affairs support. In addition to medical institution operations supports, Management Support segment provides medical institution revenue growth assistance such as M&A support, PMI support, hospital bed conversion support, clinic launch support. These services are provided for medical institutions which operate hospitals, in-home care clinics, dialysis clinics, ophthalmology clinics and pediatric clinics, etc.

Hospice segment provides nursing and care services for patients with cancer and intractable diseases who live in hospice facilities, prioritizing the quality of services. The segment has increased the number of patients at existing hospices and launched hospices in the area which is in lack of terminal care.

In-home Nursing segment provides nursing services for patients at their home, prioritizing the quality of services. The segment has increased the number of users for existing in-home nursing stations and launched in-home nursing stations in new areas.

CUC aims to establish a platform that enables "Community-based Integrated Care System" to operate efficiently by collaboration between its client medical institutions, the group's hospices and in-home nursing stations.

Following table presents operating results for the three months ended June 30, 2023 and the previous corresponding period. The amount for the previous corresponding period reflected changes in reportable segments in the first quarter of this fiscal year. Please refer to the "(3) Changes in reportable segment" in the "2. Segment information" for details.

Definition of EBITDA is as follows.

EBITDA = operating profit + depreciation and amortization expenses ± other income and expenses

Consolidated operating results

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023	Changes	
Revenue	10,136	7,663	(2,473)	(24.4%)
Operating profit	1,404	834	(571)	(40.6%)
Profit before taxes	1,378	793	(585)	(42.5%)
Net income attributable to CUC shareholders	913	482	(431)	(47.3%)
EBITDA	1,686	1,239	(447)	(26.5%)

Operating results by segment

(Millions of yen)

		Three months ended June 30, 2022	Three months ended June 30, 2023	Changes	
Management Support	Revenue	5,281	2,755	(2,526)	(47.8%)
	Segment profit	1,006	1,073	+67	+6.7%
	EBITDA	1,102	1,276	+174	+15.8%
Hospice	Revenue	1,478	2,220	+741	+50.2%
	Segment profit (loss)	84	(130)	(214)	-
	EBITDA	150	(46)	(195)	-
In-home Nursing	Revenue	3,381	2,773	(608)	(18.0%)
	Segment profit	499	175	(324)	(64.9%)
	EBITDA	615	293	(322)	(52.3%)
Others	Revenue	51	49	(2)	(4.2%)
	Segment profit	4	3	(1)	(27.8%)
	EBITDA	7	3	(4)	(53.6%)
Adjustment	Revenue	(56)	(133)	(77)	-
	Segment profit	(189)	(288)	(99)	-
Total	Revenue	10,136	7,663	(2,473)	(24.4%)
	Segment profit	1,404	834	(571)	(40.6%)
	EBITDA	1,686	1,239	(447)	(26.5%)

Revenue from existing services and new services

Covid-19 Vaccination Support Services in Management Support segment and In-home Clinical Trials/In-home Monitoring Services in In-home Nursing segment, both of which have been launched in the fiscal year ended March 31, 2022, are defined as “New Services”. Services except New Services are defined as “Existing Services”. Although this New Services has been shrunk in the first quarter of this fiscal year, comparison of revenue by services is shown as follows to compare with the revenue by services in the first quarter of last fiscal year.

(Millions of yen)

Existing / New	Segment	Three months ended June 30, 2022	Three months ended June 30, 2023	Changes	
Existing Services	Management Support	2,078	2,707	+630	+30.3%
	Hospice	1,478	2,220	+741	+50.2%
	In-home Nursing	2,235	2,562	+327	+14.6%
	Others	51	49	(2)	(4.2%)
	Adjustment	(56)	(133)	(77)	-
	Total	5,785	7,404	+1,619	+28.0%

New Services	Management Support	3,204	48	(3,156)	(98.5%)
	Hospice	-	-	-	-
	In-home Nursing	1,147	211	(935)	(81.6%)
	Total	4,350	259	(4,091)	(94.0%)
Consolidated		10,136	7,663	(2,473)	(24.4%)

1) Management Support segment

The number of clients' major medical facilities (Note) for the three months ended June 30, 2023 was 105 facilities (up 18 facilities year-on-year). In addition, revenue per clients' major medical facility was 104 million yen (up 8 million yen year-on-year). As a result, revenue from Existing Services for the three months ended June 30, 2023 amounted to 2,707 million yen (up 30.3% year-on-year). On the other hand, Covid-19 Vaccination Support Services launched in the fiscal year ended March 31, 2022 and classified in the New Services were significantly shrunk. Therefore, revenue from Management Support segment amounted to 2,755 million yen (down 47.8% year-on-year).

Operating profit and EBITDA from Management Support segment amounted to 1,073 million yen (up 6.7% year-on-year) and 1,276 million yen (up 15.8% year-on-year) respectively. This is primarily due to an increase of profit from Existing Services while profit from Covid-19 Vaccination Support Services decreased.

(Note) Number of hospitals, long-term care health facilities, in-home care clinics, dialysis clinics, and outpatient clinics that CUC provides management support. (Average in the period)

2) Hospice segment

Revenue from Hospice segment for the three months ended June 30, 2023 amounted 2,220 million yen (up 50.2% year-on-year). This is primarily due to an increase of 5 hospices arising from the acquisition of Nature Inc., A&N Inc. and You Inc. completed in January 2023 and an opening of 5 hospices from July 2022 to June 2023.

Operating loss and EBITDA from Hospice segment amounted to 130 million yen (operating profit of 84 million yen for the previous corresponding period) and (46) million yen (EBITDA of 150 million yen for the previous corresponding period) respectively. This is primarily due to an increase in personnel costs arising from an increase in headcounts aiming to strengthen headquarters function and to increase occupancy rates.

3) In-home Nursing segment

Total care hours (Note) for the three months ended June 30, 2023 were 259 thousand hours (up 37 thousand hours year-on-year) due to an increase in the number of users and care hours per user. As a result, revenue from Existing Services for the three months ended June 30, 2023 amounted to 2,562 million yen (up 14.6% year-on-year). On the other hand, the revenue from In-home Clinical Trials and In-home Monitoring Services launched in the fiscal year ended March 31, 2022 and classified in the New Services was significantly shrunk. Therefore, revenue from In-home Nursing segment amounted to 2,773 million yen (down 18.0% year-on-year).

Operating profit and EBITDA from In-home Nursing segment amounted to 175 million yen (down 64.9% year-on-year) and 293 million yen (down 52.3% year-on-year) respectively. This is primarily due to a decrease of profit from In-home Clinical Trials and In-home Monitoring Services while profit from Existing Services increased due to the improvement in efficiencies of nurses and therapists in the segment.

(Note) Total number of hours of services provided by CUC group's nurses and therapists to users. Therapists mean physical therapists, occupational therapists, and speech therapists.

As a result of above, the group recorded revenue of 7,663 million yen (down 24.4% year-on-year), operating profit of 834 million yen (down 40.6% year-on-year), EBITDA of 1,239 million yen (down 26.5% year-on-year), profit before taxes of 793 million yen (down 42.5% year-on-year) and net income attributable to CUC shareholders of 482 million yen (down 47.3% year-on-year).

(2) Explanation of financial position

Total assets as of June 30, 2023 were 56,250 million yen, an increase of 16,500 million yen compared with the balance as of

March 31, 2023. Also, current assets as of June 30, 2023 were 27,293 million yen, an increase of 14,561 million yen compared with the balance as of March 31, 2023. This was primarily due to an increase in cash and cash equivalents of 14,671 million yen, which was primarily due to issuing new shares arising from the listing in the Tokyo Stock Exchange Growth Section.

Non-current assets as of June 30, 2023 were 28,957 million yen, an increase of 1,940 million yen compared with the balance as of March 31, 2023. This was primarily due to an increase in property, plant and equipment of 916 million yen, and an increase in right-of-use assets of 1,004 million yen, primarily arising from an increase in hospices.

Total liabilities as of June 30, 2023 were 32,327 million yen, an increase of 4,497 million yen compared with the balance as of March 31, 2023. This was primarily due to an increase in borrowings classified in the non-current liabilities of 17,922 million yen, and a decrease of 14,040 million yen classified in the current liabilities, primary arising from the refinance of borrowings from the parent company.

Total equity as of June 30, 2023 was 23,923 million yen, an increase of 12,003 million yen compared with the balance as of March 31, 2023. This was primarily due to an increase in share capital of 5,745 million yen, and an increase in capital surplus of 5,647 million yen, primarily arising from the listing in the Tokyo Stock Exchange Growth Section. Also, retained earnings increased 482 million yen due to the recording of net income attributable to CUC shareholders.

(3) Explanation of consolidated financial results forecast and forward-looking information

The content of the consolidated financial results forecast for the fiscal year ending March 31, 2024 is unchanged from the forecast announced on June 21, 2023.

1. Condensed quarterly consolidated financial statements

(1) Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	4,120	18,791
Trade and other receivables	8,240	8,036
Inventories	44	33
Other financial assets	77	86
Other current assets	251	346
Total current assets	12,732	27,293
Non-current assets		
Property, plant and equipment	7,350	8,266
Right-of-use assets	4,712	5,716
Goodwill	4,723	4,809
Intangible assets	2,775	2,746
Investment property	4,366	4,399
Deferred tax assets	218	218
Other financial assets	2,838	2,769
Other non-current assets	35	35
Total non-current assets	27,018	28,957
Total assets	39,750	56,250

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,155	1,698
Borrowings	16,040	2,000
Lease liabilities	889	981
Deposits received	432	450
Income taxes payable	389	302
Contract liabilities	4	11
Other financial liabilities	445	489
Other current liabilities	935	964
Total current liabilities	21,290	6,896
Non-current liabilities		
Borrowings	-	17,922
Lease liabilities	4,523	5,425
Retirement benefit liability	188	201
Deferred tax liabilities	1,396	1,373
Other financial liabilities	78	79
Other non-current liabilities	356	430
Total non-current liabilities	6,540	25,431
Total liabilities	27,830	32,327
Equity		
Share capital	1,063	6,808
Capital surplus	1,258	6,906
Retained earnings	7,715	8,196

Other components of equity	1,669	1,757
Equity attributable to CUC shareholders	11,704	23,666
Non-controlling interests	216	257
Total equity	11,920	23,923
Total liabilities and equity	39,750	56,250

(2) Condensed quarterly consolidated statement of income and comprehensive income

Condensed quarterly consolidated statement of income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Revenue	10,136	7,663
Cost of sales	6,348	3,997
Gross profit	3,788	3,666
Selling, general and administrative expenses	2,372	2,816
Other income	10	11
Other expenses	21	28
Operating profit	1,404	834
Finance income	7	8
Finance costs	33	49
Profit before taxes	1,378	793
Income tax expense	471	319
Net income	907	474
Net income attributable to		
CUC shareholders	913	482
Non-controlling interests	(6)	(8)
Net income	907	474
Earnings per share		
Basic earnings per share (yen)	43.75	21.25
Diluted earnings per share (yen)	43.75	21.22

Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net income	907	474
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	78	(75)
Total of items that will not be reclassified to profit or loss	78	(75)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	217	209
Total of items that may be reclassified to profit or loss	217	209
Other comprehensive income, net of tax	295	134
Comprehensive income	1,201	607
Comprehensive income attributable to		
CUC shareholders	1,188	566
Non-controlling interests	13	41
Comprehensive income	1,201	607

(3) Condensed quarterly consolidated statement of changes in equity

Three months ended June 30, 2022

(Millions of yen)

	Equity attributable to CUC shareholders				
	Share capital	Capital surplus	Retained earnings	Other components of equity	
				Exchange differences on translation of foreign operations	Share acquisition rights
As of April 1, 2022	1,049	1,025	5,290	358	-
Net income	-	-	913	-	-
Other comprehensive income	-	-	-	198	-
Comprehensive income	-	-	913	198	-
Issuance of new shares	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-
As of June 30, 2022	1,049	1,025	6,203	555	-

	Equity attributable to CUC shareholders				
	Other components of equity		Total	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Total			
As of April 1, 2022	1,736	2,094	9,457	222	9,679
Profit	-	-	913	(6)	907
Other comprehensive income	78	275	275	19	295
Comprehensive income	78	275	1,188	13	1,201
Issuance of new shares	-	-	-	-	-
Share-based payment transactions	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	-
As of June 30, 2022	1,814	2,369	10,645	235	10,880

Three months ended June 30, 2023

(Millions of yen)

	Equity attributable to CUC shareholders				
	Share capital	Capital surplus	Retained earnings	Other components of equity	
				Exchange differences on translation of foreign operations	Share acquisition rights
As of April 1, 2023	1,063	1,258	7,715	479	34
Net income	-	-	482	-	-
Other comprehensive income	-	-	-	160	-
Comprehensive income	-	-	482	160	-
Issuance of new shares	5,745	5,647	-	-	-
Share-based payment transactions	-	-	-	-	4
Total transactions with shareholders	5,745	5,647	-	-	4
As of June 30, 2023	6,808	6,906	8,196	639	38

	Equity attributable to CUC shareholders				
	Other components of equity		Total	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Total			
As of April 1, 2023	1,155	1,669	11,704	216	11,920
Net income	-	-	482	(8)	474
Other comprehensive income	(75)	84	84	49	134
Comprehensive income	(75)	84	566	41	607
Issuance of new shares	-	-	11,392	-	11,392
Share-based payment transactions	-	4	4	-	4
Total transactions with shareholders	-	4	11,396	-	11,396
As of June 30, 2023	1,080	1,757	23,666	257	23,923

2. Segment information

(1) Overview of reportable segment

CUC group's reportable segments are components for which separate financial information is available and regularly reviewed by the board of directors so as to make decisions about allocation of resources to the segments and evaluate their performance.

CUC group has three reportable segments of "Management Support", "Hospice" and "In-home Nursing".

Management Support segment provides strategic and administrative supports for medical institutions.

Hospice segment provides nursing and care services for patients who live in hospice facilities.

In-home Nursing segment provides nursing services for patients at their home.

(2) Information about reportable segment

Revenue, profit or loss, and other items by reportable segments are as follows.

Intersegment transaction pricing is determined based on prevailing market prices.

Three months ended June 30, 2022

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Management support	Hospice	In-home Nursing	Total				
Revenue								
To outside customers	5,226	1,478	3,381	10,085	51	10,136	-	10,136
Inter-segment revenue	56	-	-	56	-	56	(56)	-
Total	5,281	1,478	3,381	10,141	51	10,191	(56)	10,136
Segment profit (loss) (Note 3)	1,006	84	499	1,590	4	1,593	(189)	1,404
Finance income	-	-	-	-	-	-	-	7
Finance costs	-	-	-	-	-	-	-	33
Profit before taxes	-	-	-	-	-	-	-	1,378
Net income	-	-	-	-	-	-	-	907
Others								
Depreciation and amortization	84	65	118	266	4	270	-	270

- (Note) 1. "Others" is a business segment which is not attributable to reportable segments and includes dispensing pharmacy services and sales of ophthalmology materials and eyeglass supplies, etc.
2. "Adjustment" of (189) million yen is primarily general and administrative expense that is not attributable to reportable segments.
3. Consolidated segment profit (loss) is correspondent with operating profit in the condensed quarterly consolidated statement of income.

Three months ended June 30, 2023

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Management support	Hospice	In-home Nursing	Total				
Revenue								
To outside customers	2,622	2,220	2,773	7,614	49	7,663	-	7,663
Inter-segment revenue	133	-	-	133	-	133	(133)	-
Total	2,755	2,220	2,773	7,747	49	7,796	(133)	7,663
Segment profit (loss) (Note 3)	1,073	(130)	175	1,119	3	1,121	(288)	834
Finance income	-	-	-	-	-	-	-	8
Finance costs	-	-	-	-	-	-	-	49
Profit before taxes	-	-	-	-	-	-	-	793
Net income	-	-	-	-	-	-	-	474
Others								
Depreciation and amortization	183	87	116	387	2	389	-	389

- (Note) 1. “Others” is a business segment which is not attributable to reportable segments and includes dispensing pharmacy services and sales of ophthalmology materials and eyeglass supplies, etc.
2. “Adjustment” of (288) million yen is primarily general and administrative expense that is not attributable to reportable segments.
3. Consolidated segment profit (loss) is correspondent with operating profit in the condensed quarterly consolidated statement of income.

(3) Changes in reportable segment

Until the previous fiscal year, CUC group aggregated In-home Nursing business and Hospice business as In-home Nursing/Hospice segment considering the similarity of services and long-term profitability.

In the first quarter of this fiscal year, CUC has raised capital by listing, and such capital will be used for the construction of hospices. Long-term profitability of Hospice business is expected to become different from In-home Nursing business by accelerating the construction of relatively larger hospices which are expected to generate higher margin than existing small hospices.

Therefore, CUC has changed its reportable segments from “Management Support” and “In-home Nursing/Hospice” to “Management Support”, “Hospice” and “In-home Nursing” from the current fiscal year. The segment information for the three months ended June 30, 2022 reflected changes in reportable segments in this fiscal year.