



CUC Inc.

Financial Results for the quarter ended June 2023

Consolidated Financial Results

Consolidated Operating Results

Revenue and EBITDA from Existing Services increased while consolidated revenue and EBITDA decreased due to a steep decline of New Services related to Covid-19

(Millions of yen)

	2023/3 Q1	2024/3 Q1	Change	%
Revenue	10,136	7,663	(2,473)	(24.4%)
- Existing Services ⁽¹⁾	5,785	7,404	+1,619	+28.0%
- New Services ⁽²⁾	4,350	259	(4,091)	(94.0%)
EBITDA ⁽³⁾	1,686	1,239	(447)	(26.5%)
- Existing Services ⁽¹⁾⁽⁴⁾	531	1,137	+606	+114.1%
- New Services ⁽²⁾⁽⁴⁾	1,155	103	(1,053)	(91.1%)
Net income attributable to CUC shareholders	913	482	(431)	(47.3%)

1. CUC group's services except for the New Services (the same applies hereinafter).

2. Covid-19 Vaccination Support Services, In-home Clinical Trials and In-home Monitoring Services (the same applies hereinafter).

3. EBITDA = Operating profit + depreciation and amortization expenses \pm other income and expenses (the same applies hereinafter).

4. EBITDA from Existing Services and New Services are based on management accounting figures (the same applies hereinafter).

Consolidated Operating Results (Year-on-Year)

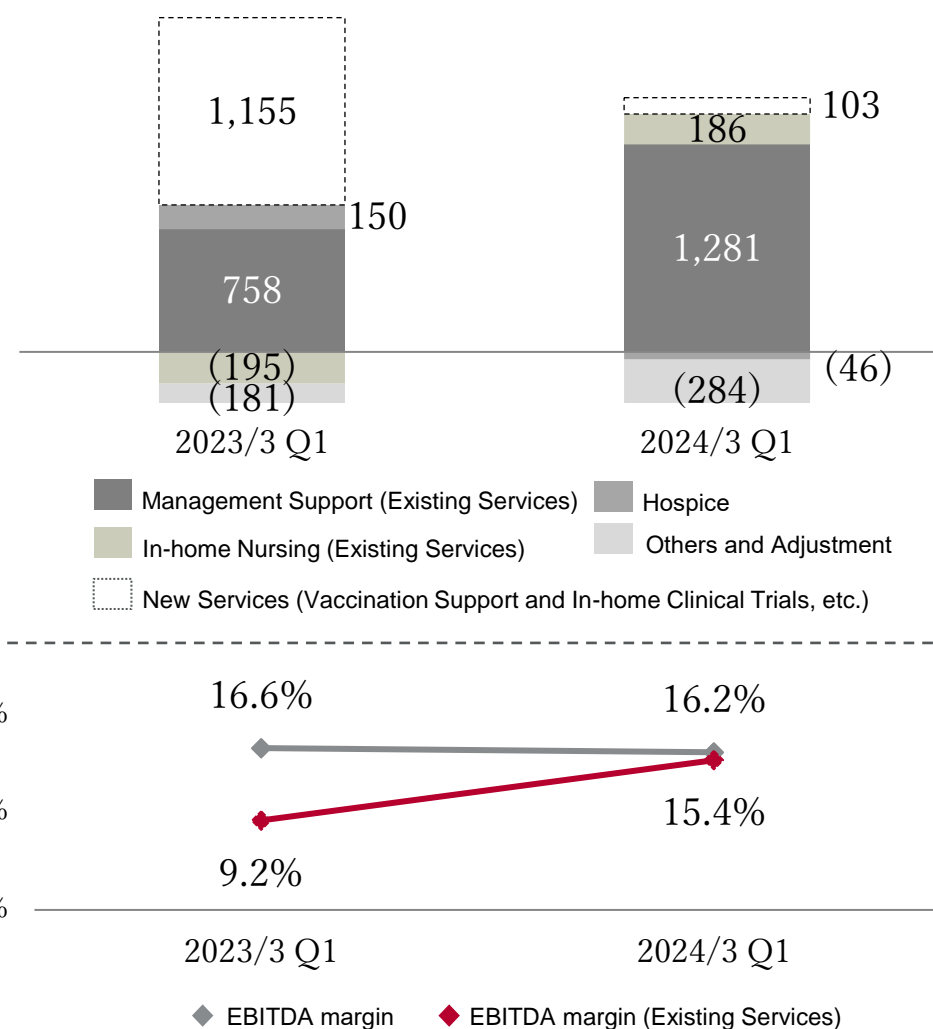
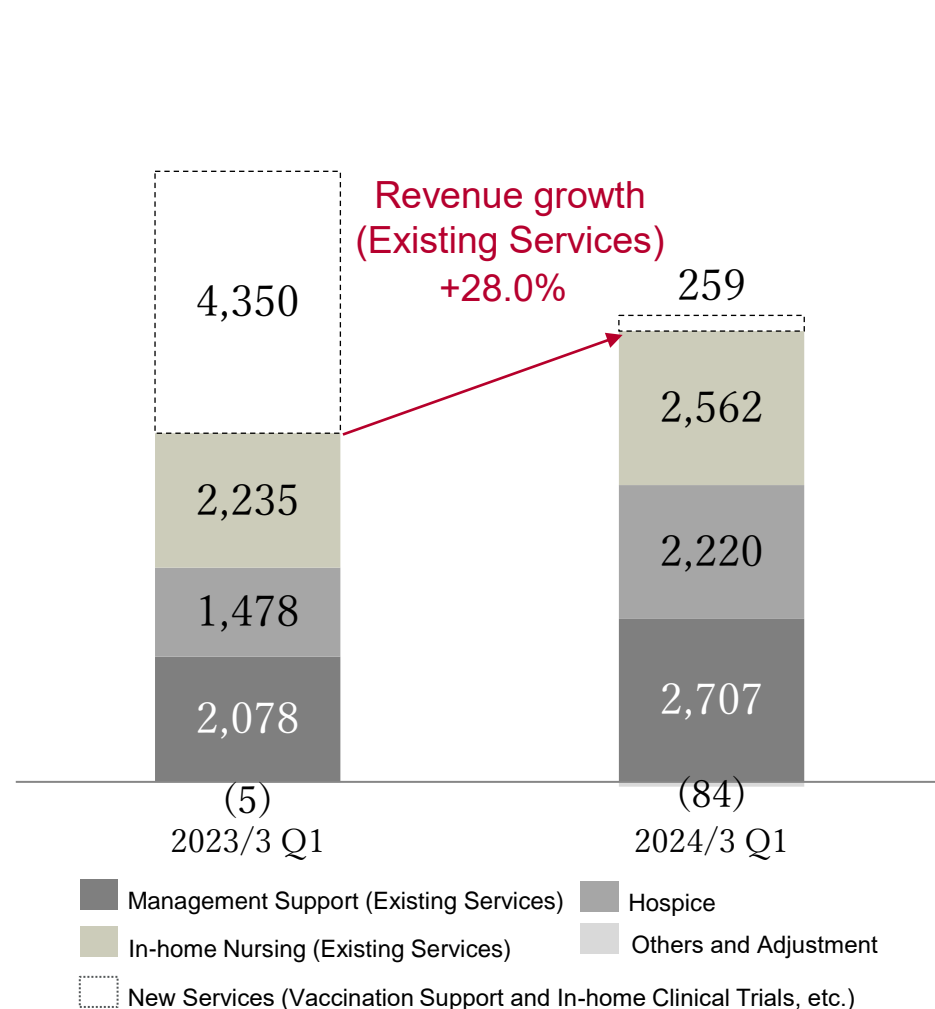
Revenue from Existing Services grew 28.0%. EBITDA and EBITDA margin from Existing Services increased significantly compared with 2023/3 Q1

Revenue

(Millions of yen)

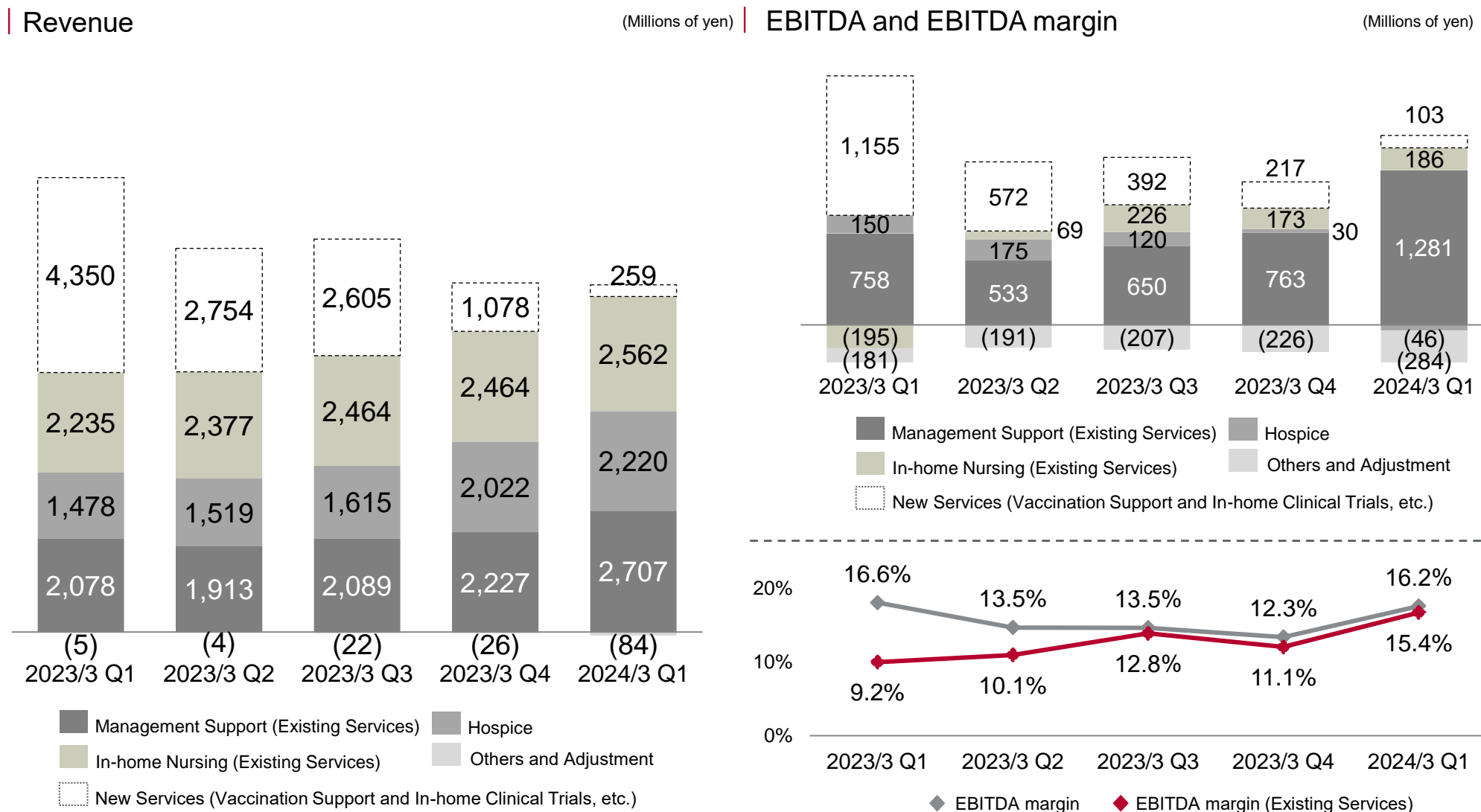
EBITDA and EBITDA margin

(Millions of yen)



Consolidated Operating Results (Quarterly)

Revenue from Existing Services increased compared with 2023/3 Q4. EBITDA and EBITDA margin from Existing Services increased significantly as well



Summary of Consolidated Statement of Financial Position

(Millions of yen)	2022/3	2023/3	2023/6
Current Assets	15,153	12,732	27,293
1 Cash and cash equivalents	4,355	4,120	18,791
Trade and other receivables	10,515	8,240	8,036
Non-current assets	19,373	27,018	28,957
Property, plant and equipment	3,044	7,350	8,266
Right-of-use assets	3,637	4,712	5,716
Goodwill	4,403	4,723	4,809
Intangible assets	2,666	2,775	2,746
Total assets	34,526	39,750	56,250

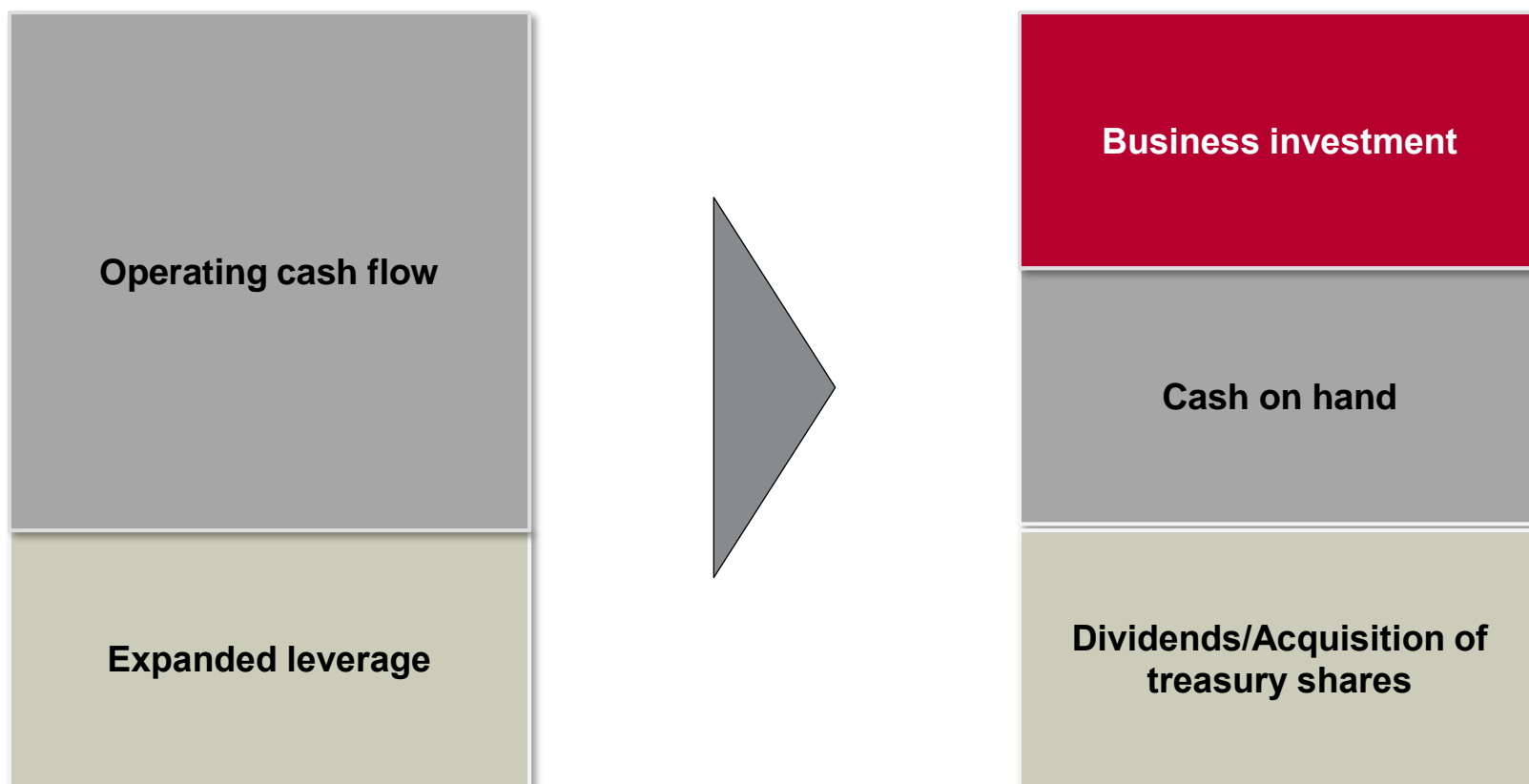
1 Increased primarily due to issuing new shares by listing on the Tokyo Stock Exchange Growth Section

2 Executed the long-term borrowings from banks and completed the full repayment of the short-term borrowings from the parent company

	2022/3	2023/3	2023/6
Current liabilities	19,338	21,290	6,896
Trade and other payables	3,946	2,155	1,698
2 Borrowings	10,684	16,040	2,000
Lease liabilities	690	889	981
Non-current liabilities	5,509	6,540	25,431
2 Borrowings	-	-	17,922
Lease liabilities	3,527	4,523	5,425
Total liabilities	24,847	27,830	32,327
Total equity	9,679	11,920	23,923
1 Share capital	1,049	1,063	6,808
Capital surplus	1,025	1,258	6,906
Retained earnings	5,290	7,715	8,196
Other components of equity	2,094	1,669	1,757
Equity attributable to CUC shareholders	9,457	11,704	23,666
Non-controlling interests	222	216	257
Total liabilities and equity	34,526	39,750	56,250

Financial Policy

CUC does not plan to pay dividends or to acquire treasury shares at this stage since CUC is currently in the growth stage and need to conduct business investments such as the construction of hospice facilities and M&As. CUC will consider leveraging while monitoring Net debt/EBITDA ratio and ratio of equity attributable to CUC shareholders

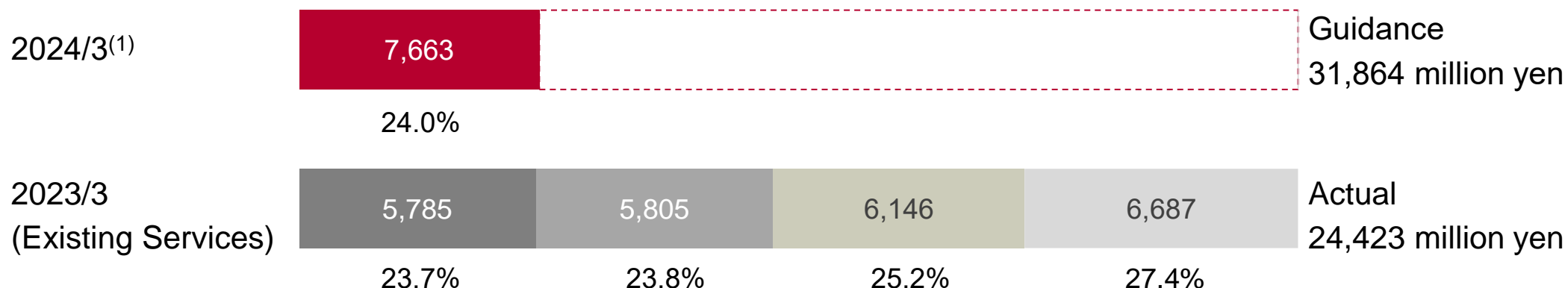


Progress Against Guidance

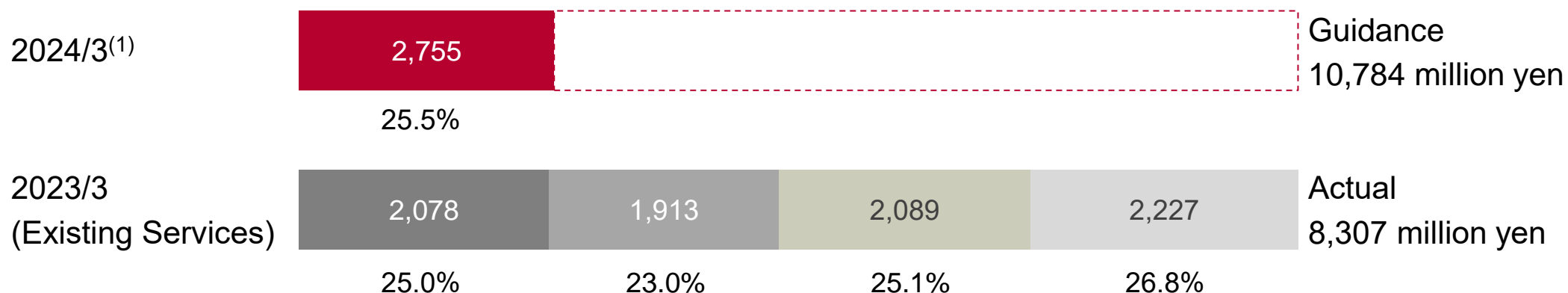
Revenue Progress Against Guidance (1/2)

Consolidated revenue and revenue from Management Support segment have progressed at a pace exceeding the previous year

| Consolidated



| Management Support segment

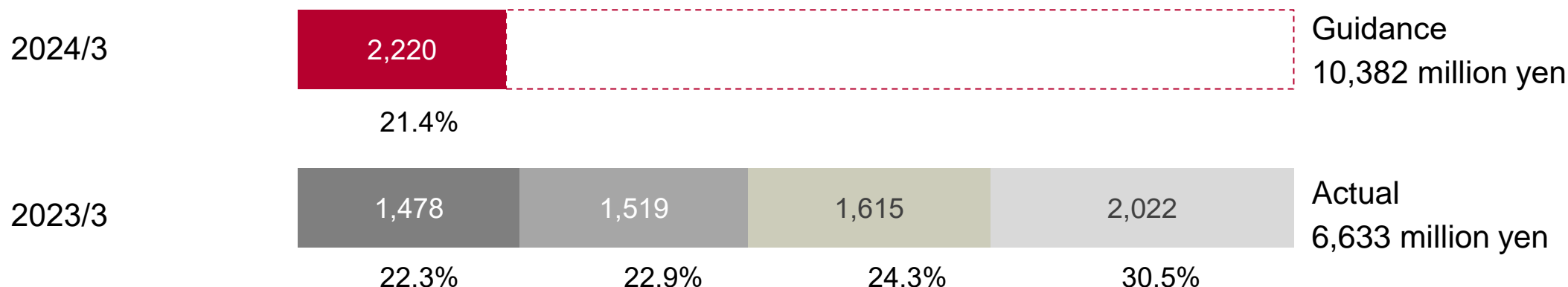


1. Including revenue from New Services with marginal impact.

Revenue Progress Against Guidance (2/2)

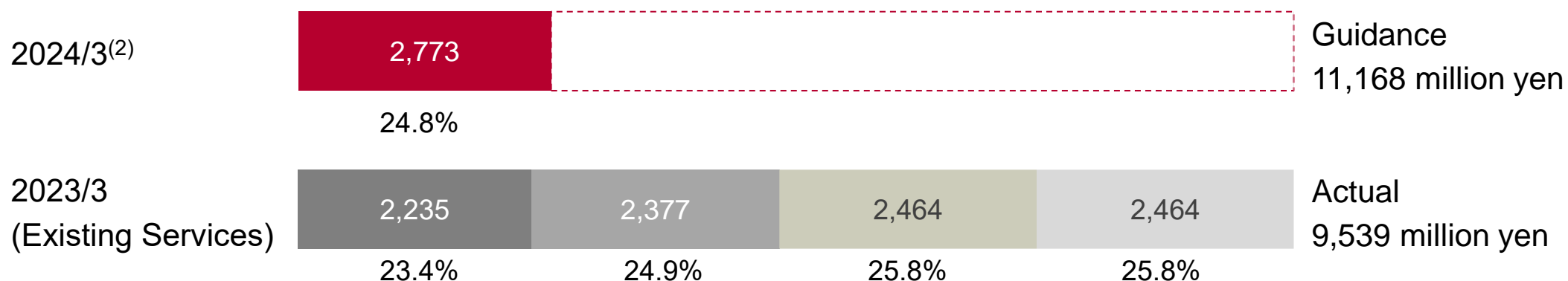
While In-home nursing has progressed at a pace exceeding previous year, revenue from Hospice is expected to increase every quarter by opening of new hospices during the period.

Hospice segment



Increased due to the acquisition of Nature group⁽¹⁾ in Jan 2023

In-home Nursing segment



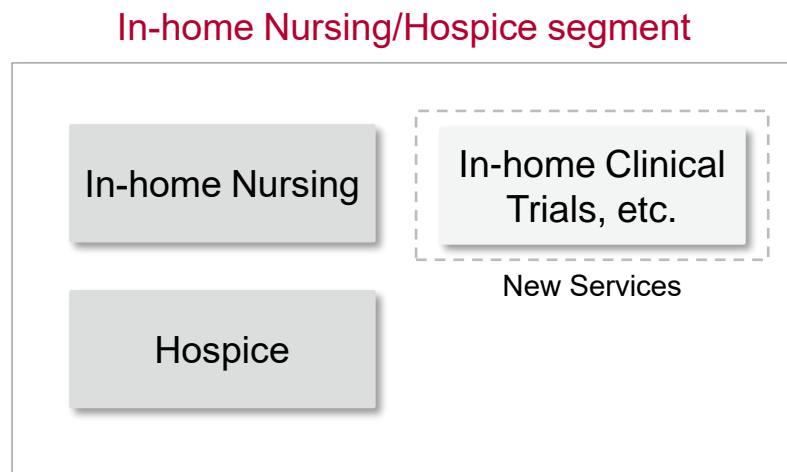
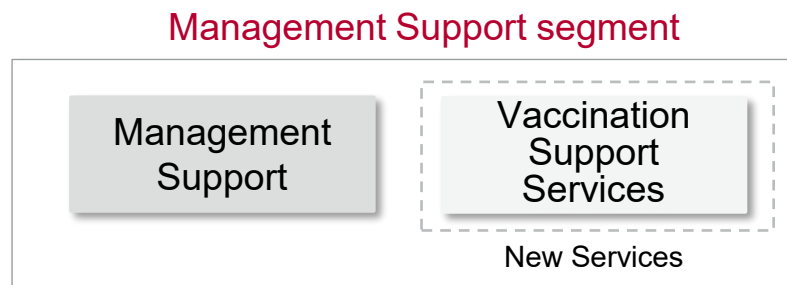
1. Nature Inc., A&N Inc. and You Inc. (the same applies hereinafter)
2. Including revenue from New Services with marginal impact.

Operating Results by Segment

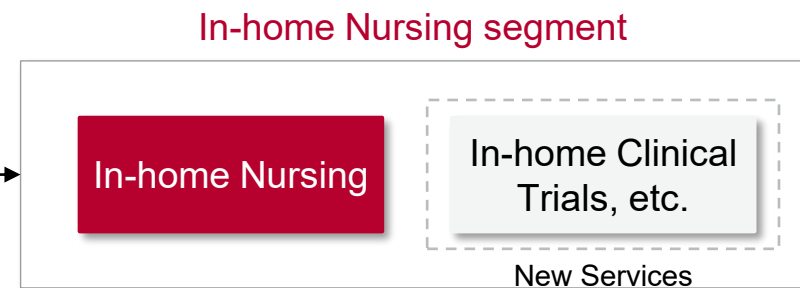
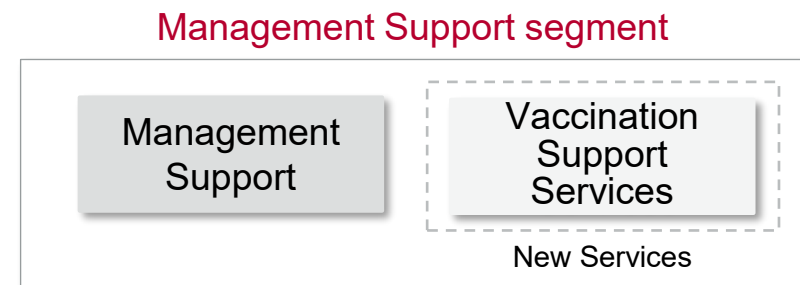
Change in Reportable Segment

Reportable segments have been changed as follows from the first quarter of the fiscal year Ending March 31, 2024

| Former segments



| New segments



Operating Results by Segment (1/2)

Revenue from Management Support (Existing Services), Hospice, and In-home Nursing (Existing Services) increased year-on-year

(Millions of yen)

	2023/3 Q1	2024/3 Q1	Change	%
Revenue	10,136	7,663	(2,473)	(24.4%)
Management Support segment	5,281	2,755	(2,526)	(47.8%)
- Existing Services	2,078	2,707	+630	+30.3%
- New Services	3,204	48	(3,156)	(98.5%)
Hospice segment	1,478	2,220	+741	+50.2%
In-home Nursing segment	3,381	2,773	(608)	(18.0%)
- Existing Services	2,235	2,562	+327	+14.6%
- New Services	1,147	211	(935)	(81.6%)
Others and Adjustment	(5)	(84)	(79)	-

Operating Results by Segment (2/2)

EBITDA from Management Support and In-home Nursing segment increased while EBITDA from Hospice segment decreased year-on-year

(Millions of yen)

	2023/3 Q1	2024/3 Q1	Change	%
EBITDA	1,686	1,239	(447)	(26.5%)
Management Support segment	1,102	1,276	+174	+15.8%
- Existing Services	758	1,281	+523	+69.1%
- New Services	345	(5)	(350)	-
Hospice segment	150	(46)	(195)	-
In-home Nursing segment	615	293	(322)	(52.3%)
- Existing Services	(195)	186	+381	-
- New Services	810	107	(703)	(86.8%)
Others and Adjustment	(181)	(284)	(103)	-

Operating Results of Management Support Segment (Year-on-Year)

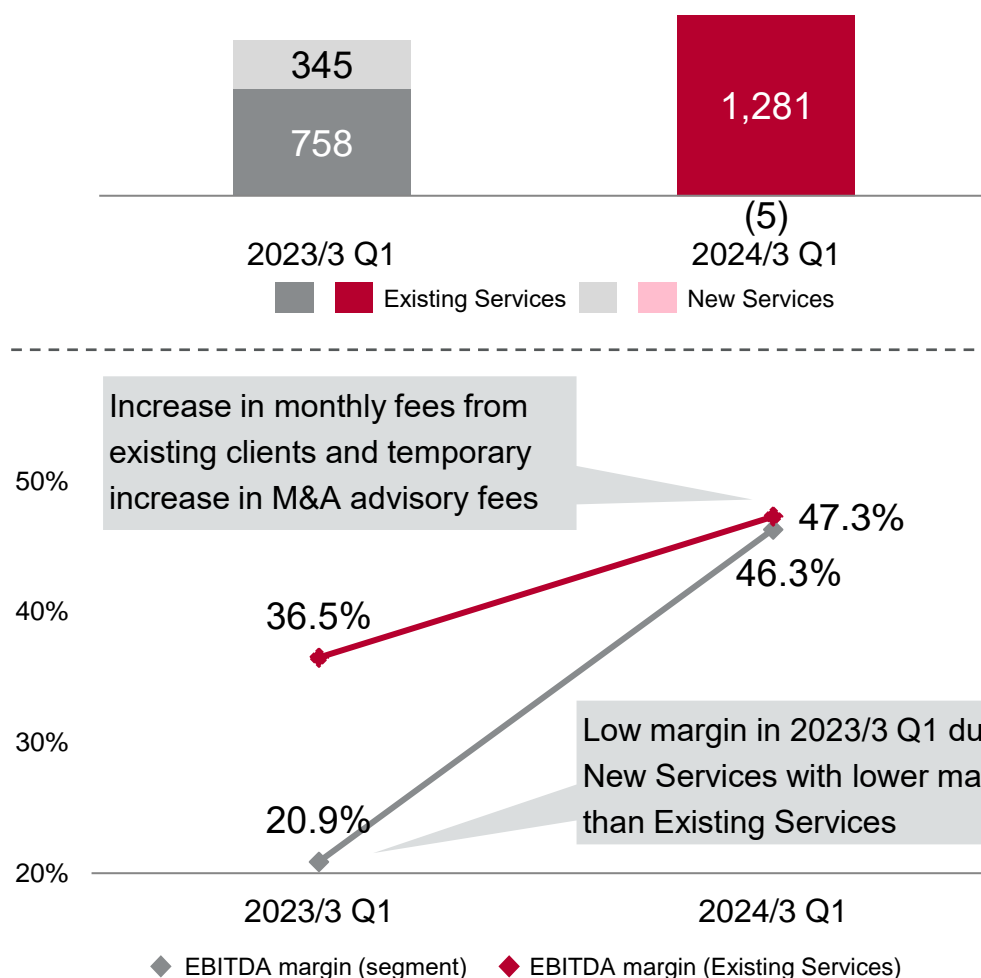
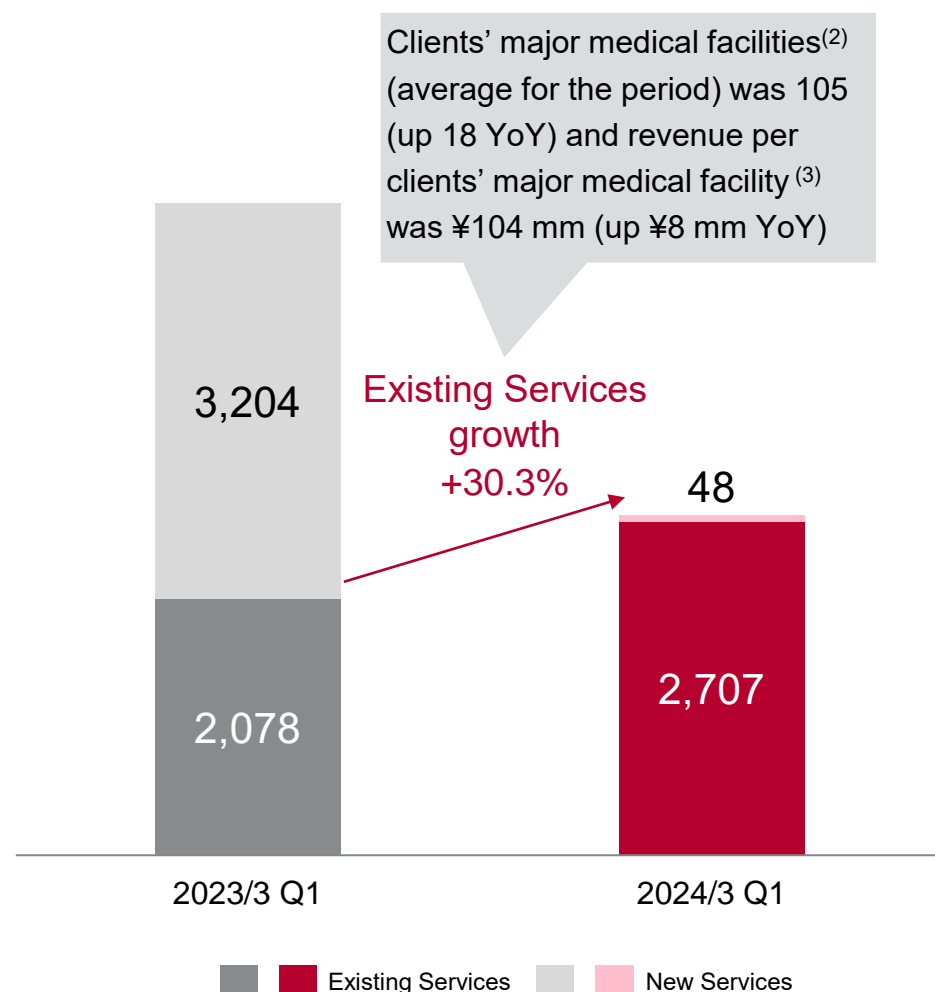
Revenue from Existing Services grew 30.3%. EBITDA margin was 47.3% primarily due to increase in monthly fees from existing clients and temporary increase in M&A advisory fee⁽¹⁾

Revenue

(Millions of yen)

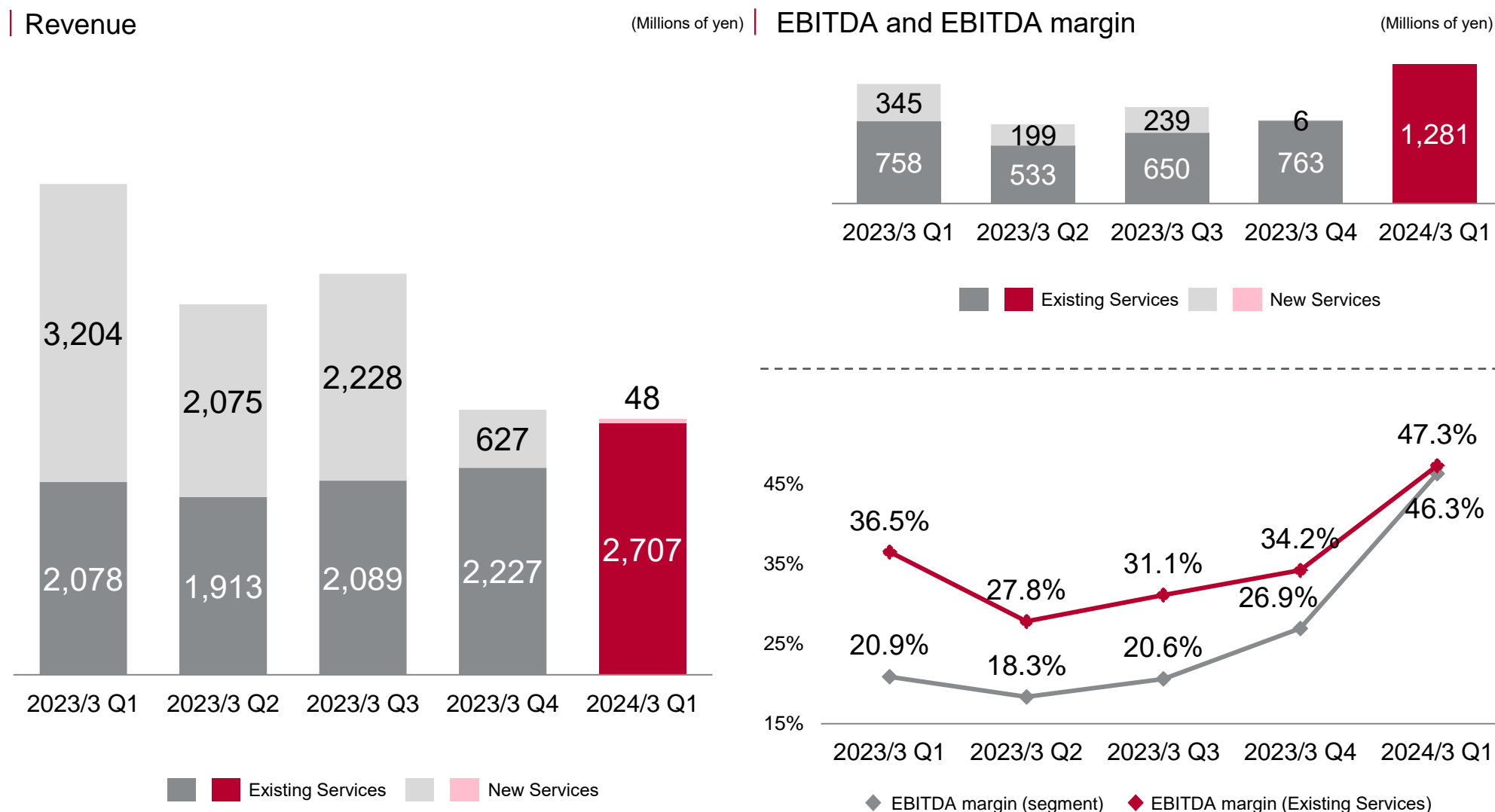
EBITDA and EBITDA margin

(Millions of yen)

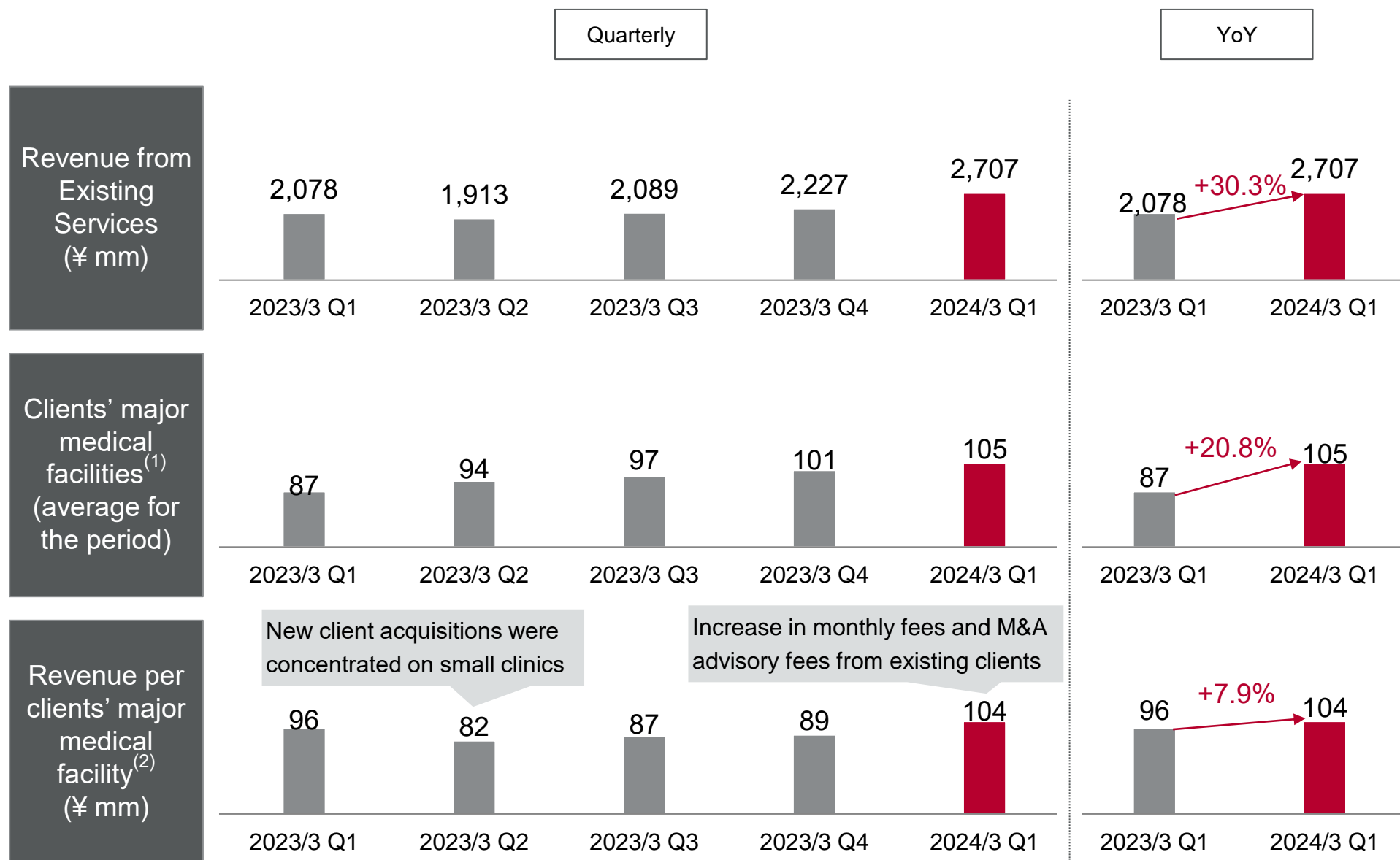


Operating Results of Management Support Segment (Quarterly)

Revenue and EBITDA from Existing Services increased compared with 2023/3 Q4 primarily due to increase in clients' major medical facilities and monthly fees from existing clients, and temporary increase in M&A advisory fees



Key Operating Drivers of Management Support Segment

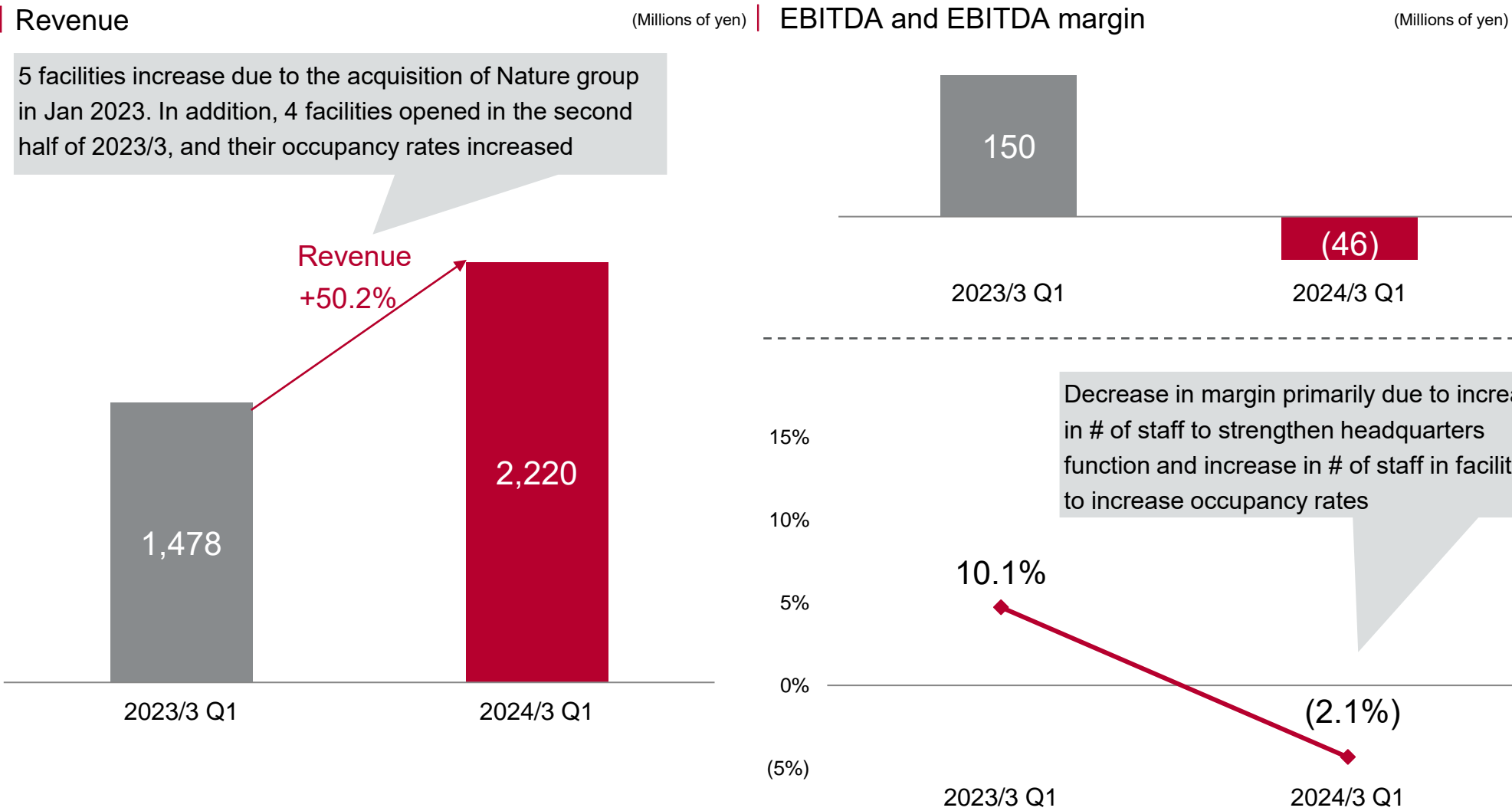


1. Number of hospitals, long-term care health facilities, in-home care clinics, dialysis clinics, and outpatient clinics that CUC provides management support.

2. Calculated by dividing annualized revenue (multiplying quarterly revenue (Existing Services) by 4) by the average number of clients' major medical facilities during the same quarter.

Operating Results of Hospice Segment (Year-on-Year)

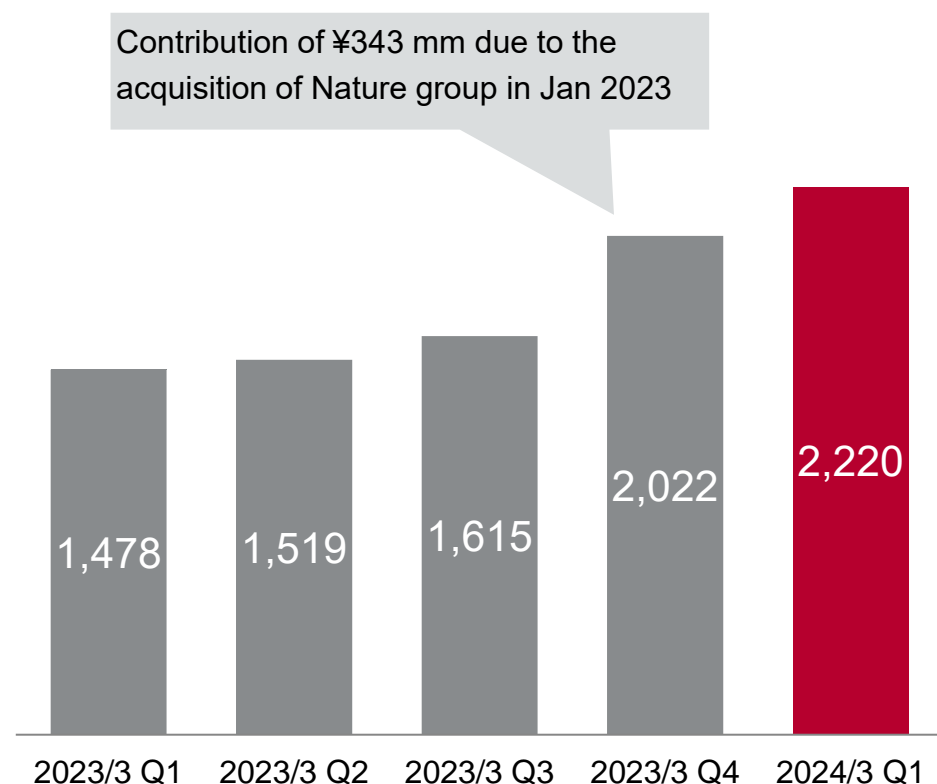
Revenue grew 50.2% primarily due to the acquisition of Nature group and new facility openings in the previous fiscal year. EBITDA margin decreased primarily due to increase in number of staff aiming to strengthen headquarters and increase occupancy rates



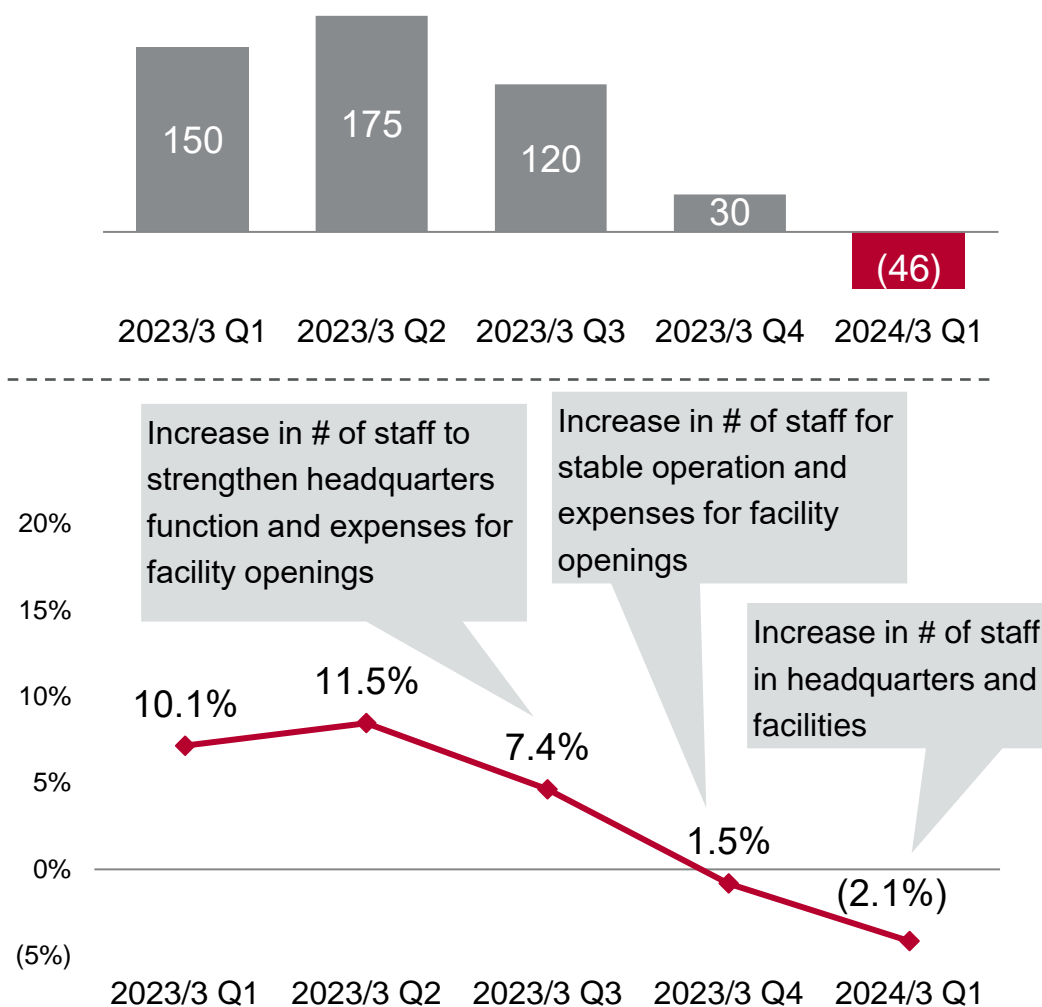
Operating Results of Hospice Segment (Quarterly)

Revenue increased every quarter primarily due to facility openings. EBITDA margin decreased primarily due to increase in number of staff aiming to strengthen headquarters and increase occupancy rates since 2023/3 Q3

Revenue



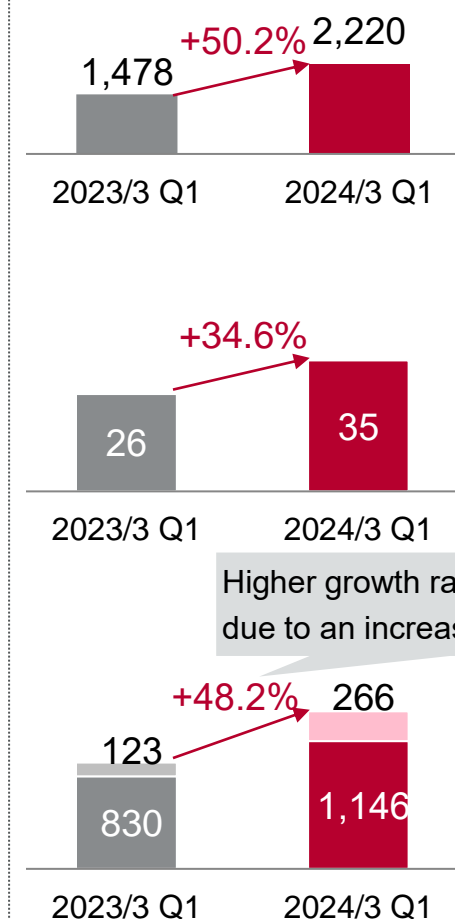
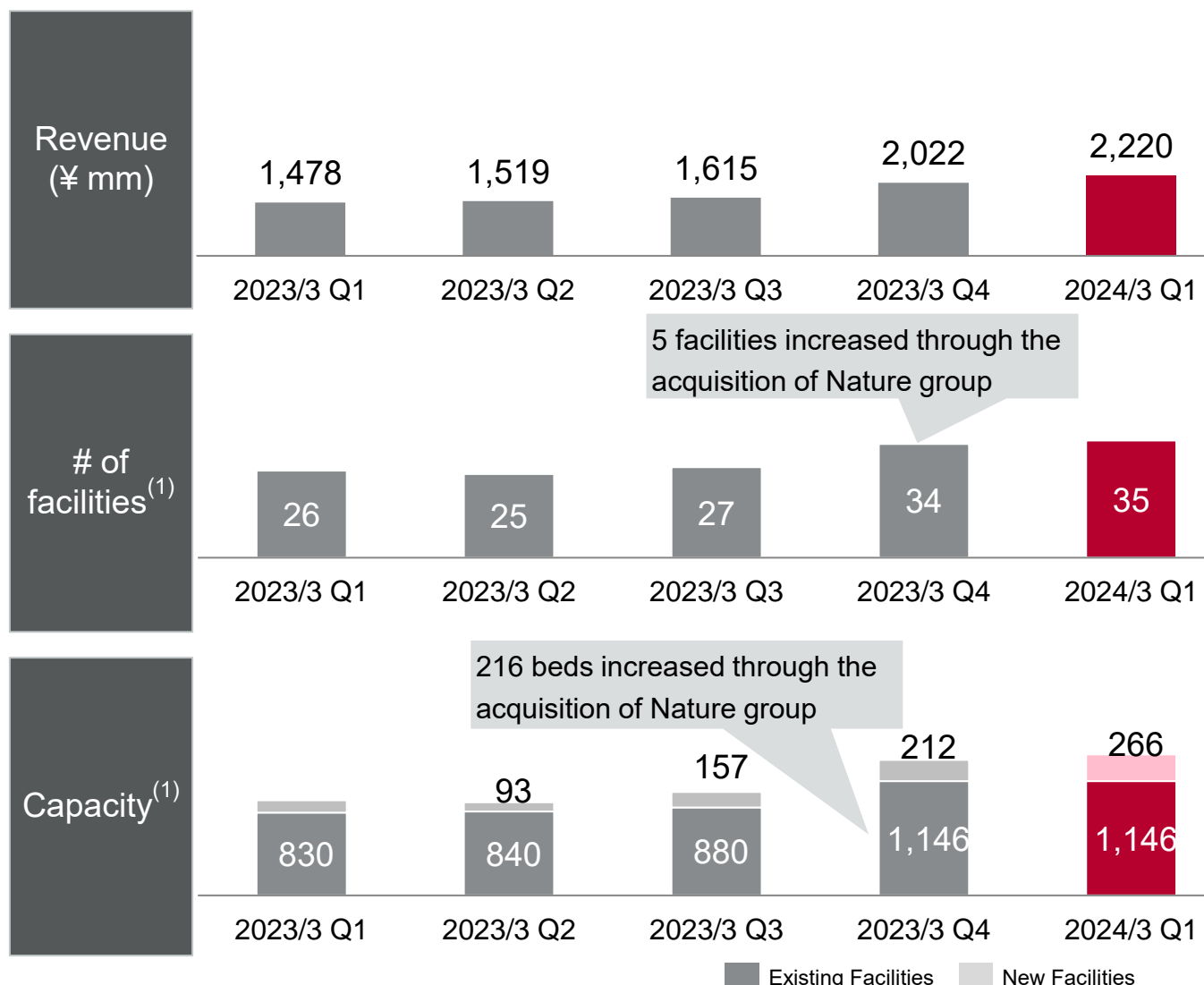
EBITDA and EBITDA margin



Key Operating Drivers of Hospice Segment (1/2)

Quarterly

YoY



Target opening⁽²⁾

2024/3E: 7⁽³⁾

2025/3E: 9~14

2026/3E: 15~20

1. The number of hospices and capacity which CUC group provides services at the end of each quarter. Hospices past 12+ months after the opening at the end of each quarter or acquired through M&A are defined as "Existing Facilities" and Hospices opened within 12 months at the end of each quarter are defined as "New Facilities".

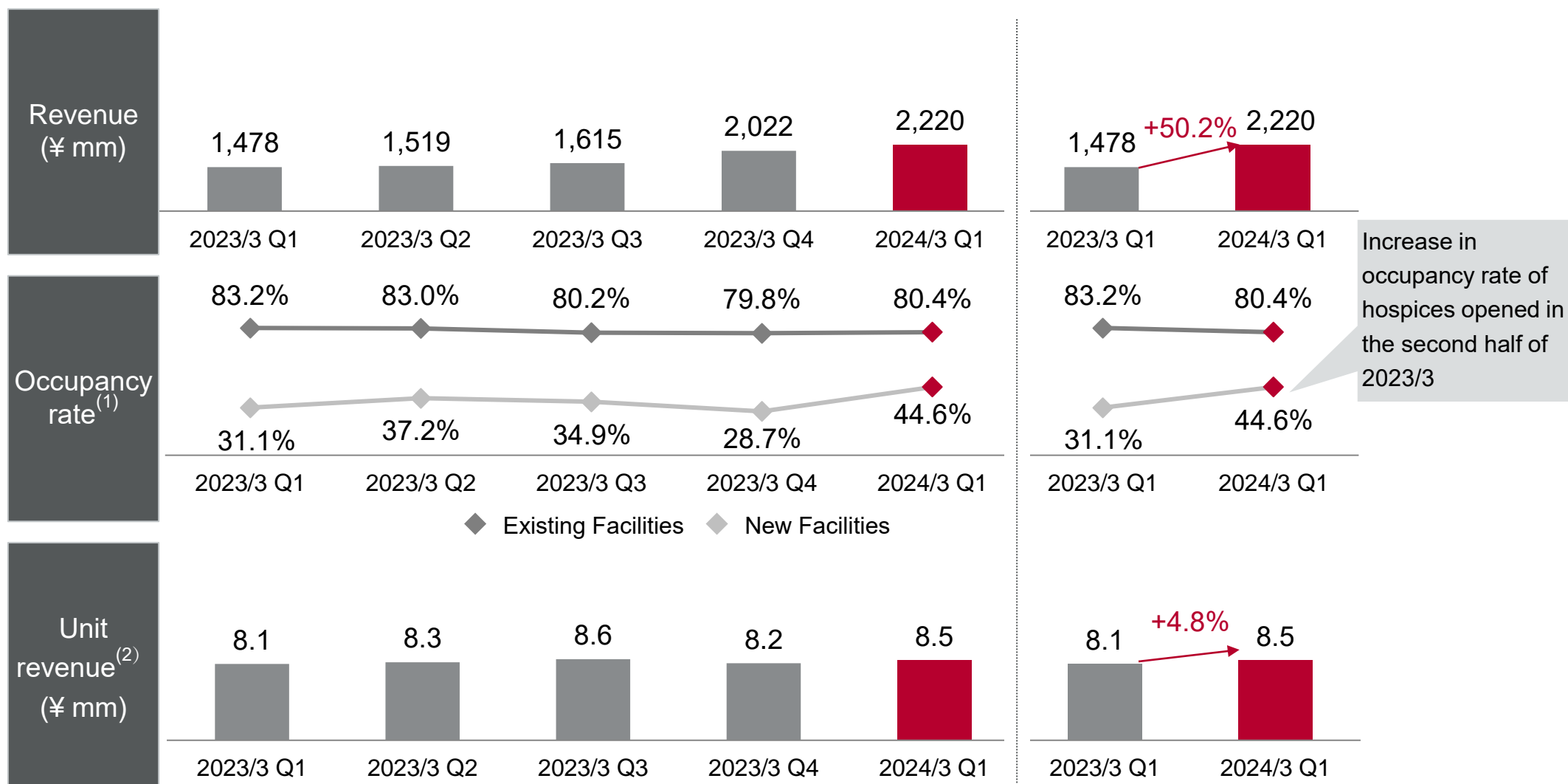
2. Target figures set by CUC Group based on information available as of the date of this document and under certain assumptions and premises including macroeconomic environment and regulatory trends and are not a guarantee of the achievement of the target.

3. Target opening for 2024/3E refers to facilities that are in the middle of process of opening and their opening has been confirmed. However, it does not guarantee the realization of future target figures.

Key Operating Drivers of Hospice Segment (2/2)

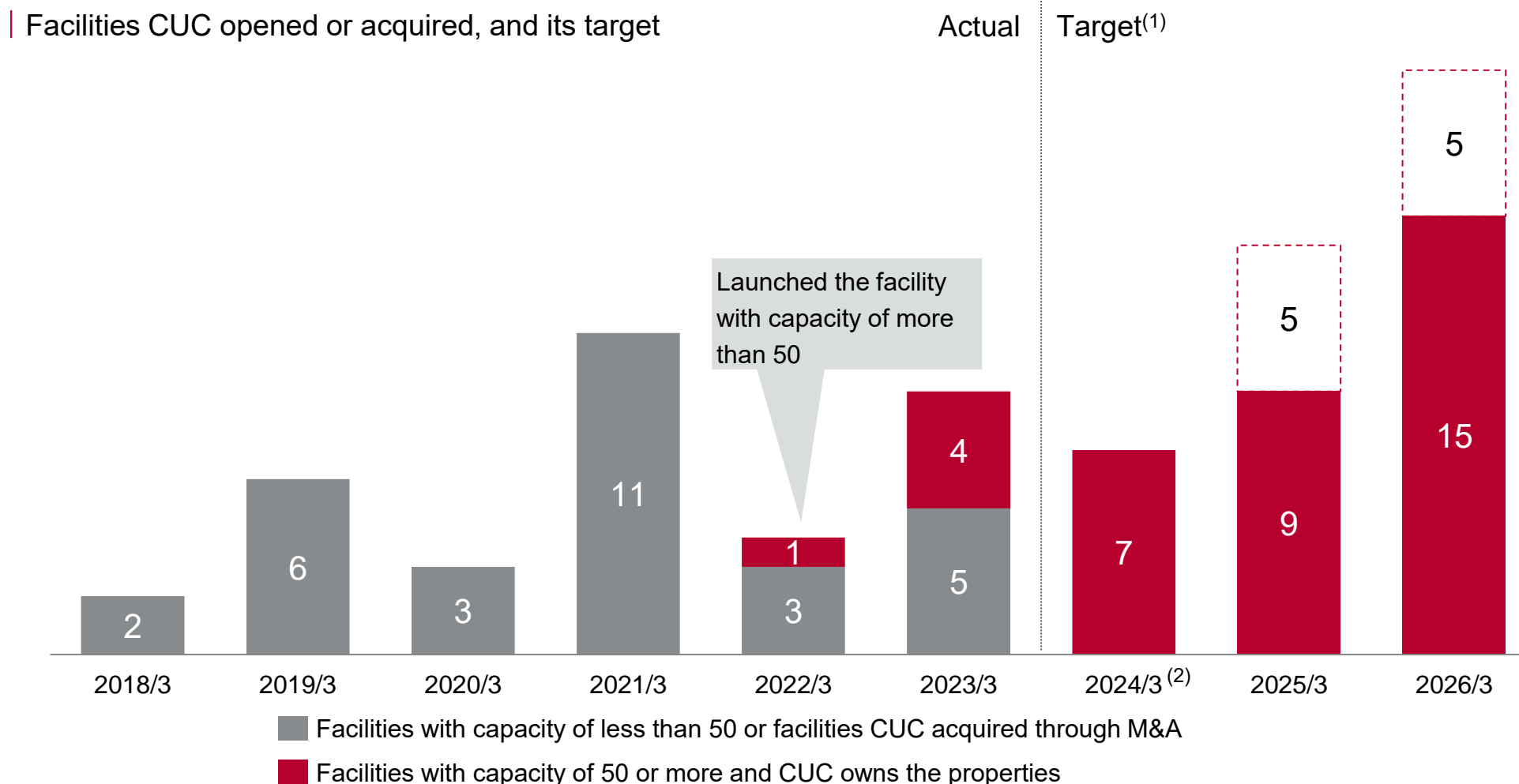
Quarterly

YoY



Number of Facilities and Their Capacity

CUC started to launch the large facilities with capacity of 50 or more in March 2022. CUC plans to accelerate the opening of such large facilities which are expected to generate higher margin compared with its existing small facilities



1. Target figures set by CUC Group based on information available as of the date of this document and under certain assumptions and premises including macroeconomic environment and regulatory trends and are not a guarantee of the achievement of the target.
 2. Target opening for 2024/3E refers to facilities that are in the middle of process of opening and their opening has been confirmed. However, it does not guarantee the realization of future target figures.

Planned Opening of Hospices after July 2023

| Planned Opening⁽¹⁾ as of June 30, 2023

Location	Capacity	Construction start	Planned Opening date	
Saitama, Saitama	51	2022/12	2023/3 Q2	2023/7
Nara, Nara	54	2023/2		2023/9
Aichi, Okazaki	54	2023/4	2023/3 Q3	2023/11
Miyagi, Sendai	54	2023/5		2023/12
Hyogo, Kobe	54	2023/5		2023/12
Hokkaido, Sapporo	54	2023/6	2023/3 Q4	2024/2
Tokyo, Machida	53	2023/9	2024/3 Q1	2024/4
Fukuoka, Fukuoka	54	2023/9		2024/5
Kyoto, Minami	54	2023/9		2024/6
Kyoto, Ukyo	54	2024/2	2024/3 Q3	2024/12

Opened on
July 3, 2023

1. This is a schedule as of the date of this document, and the start/completion timing of construction, capacity and investment amount may change in the future, due to various reasons.

Operating Results of In-home Nursing Segment (Year-on-Year)

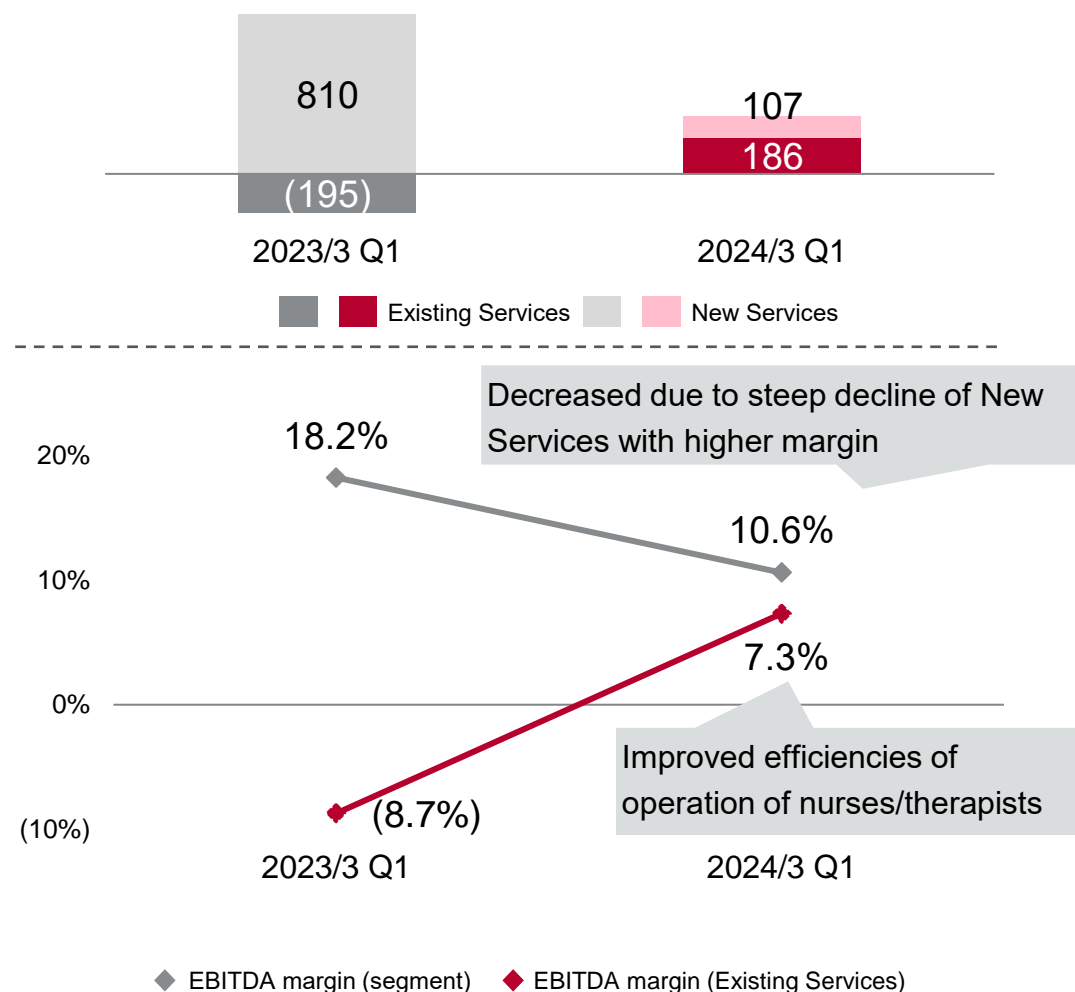
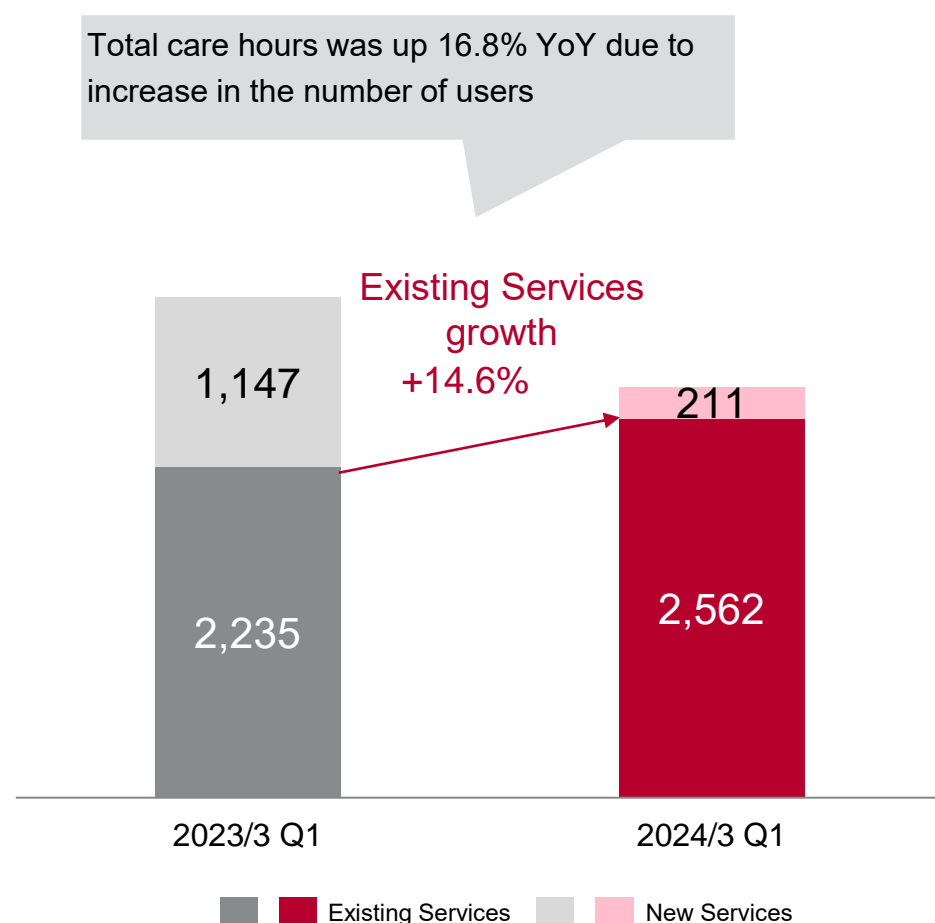
Revenue from Existing Services grew at 14.6% due to increase in total care hours⁽¹⁾. EBITDA margin significantly improved due to improved efficiencies of operation of nurses/therapists

Revenue

(Millions of yen)

EBITDA and EBITDA margin

(Millions of yen)

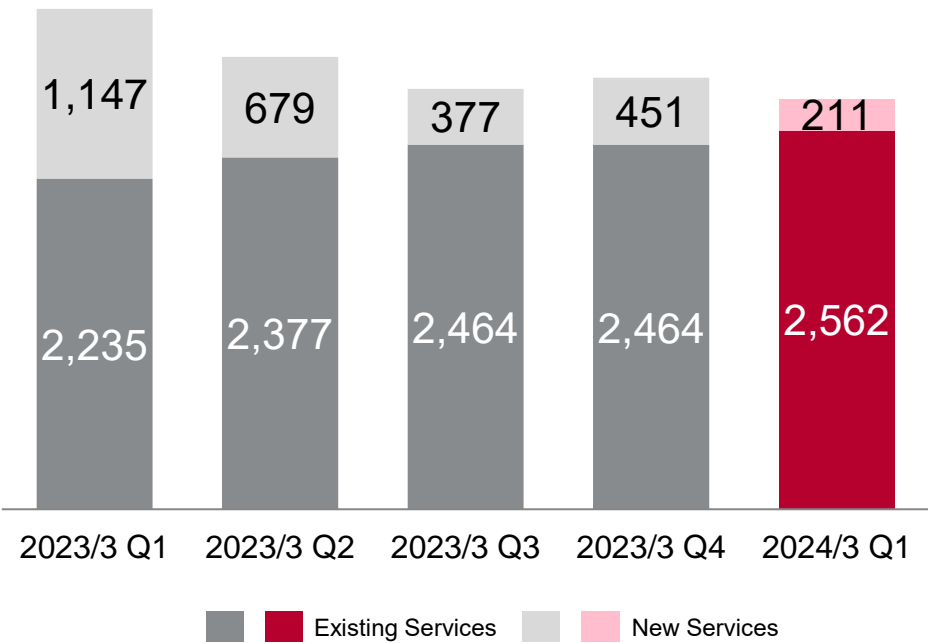


1. Number of hours nurses and therapists provided services for users.

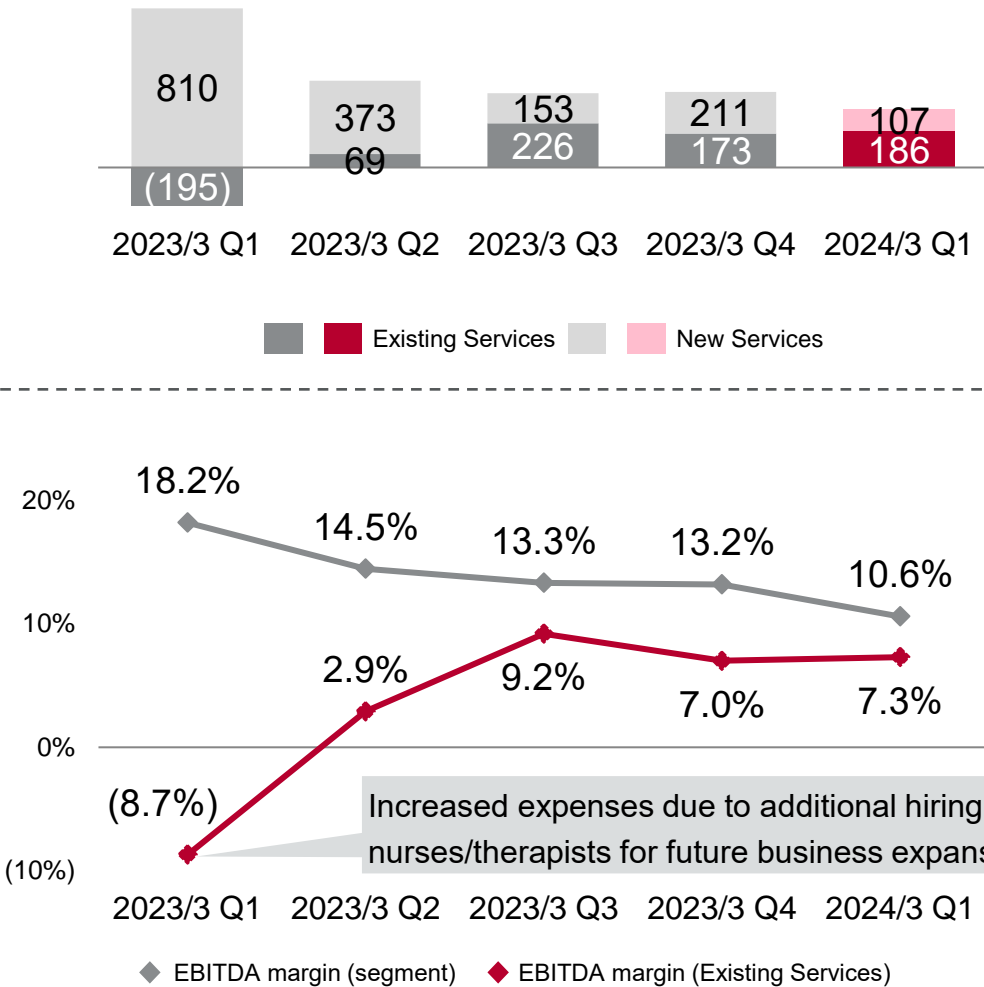
Operating Results of In-home Nursing Segment (Quarterly)

Revenue from Existing Services increased every quarter. EBITDA margin increased due to improving efficiencies of nurses/therapists operation despite Q1 in which the number of recruitment increases every year

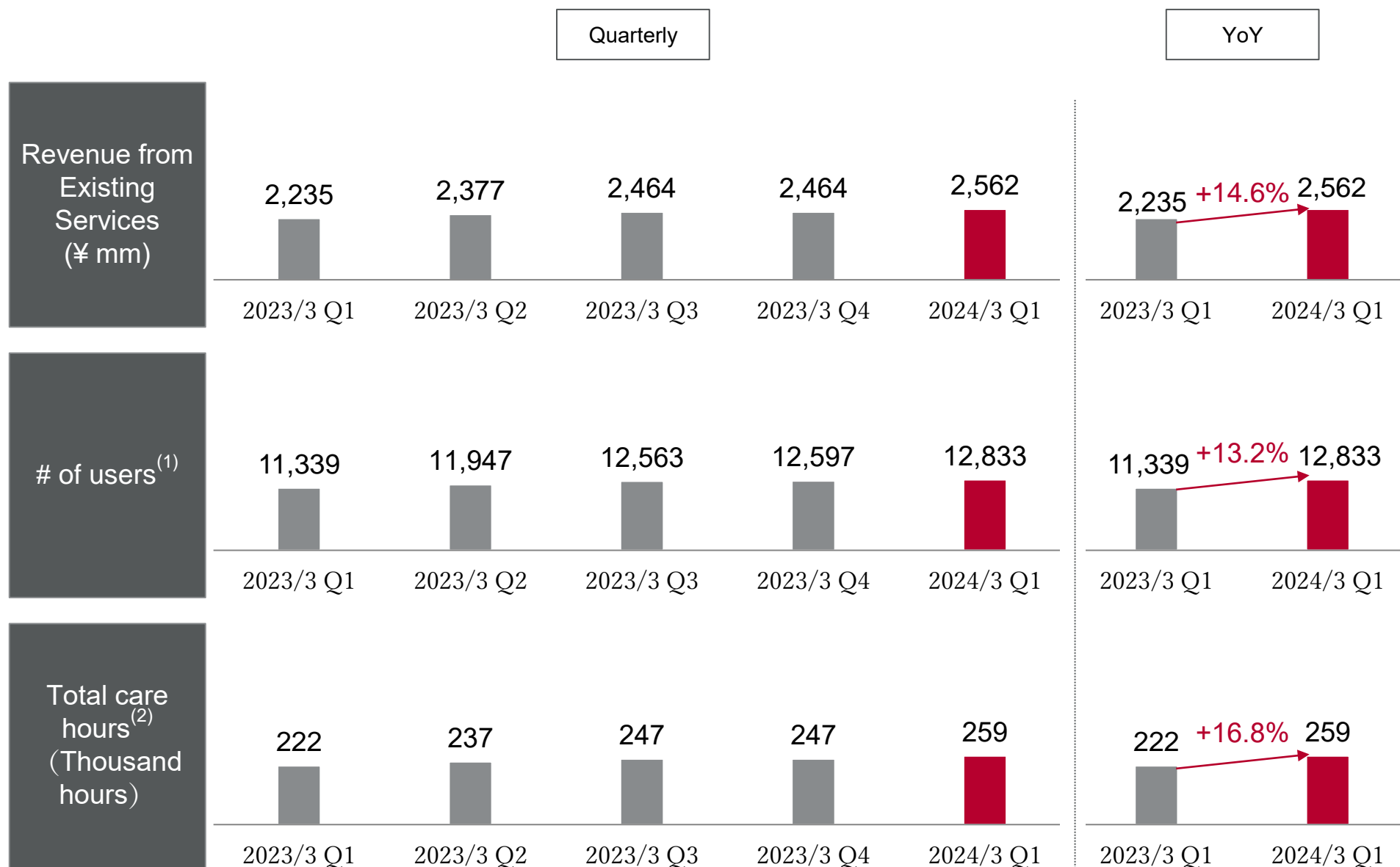
Revenue



(Millions of yen) EBITDA and EBITDA margin



Key Operating Drivers of In-home Nursing Segment



1. Average number of users with actual visits at the end of each month of the quarter.

2. Number of hours nurses and therapists provided services for users.

2024/3 Q1 Topics

Establishment of Overseas Subsidiaries

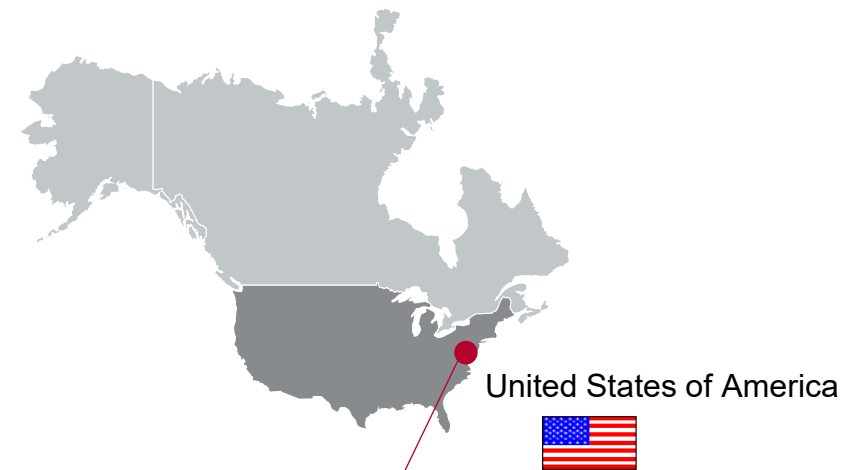
CUC established a joint venture (PT CUC Cipta Husada) in Indonesia in Mar 2023 and started its operation in May. Also established CUC America Inc. in July to expand US business

Southeast Asia



- Established joint venture (PT CUC Cipta Husada) with PT Masa Cipta Husada (Operator of dialysis facility) to expand the client network throughout Indonesia in Mar 2023. Started its operation in May.
- CUC group's shareholding ratio is 67%

North America



- Established CUC America Inc. in July 2023 in order to conduct market research and business development in the United States
- CUC America Inc. is a subsidiary wholly owned by CUC. CUC's investment into CUC America Inc. was 100,000 USD

Opening of ReHOPE Koriyama

CUC opened a new hospice facility “ReHOPE Koriyama” in Koriyama city in Fukushima prefecture on June 1, 2023.

Outline



Name	ReHOPE Koriyama
Location	Fukushima, Koriyama
Type	Nursing home
Capacity	54 beds

Reason for opening in Koriyama

- Lack of beds for chronic-phase patients compared with demands for medical/care ⁽¹⁾
 - In Koriyama, population aged 65 or older was approximately 130 thousand as of 2020 while it is expected to be approximately 170 thousand as of 2035. Also, as for index for medical/care demand forecast⁽²⁾, index for care is expected to be 150 (national average 120) and index for medical is expected to be 109 (national average 103) as of 2035. The demand for care would be 1.5 times as high as national average at a peak period.
 - Despite the above, amounts of beds for chronic-phase patients in Koriyama is lower than national average. Beds per hundred thousand people in Koriyama is 148.62 while national average is 225.94
- Elderly people who live alone are on the rise ⁽³⁾
 - The number of people aged 65 or older who live alone was 13,682 as of 2020, which is 1.5 times increase for 10 years compared with 8,847 as of 2010

1. Japan Medical Analysis Platform (Japan Medical Association).

2. Index for the demands for medical/care each year under the assumption that demands based on the national census in 2020 is 100 points.

3. Trends of people aged 65 or older who live alone in Koriyama (Koriyama City Health Long Life division)

Appendix

Mission

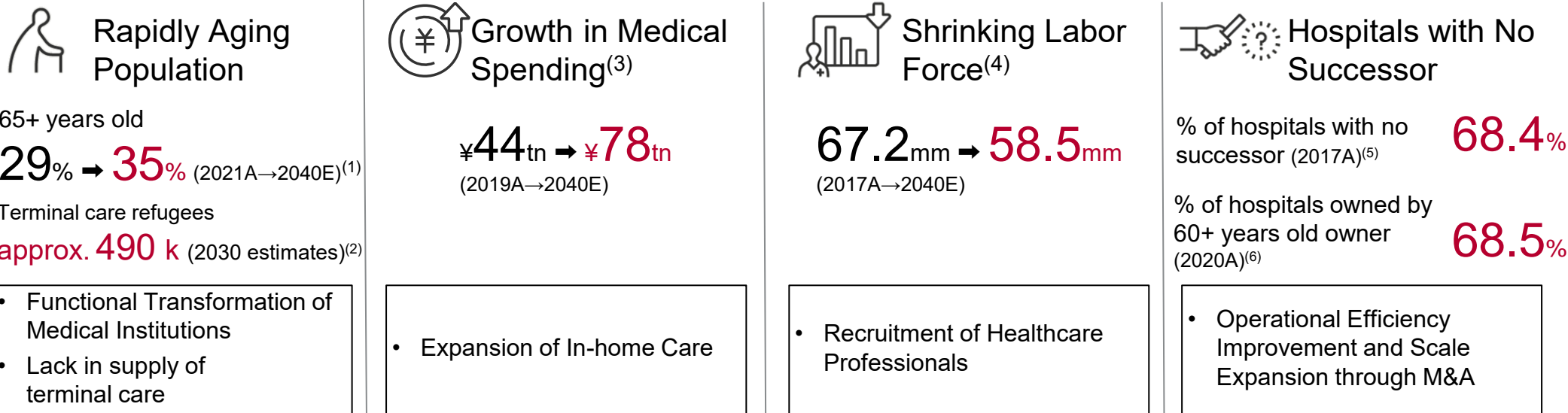
Creating Hope through Healthcare.



Key Themes in Healthcare Ecosystem in Japan

CUC provides fundamental solutions to key themes of the healthcare ecosystem in Japan

| Social Challenges




Management Support Segment

CUC

Provides one-stop solutions from day-to-day operations to revenue growth initiatives for client medical institutions

In-home Nursing Segment

 **Sophiamedi**

In-home nursing services through subsidiary Sophiamedi

Hospice Segment

CUC HOSPICE

Operates hospice facilities through subsidiary CUC Hospice

1. "Japan's Future Estimated Population" (National Institute of Population and Social Security Research). 2. "Basic Information regarding Japanese Health and Medical Services" (2011) (MHLW). 3. "Overview of National Medical Spending" (MHLW), "Future Estimate of Social Security towards 2040" (Cabinet, MOF, MHLW). 4. "Annual Report on Health, Labor and Welfare - Materials" (2021)(MHLW). 5. "Current Situation and Challenges of Medical Business Succession" (The Japan Medical Association Research Institute, January 8, 2019). 6. "Statistics Overview for Doctors, Dentists and Pharmacists" (2020)(MHLW, March 17, 2022).

CUC - At a Glance

Company Overview



Foundation

2014



Employees⁽¹⁾ **approx. 3,100**
 Nurses⁽²⁾ **approx. 1,000**
 Caregivers/
 Therapists⁽²⁾ **approx. 900**



M3, Inc. 63.5%



Shareholders⁽³⁾ Keita Hamaguchi
 (Representative
 Director and
 CEO Founder) 6.2%



Others 27.3%

Segment Information

Management Support
segment

Management Support

New Services

Covid-19 Vaccination
Support

Hospice
segment

Hospice

In-home nursing
segment

In-home Nursing

New Services

In-home Clinical
Trials, etc.

Key Financials (2023/3)

Consolidated



Revenue

¥35.2 bn

Revenue
growth rate

(0)%
YoY



EBITDA

¥5.0 bn

EBITDA
margin

14%



Revenue

¥24.4 bn

Revenue
growth rate

20%
YoY

(Reference)
Existing
Services

1. Consolidated basis as of April 30, 2023.

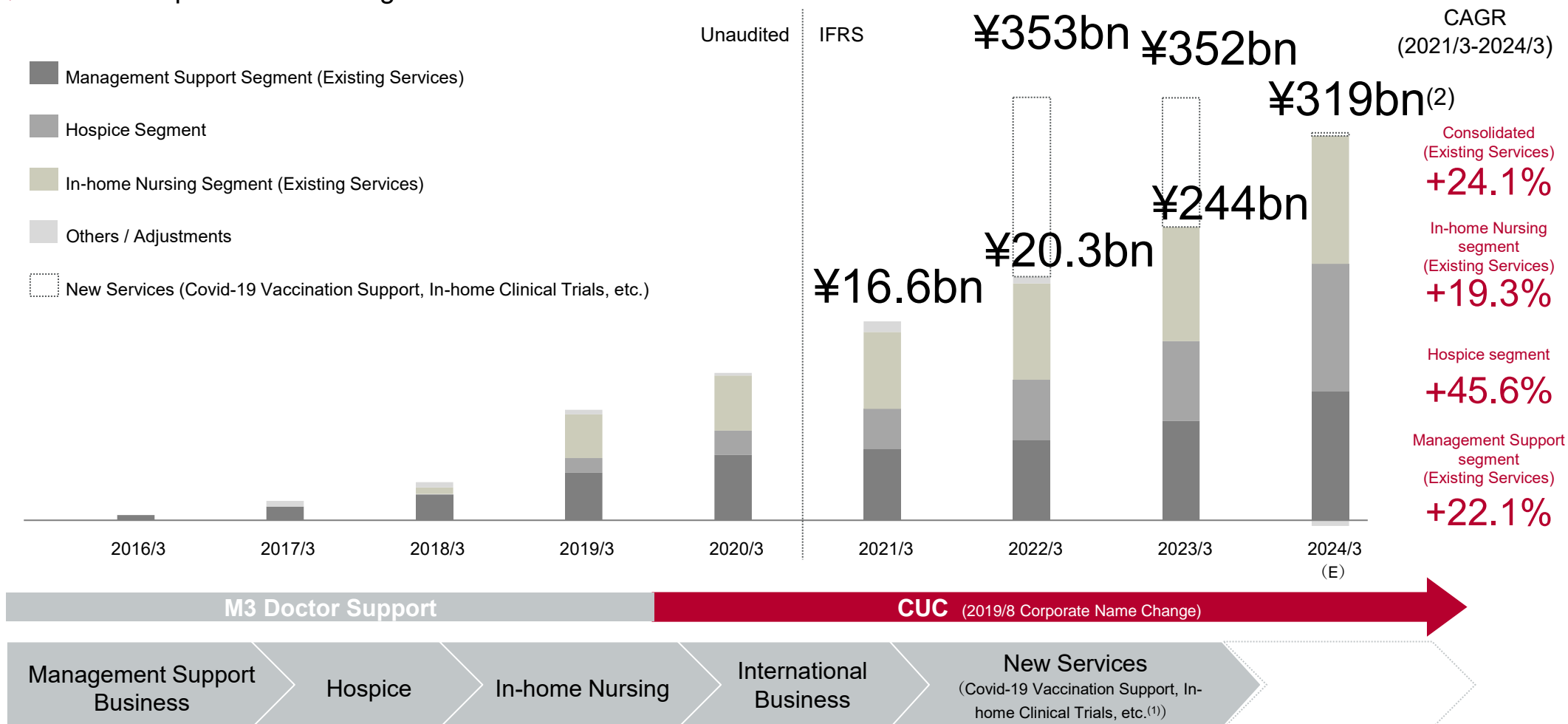
2. Number of nurses and caregivers/therapists on staff as of April 30, 2023. Therapists include physical therapists, occupational therapists, and speech therapists.

3. As of July 19, 2023. Common stockholders (excluding treasury stock). Reflecting the number of shares issued in relation to initial public offering (6,400,000 shares) and the number of shares issued through third-party allotment in relation to over-allotment (960,000 shares).

Successful High Growth Track Record

CUC has achieved rapid and continuous growth with its business area expansions

Business Expansions and Segment Revenue⁽¹⁾



1. ¥ 35.3bn for 2022/3 and ¥ 35.2bn for 2023/3 are consolidated figures. ¥ 20.3 bn for 2022/3 and ¥ 24.4 bn for 2023/3 are consolidated figures (Existing Services).

2. Including revenue from New Services of ¥ 0.26 bn.

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