

(Note)

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Consolidated Financial Results for the Nine Months Ended December 31, 2023 (IFRS)

January 29, 2024

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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: None

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the nine months ended December 31, 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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	23,368	(14.9)	2,620	(17.2)	2,431	(22.4)	1,489	(30.2)	1,500	(30.0)	1,251	(21.3)
December 31, 2022	27,445	6.9	3,166	(30.9)	3,132	(30.8)	2,132	(28.6)	2,144	(28.1)	1,589	(65.8)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2023	55.45	55.45
December 31, 2022	101.86	101.86

(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 December 31, 2023	58,034	26,309	26,066	44.9
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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2024	-	0.00	-		
Fiscal year ending March 31, 2024 (Forecast)				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):

December 31, 2023: 29,990,400 shares

March 31, 2023: 22,630,400 shares

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

December 31, 2023: 675,048 shares

March 31, 2023: 675,000 shares

3) Average number of shares during the period:

Nine months ended December 31, 2023: 27,049,775 shares

Nine months ended December 31, 2022: 21,047,945 shares

(Note) On April 13, 2023, CUC conducted a 200-for-1 stock split of its common share. "Total number of issued shares at the end of the period (including treasury shares)", "Total number of treasury shares at the end of the period" and "Average number of shares during the period" were calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2023.

* 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 CUC. 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 nine months ended December 31, 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 "3. Segment information" for details.

Definition of EBITDA is as follows.

EBITDA = operating profit + depreciation and amortization expenses \pm other income and expenses

Consolidated operating results

(Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Changes	
Revenue	27,445	23,368	(4,078)	(14.9%)
Operating profit	3,166	2,620	(546)	(17.2%)
Profit before taxes	3,132	2,431	(700)	(22.4%)
Net income attributable to CUC shareholders	2,144	1,500	(644)	(30.0%)
EBITDA	4,025	3,834	(191)	(4.7%)

Operating results by segment

(Million yen)

		Nine months ended December 31, 2022	Nine months ended December 31, 2023	Changes	
Management Support	Revenue	13,587	7,991	(5,597)	(41.2%)
	Segment profit	2,404	2,843	+438	+18.2%
	EBITDA	2,724	3,451	+728	+26.7%
Hospice	Revenue	4,612	7,453	+2,841	+61.6%
	Segment profit	253	142	(111)	(44.0%)
	EBITDA	444	399	(46)	(10.3%)
In-home Nursing	Revenue	9,277	8,254	(1,024)	(11.0%)
	Segment profit	1,096	497	(599)	(54.6%)
	EBITDA	1,436	845	(590)	(41.1%)
Others	Revenue	147	148	+1	+0.4%
	Segment profit	18	13	(5)	(26.0%)
	EBITDA	25	13	(12)	(47.1%)
Adjustment	Revenue	(178)	(477)	(299)	-
	Segment profit	(604)	(874)	(270)	-
Total	Revenue	27,445	23,368	(4,078)	(14.9%)
	Segment profit	3,166	2,620	(546)	(17.2%)
	EBITDA	4,025	3,834	(191)	(4.7%)

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 for the nine months ended December 31, 2023, revenue by services is shown as follows to compare with the nine months ended December 31, 2022.

(Millions yen)

Existing / New	Segment	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Changes	
Existing Services	Management Support	6,080	7,884	+1,804	+29.7%
	Hospice	4,612	7,453	+2,841	+61.6%
	In-home Nursing	7,075	7,861	+786	+11.1%
	Others	147	148	+1	+0.4%
	Adjustment	(178)	(477)	(299)	-
	Total	17,736	22,869	+5,133	+28.9%

New Services	Management Support	7,507	106	(7,401)	(98.6%)
	Hospice	-	-	-	-
	In-home Nursing	2,202	393	(1,809)	(82.2%)
	Total	9,709	499	(9,210)	(94.9%)
Consolidated		27,445	23,368	(4,078)	(14.9%)

1) Management Support segment

The number of clients' major medical facilities (Note 1) for the nine months ended December 31, 2023 was 108 facilities (up 18 facilities year-on-year). In addition, annualized revenue per clients' major medical facility (Note 2) was 98 million yen (up 7 million yen year-on-year). As a result, revenue from Existing Services for the nine months ended December 31, 2023 amounted to 7,884 million yen (up 29.7% 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 7,991 million yen (down 41.2% year-on-year).

Operating profit and EBITDA from Management Support segment amounted to 2,843 million yen (up 18.2% year-on-year) and 3,451 million yen (up 26.7% year-on-year) respectively. This is due to an increase of profit from Existing Services while profit from Covid-19 Vaccination Support Services decreased.

- (Note) 1. 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. Calculated by dividing annualized revenue by the average number of clients' major medical facilities during the same period.

2) Hospice segment

Revenue from Hospice segment for the nine months ended December 31, 2023 amounted 7,453 million yen (up 61.6% 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 8 hospices from January 2023 to December 2023.

Operating profit and EBITDA from Hospice segment amounted to 142 million yen (down 44.0% year-on-year) and 399 million yen (down 10.3% year-on-year) respectively. This is primarily due to an increase in headcounts aiming to strengthen headquarters function and the opening cost of 6 new hospice facilities for the nine months ended December 31, 2023 while there were 2 new openings for the previous corresponding period.

3) In-home Nursing segment

Total care hours (Note) for the nine months ended December 31, 2023 were 794 thousand hours (up 88 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 nine months ended December 31, 2023 amounted to 7,861 million yen (up 11.1% 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 8,254 million yen (down 11.0% year-on-year).

Operating profit and EBITDA from In-home Nursing segment amounted to 497 million yen (down 54.6% year-on-year) and 845 million yen (down 41.1% year-on-year) respectively. This is 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 the segment'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 23,368 million yen (down 14.9% year-on-year), operating profit of 2,620 million yen (down 17.2% year-on-year), EBITDA of 3,834 million yen (down 4.7% year-on-year), profit before taxes of 2,431 million yen (down 22.4% year-on-year) and net income attributable to CUC shareholders of 1,500 million yen (down 30.0% year-on-year).

(2) Explanation of financial position

Total assets as of December 31, 2023 were 58,034 million yen, an increase of 18,284 million yen compared with the balance as of March 31, 2023. Also, current assets as of December 31, 2023 were 26,425 million yen, an increase of 13,693 million yen compared with the balance as of March 31, 2023. This was primarily due to an increase in cash and cash equivalents of 13,412 million yen, which was primarily due to issuing new shares arising from the listing in the Tokyo Stock Exchange Growth Market. Non-current assets as of December 31, 2023 were 31,609 million yen, an increase of 4,592 million yen compared with the balance as of March 31, 2023. This was primarily due to an increase in property, plant and equipment of 3,822 million yen, and an increase in right-of-use assets of 1,138 million yen, primarily arising from an increase in hospices.

Total liabilities as of December 31, 2023 were 31,726 million yen, an increase of 3,896 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 16,930 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, and an increase in lease liabilities of 1,069 million yen, primarily arising from an increase in right-of-use assets.

Total equity as of December 31, 2023 was 26,309 million yen, an increase of 14,389 million yen compared with the balance as of March 31, 2023. This was primarily due to an increase in share capital of 6,606 million yen, and an increase in capital surplus of 6,503 million yen, primarily arising from the listing in the Tokyo Stock Exchange Growth Market. Also, retained earnings increased 1,500 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. However, in the event that it becomes necessary to revise the forecast based on future performance trends, we will promptly disclose any such revisions.

2. Condensed quarterly consolidated financial statements

(1) Condensed quarterly consolidated statement of financial position

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	4,120	17,532
Trade and other receivables	8,240	8,484
Inventories	44	33
Other financial assets	77	75
Other current assets	251	302
Total current assets	12,732	26,425
Non-current assets		
Property, plant and equipment	7,350	11,173
Right-of-use assets	4,712	5,850
Goodwill	4,723	4,785
Intangible assets	2,775	2,649
Investment property	4,366	4,352
Deferred tax assets	218	253
Other financial assets	2,838	2,505
Other non-current assets	35	42
Total non-current assets	27,018	31,609
Total assets	39,750	58,034

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,155	1,953
Borrowings	16,040	2,000
Lease liabilities	889	981
Deposits received	432	422
Income taxes payable	389	321
Contract liabilities	4	5
Other financial liabilities	445	528
Other current liabilities	935	1,020
Total current liabilities	21,290	7,229
Non-current liabilities		
Borrowings	-	16,930
Lease liabilities	4,523	5,499
Retirement benefit liability	188	229
Deferred tax liabilities	1,396	1,276
Other financial liabilities	78	77
Other non-current liabilities	356	484
Total non-current liabilities	6,540	24,496
Total liabilities	27,830	31,726
Equity		
Share capital	1,063	7,669
Capital surplus	1,258	7,761
Retained earnings	7,715	9,215
Treasury shares	-	(0)
Other components of equity	1,669	1,421
Equity attributable to CUC shareholders	11,704	26,066
Non-controlling interests	216	242
Total equity	11,920	26,309
Total liabilities and equity	39,750	58,034

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

Condensed quarterly consolidated statement of income

(Nine months ended December 31)

(Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue	27,445	23,368
Cost of sales	17,034	12,100
Gross profit	10,411	11,267
Selling, general and administrative expenses	7,246	8,663
Other income	45	47
Other expenses	44	31
Operating profit	3,166	2,620
Finance income	34	24
Finance costs	69	213
Profit before taxes	3,132	2,431
Income tax expense	1,000	943
Net income	2,132	1,489
Net income attributable to		
CUC shareholders	2,144	1,500
Non-controlling interests	(12)	(11)
Net income	2,132	1,489
Earnings per share		
Basic earnings per share (yen)	101.86	55.45
Diluted earnings per share (yen)	101.86	55.45

(Three months ended December 31)

(Million yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Revenue	8,751	8,021
Cost of sales	5,456	4,143
Gross profit	3,295	3,878
Selling, general and administrative expenses	2,433	3,063
Other income	9	27
Other expenses	9	0
Operating profit	863	842
Finance income	16	7
Finance costs	22	98
Profit before taxes	857	751
Income tax expense	226	292
Net income	630	459
Net income attributable to		
CUC shareholders	634	461
Non-controlling interests	(3)	(2)
Net income	630	459
Earnings per share		
Basic earnings per share (yen)	29.60	15.73
Diluted earnings per share (yen)	29.60	15.73

Condensed quarterly consolidated statement of comprehensive income
(Nine months ended December 31)

(Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income	2,132	1,489
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	(645)	(308)
Total of items that will not be reclassified to profit or loss	(645)	(308)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	101	70
Total of items that may be reclassified to profit or loss	101	70
Other comprehensive income, net of tax	(543)	(238)
Comprehensive income	1,589	1,251
Comprehensive income attributable to		
CUC shareholders	1,591	1,224
Non-controlling interests	(2)	27
Comprehensive income	1,589	1,251

(Three months ended December 31)

(Million yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Net income	630	459
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	(426)	(75)
Total of items that will not be reclassified to profit or loss	(426)	(75)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(179)	(124)
Total of items that may be reclassified to profit or loss	(179)	(124)
Other comprehensive income, net of tax	(605)	(199)
Comprehensive income	25	260
Comprehensive income attributable to		
CUC shareholders	46	275
Non-controlling interests	(21)	(15)
Comprehensive income	25	260

(3) Condensed quarterly consolidated statement of changes in equity
(Nine months ended December 31, 2022)

(Million yen)

	Equity attributable to CUC shareholders					
	Share capital	Capital surplus	Retained earnings	Treasury shares	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	-	-	2,144	-	-	-
Other comprehensive income	-	-	-	-	92	-
Comprehensive income	-	-	2,144	-	92	-
Purchase of treasury shares	-	-	-	-	-	-
Issuance of new shares	-	-	-	-	-	-
Issuance of share acquisition rights	-	-	-	-	-	24
Share-based payment transactions	14	234	-	-	-	6
Total transactions with shareholders	14	234	-	-	-	31
As of December 31, 2022	1,063	1,258	7,434	-	450	31

	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
Net income	-	-	2,144	(12)	2,132
Other comprehensive income	(645)	(553)	(553)	10	(543)
Comprehensive income	(645)	(553)	1,591	(2)	1,589
Purchase of treasury shares	-	-	-	-	-
Issuance of new shares	-	-	-	-	-
Issuance of share acquisition rights	-	24	24	-	24
Share-based payment transactions	-	6	254	-	254
Total transactions with shareholders	-	31	278	-	278
As of December 31, 2022	1,091	1,571	11,326	219	11,545

(Nine months ended December 31, 2023)

(Million yen)

	Equity attributable to CUC shareholders					
	Share capital	Capital surplus	Retained earnings	Treasury shares	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	-	-	1,500	-	-	-
Other comprehensive income	-	-	-	-	32	-
Comprehensive income	-	-	1,500	-	32	-
Purchase of treasury shares	-	-	-	(0)	-	-
Issuance of new shares	6,606	6,503	-	-	-	-
Issuance of share acquisition rights	-	-	-	-	-	4
Share-based payment transactions	-	-	-	-	-	25
Total transactions with shareholders	6,606	6,503	-	(0)	-	29
As of December 31, 2023	7,669	7,761	9,215	(0)	511	63

	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	-	-	1,500	(11)	1,489
Other comprehensive income	(308)	(276)	(276)	38	(238)
Comprehensive income	(308)	(276)	1,224	27	1,251
Purchase of treasury shares	-	-	(0)	-	(0)
Issuance of new shares	-	-	13,109	-	13,109
Issuance of share acquisition rights	-	4	4	-	4
Share-based payment transactions	-	25	25	-	25
Total transactions with shareholders	-	29	13,138	-	13,138
As of December 31, 2023	847	1,421	26,066	242	26,309

3. 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.

(Nine months ended December 31, 2022)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Management support	Hospice	In-home Nursing	Total				
Revenue								
To outside customers	13,409	4,612	9,277	27,298	147	27,445	-	27,445
Inter-segment revenue	178	-	-	178	-	178	(178)	-
Total	13,587	4,612	9,277	27,476	147	27,623	(178)	27,445
Segment profit (Note 3)	2,404	253	1,096	3,753	18	3,771	(604)	3,166
Finance income	-	-	-	-	-	-	-	34
Finance costs	-	-	-	-	-	-	-	69
Profit before taxes	-	-	-	-	-	-	-	3,132
Net income	-	-	-	-	-	-	-	2,132
Others								
Depreciation and amortization	306	193	350	849	11	860	-	860

(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 (604) million yen is primarily general and administrative expense that is not attributable to reportable segments.

3. Consolidated segment profit is correspondent with operating profit in the condensed quarterly consolidated statement of income.

(Nine months ended December 31, 2023)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Management support	Hospice	In-home Nursing	Total				
Revenue								
To outside customers	7,514	7,453	8,254	23,220	148	23,368	-	23,368
Inter-segment revenue	477	0	-	477	-	477	(477)	-
Total	7,991	7,453	8,254	23,697	148	23,845	(477)	23,368
Segment profit (Note 3)	2,843	142	497	3,482	13	3,495	(874)	2,620
Finance income	-	-	-	-	-	-	-	24
Finance costs	-	-	-	-	-	-	-	213
Profit before taxes	-	-	-	-	-	-	-	2,431
Net income	-	-	-	-	-	-	-	1,489
Others								
Depreciation and amortization	593	274	356	1,222	7	1,230	-	1,230

- (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 (874) million yen is primarily general and administrative expense that is not attributable to reportable segments.
3. Consolidated segment profit is correspondent with operating profit in the condensed quarterly consolidated statement of income.

(Three months ended December 31, 2022)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Management support	Hospice	In-home Nursing	Total				
Revenue								
To outside customers	4,248	1,615	2,840	8,703	48	8,751	-	8,751
Inter-segment revenue	70	-	-	70	-	70	(70)	-
Total	4,318	1,615	2,840	8,773	48	8,821	(70)	8,751
Segment profit (Note 3)	749	57	264	1,070	10	1,080	(218)	863
Finance income	-	-	-	-	-	-	-	16
Finance costs	-	-	-	-	-	-	-	22
Profit before taxes	-	-	-	-	-	-	-	857
Net income	-	-	-	-	-	-	-	630
Others								
Depreciation and amortization	136	64	115	315	3	318	-	318

- (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 (218) million yen is primarily general and administrative expense that is not attributable to reportable segments.
3. Consolidated segment profit is correspondent with operating profit in the condensed quarterly consolidated statement of income.

(Three months ended December 31, 2023)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Management support	Hospice	In-home Nursing	Total				
Revenue								
To outside customers	2,493	2,747	2,731	7,972	50	8,021	-	8,021
Inter-segment revenue	187	0	-	188	-	188	(188)	-
Total	2,680	2,748	2,731	8,159	50	8,209	(188)	8,021
Segment profit (Note 3)	815	205	111	1,131	9	1,140	(298)	842
Finance income	-	-	-	-	-	-	-	7
Finance costs	-	-	-	-	-	-	-	98
Profit before taxes	-	-	-	-	-	-	-	751
Net income	-	-	-	-	-	-	-	459
Others								
Depreciation and amortization	212	92	121	425	2	428	-	428

(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 (298) million yen is primarily general and administrative expense that is not attributable to reportable segments.

3. Consolidated segment profit 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 nine months ended December 31, 2022 and for the three months ended December 31, 2022 reflected changes in reportable segments in this fiscal year.

4. Subsequent event

(Acquisition of membership interests)

CUC's Board of Directors passed a resolution on December 22, 2023, authorizing CUC America Inc. ("CUC America"), a wholly-owned subsidiary of CUC, to acquire 79.35% of membership interests in Albaron Podiatry Holdings, LLC ("Albaron Podiatry"), which operates a podiatry service platform under the name of "Beyond Podiatry". The resolution aims to integrate Albaron Podiatry as a consolidated subsidiary of CUC. CUC America acquired 79.35% of membership interests in Albaron Podiatry on January 6, 2024 in Japan time.

(1) Purpose of acquisition

CUC started global expansion mainly into Southeast Asia in 2019, with its mission "Creating Hope through Healthcare". CUC has founded CUC America in July 2023 to undertake market research and facilitate business development in the United States. Similar to Japan, the United States is grappling with aging population and diabetes. CUC has decided to enter into the podiatry industry which has potential for increasing demand.

Albaron Podiatry operates a podiatry practice management platform named "Beyond Podiatry" in the United States. Since its establishment in 2018, Beyond Podiatry has consistently expanded its footprint in podiatry practices and increased the number of podiatrists through M&A, expansion of existing clinics and launching new clinics, and recently initiated a related clinical practice specializing in the treatment of varicose veins. Becoming a prominent podiatry practice group in the Midwestern United States, Beyond Podiatry is distinguished by both its scale and commitment to quality. Beyond Podiatry boasts a team of over 50 podiatrists and varicose vein physicians. It has established more than 30 podiatry and veins clinics across Michigan, Illinois, Ohio, Kentucky, and Indiana under various brands. Beyond Podiatry is dedicated to providing practitioners with advanced support, enabling podiatrists to concentrate on patient care. Beyond Podiatry strives to offer a unique, focused, customized experience for their patients.

With this acquisition, CUC's objective is to support and strengthen the operational capacities of Beyond Podiatry as a premier practice management platform by utilizing CUC's know-how generated through management support for medical institutions in Japan.

(2) Outline of the target company

Name	Albaron Podiatry Holdings, LLC
Location	142 W 57th St, Floor 11, New York, New York 10019
Name and title of the Representative	John Moroney, President
Paid in capital	\$14,243 thousand USD (as of December 31, 2023)
Business description	Physician practice management in the field of podiatry and varicose vein
Name post-acquisition	CUC Podiatry Holdings, LLC
Method to take control of the acquired company	Acquisition of membership interests in exchange for cash payment

(3) Number of acquired membership interests, acquisition price and status of membership interest held before and after the transfer

Number of membership interests held before the transfer	0 units (Number of voting rights : 0) (Percentage of voting rights held : 0.0%)
Number of membership interests to be acquired	9,764,918 units (Number of voting rights : 9,764,918)
Consideration to be paid	Membership interests of Albaron Podiatry \$69.1 million USD Estimated transaction costs, etc. \$1.3 million USD
Number of equity interests held after the transfer	9,764,918 units (Number of voting rights : 9,764,918) (Percentage of voting rights held : 79.35%)

The acquisition price is expected to fluctuate based on the price adjustment implemented in accordance with the Membership Interest Purchase Agreement.

(4) Fair value of acquired assets, liabilities, and goodwill on the date of the acquisition

Fair value of acquired assets and assumed liabilities as of the acquisition date are currently under consideration and has not been determined yet.