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Consolidated Financial Results for the Three Months Ended June 30, 2024 (IFRS)

July 24, 2024

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 financial results: Available
Schedule of 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, 2024

(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, 2024	10,597	38.3	1,341	60.9	1,586	100.0	926	95.5	966	100.5	1,094	80.1
June 30, 2023	7,663	(24.4)	834	(40.6)	793	(42.5)	474	(47.8)	482	(47.3)	607	(49.4)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	32.94	32.94
June 30, 2023	21.25	21.22

(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, 2024.

(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, 2024	70,846	29,120	28,486	40.2
As of March 31, 2024	62,836	28,005	27,316	43.5

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (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, 2025 (April 1, 2024 to March 31, 2025)

(% 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	42,900	29.9	4,000	7.0	3,600	(13.0)	2,300	(11.8)	2,200	(15.2)	75.05

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: 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, 2024: 29,990,400 shares
   March 31, 2024: 29,990,400 shares
2) Total number of treasury shares at the end of the period:
   June 30, 2024: 675,048 shares
   March 31, 2024: 675,048 shares
3) Average number of shares during the period:
   Three months ended June 30, 2024: 29,315,352 shares
   Three months ended June 30, 2023: 22,658,696 shares

(Note) On April 13, 2023, CUC conducted a 200-for-1 stock split of its common share. “Average number of shares during the period” was calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

* Quarterly consolidated financial statements are outside the scope of 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. These forward-looking statements do not represent any guarantee of achievement. 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 group 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.

The Medical Institution segment provides medical institution operations supports such as strategic and business management support, marketing support, HR/recruiting support, IT support, accounting support, and general affairs support in Japan. In addition to medical institution operations supports, the Medical Institution segment provides medical institution revenue growth assistance such as M&A support, PMI support, hospital bed conversion support, and clinic launch support. These services are provided for medical institutions which operate hospitals, in-home care clinics, dialysis clinics, outpatient clinics in Japan. The Medical Institution segment also operates podiatry and vein clinics overseas.

The 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.

The 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.

The following table presents operating results for the three months ended June 30, 2024 and the previous corresponding period. From the first quarter of current fiscal year, renting and management services of real estates provided for hospice facilities have been transferred from the Medical Institution segment to the Hospice segment due to expansion of new hospice facilities. The amount for the previous corresponding period has been adjusted retroactively based on changes in reportable segments in the current fiscal year.

The definition of EBITDA is as follows.

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

Consolidated operating results

(Million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Changes	
Revenue	7,663	10,597	+2,934	+38.3%
Operating profit	834	1,341	+508	+60.9%
Profit before taxes	793	1,586	+793	+100.0%
Net income attributable to CUC shareholders	482	966	+484	+100.5%
EBITDA	1,239	1,921	+682	+55.0%

Operating results by segment

(Million yen)

		Three months ended June 30, 2023	Three months ended June 30, 2024	Changes	
Medical Institution	Revenue	2,683	4,403	+1,719	+64.1%
	Segment profit	1,067	1,121	+54	+5.0%
	EBITDA	1,211	1,361	+150	+12.4%
Hospice	Revenue	2,220	3,268	+1,049	+47.2%
	Segment profit	(124)	301	+425	-
	EBITDA	19	517	+498	-
In-home Nursing	Revenue	2,773	2,947	+175	+6.3%
	Segment profit	175	143	(32)	(18.3%)
	EBITDA	293	264	(29)	(9.8%)
Others	Revenue	49	52	+4	+7.8%
	Segment profit	3	4	+1	+36.3%
	EBITDA	3	5	+2	+55.9%
Adjustment	Revenue	(61)	(74)	(12)	-
	Segment profit	(288)	(227)	+61	-
Total	Revenue	7,663	10,597	+2,934	+38.3%
	Segment profit	834	1,341	+508	+60.9%
	EBITDA	1,239	1,921	+682	+55.0%

1) Medical Institution segment

Revenue in Japan increased primarily due to an increase in M&A advisory fees and the number of clients' medical institutions for the three months ended June 30, 2024. In addition, overseas revenue increased primarily due to the acquisition of the US Podiatry Business in January 2024. As a result, revenue from the Medical Institution segment amounted to 4,403 million yen (up 64.1% year on year).

Operating profit and EBITDA from the Medical Institution segment amounted to 1,121 million yen (up 5.0% year on year) and 1,361 million yen (up 12.4% year on year), respectively. This is due to an increase in profit in Japan arising primarily from increase in M&A advisory fees.

2) Hospice segment

Revenue, operating profit and EBITDA from the Hospice segment for the three months ended June 30, 2024 amounted to 3,268 million yen (up 47.2% year on year), 301 million yen (operating loss of 124 million yen for the previous corresponding period) and 517 million yen (EBITDA of 19 million yen for the previous corresponding period), respectively. This is primarily due to an increase in occupancy rates of hospice facilities with capacity of 50 or more which opened during the previous fiscal year or any prior fiscal year.

3) In-home Nursing segment

Total care hours (Note) for the three months ended June 30, 2024 were 295 thousand hours (up 35 thousand hours year on year) due to an increase in the number of users and care hours per user. As a result, revenue from the In-home Nursing segment for the three months ended June 30, 2024 amounted to 2,947 million yen (up 6.3% year on year).

Operating profit and EBITDA from the In-home Nursing segment amounted to 143 million yen (down 18.3% year on year) and 264 million yen (down 9.8% year on year), respectively. This is due to a decrease in profit from In-home Clinical Trials and In-

home Monitoring Services while profit from in-home nursing 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 10,597 million yen (up 38.3% year on year), operating profit of 1,341 million yen (up 60.9% year on year), EBITDA of 1,921 million yen (up 55.0% year on year).
Also, on May 15, 2024, CUC invested additional equity into CUC America Inc. and CUC America Inc. repaid the borrowing from CUC in full by the proceed of additional equity investment. Therefore, foreign exchange gain of 362 million yen was recorded. As a result, the group recorded profit before taxes of 1,586 million yen (up 100.0% year on year) and net income attributable to CUC shareholders of 966 million yen (up 100.5% year on year).

(2) Explanation of financial position

Total assets as of June 30, 2024 amounted to 70,846 million yen, an increase of 8,010 million yen compared with the balance as of March 31, 2024. Also, current assets as of June 30, 2024 amounted to 23,834 million yen, an increase of 6,183 million yen compared with the balance as of March 31, 2024. This was primarily due to an increase in cash and cash equivalents of 5,397 million yen, which was primarily due to the proceed from long-term borrowing which was intended to cover part of consideration paid in January 2024 to acquire the US Podiatry Business. Non-current assets as of June 30, 2024 amounted to 47,012 million yen, an increase of 1,827 million yen compared with the balance as of March 31, 2024. This was primarily due to an increase in property, plant and equipment of 799 million yen primarily arising from an increase in hospice facilities, an increase in goodwill of 710 million yen arising from fluctuation in exchange rates and small acquisition in the US.
Total liabilities as of June 30, 2024 amounted to 41,727 million yen, an increase of 6,896 million yen compared with the balance as of March 31, 2024. This was primarily due to the long-term borrowing of 7,000 million yen which was intended to cover part of consideration paid in January 2024 to acquire the US Podiatry Business.
Total equity as of June 30, 2024 amounted to 29,120 million yen, an increase of 1,115 million yen compared with the balance as of March 31, 2024. This was primarily due to an increase in retained earnings of 966 million yen arising from the recording of net income attributable to CUC shareholders.

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

The content of the consolidated financial results forecast for the fiscal year ending March 31, 2025 is unchanged from the forecast contained in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2024" announced on April 24, 2024.

2. Condensed quarterly consolidated financial statements

(1) Condensed quarterly consolidated statement of financial position

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	8,256	13,652
Trade and other receivables	8,758	9,446
Inventories	72	84
Other financial assets	78	111
Other current assets	488	541
Total current assets	17,651	23,834
Non-current assets		
Property, plant and equipment	12,028	12,827
Right-of-use assets	7,669	7,934
Goodwill	13,642	14,352
Intangible assets	4,420	4,581
Investment property	4,356	4,422
Deferred tax assets	380	404
Other financial assets	2,644	2,442
Other non-current assets	44	49
Total non-current assets	45,185	47,012
Total assets	62,836	70,846

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,479	2,873
Borrowings	2,000	2,700
Lease liabilities	1,159	1,172
Deposits received	508	424
Income taxes payable	960	604
Contract liabilities	4	13
Other current liabilities	1,281	1,261
Total current liabilities	8,391	9,046
Non-current liabilities		
Borrowings	16,434	22,198
Lease liabilities	7,126	7,430
Retirement benefit liability	233	241
Deferred tax liabilities	1,453	1,520
Other financial liabilities	677	761
Other non-current liabilities	518	531
Total non-current liabilities	26,440	32,681
Total liabilities	34,831	41,727
Equity		
Share capital	7,669	7,669
Capital surplus	7,761	7,761
Retained earnings	10,307	11,273
Other components of equity	1,578	1,783
Equity attributable to CUC shareholders	27,316	28,486
Non-controlling interests	689	633
Total equity	28,005	29,120
Total liabilities and equity	62,836	70,846

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

Condensed quarterly consolidated statement of income

(Million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Revenue	7,663	10,597
Cost of sales	3,997	5,529
Gross profit	3,666	5,068
Selling, general and administrative expenses	2,816	3,739
Other income	11	16
Other expenses	28	3
Operating profit	834	1,341
Finance income	8	365
Finance costs	49	121
Profit before taxes	793	1,586
Income tax expense	319	660
Net income	474	926
Net income attributable to		
CUC shareholders	482	966
Non-controlling interests	(8)	(40)
Net income	474	926
Earnings per share		
Basic earnings per share	21.25	32.94
Diluted earnings per share	21.22	32.94

Condensed quarterly consolidated statement of comprehensive income

(Million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net income	474	926
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	(75)	(208)
Total of items that will not be reclassified to profit or loss	(75)	(208)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	209	376
Total of items that may be reclassified to profit or loss	209	376
Other comprehensive income, net of tax	134	168
Comprehensive income	607	1,094
Comprehensive income attributable to		
CUC shareholders	566	1,149
Non-controlling interests	41	(55)
Comprehensive income	607	1,094

(3) Consolidated statement of changes in equity

(Three months ended June 30, 2023)

(Million yen)

	Equity attributable to CUC shareholders				
				Other components of equity	
	Share capital	Capital surplus	Retained earnings	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				
	Financial assets measured at fair value through other comprehensive income	Total	Total	Non-controlling interests	Total equity
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

(Three months ended June 30, 2024)

(Million yen)

	Equity attributable to CUC shareholders				
				Other components of equity	
	Share capital	Capital surplus	Retained earnings	Exchange differences on translation of foreign operations	Share acquisition rights
As of April 1, 2024	7,669	7,761	10,307	589	80
Net income	-	-	966	-	-
Other comprehensive income	-	-	-	392	-
Comprehensive income	-	-	966	392	-
Issuance of new shares	-	-	-	-	-
Share-based payment transactions	-	-	-	-	21
Total transactions with shareholders	-	-	-	-	21
As of June 30, 2024	7,669	7,761	11,273	981	101

	Equity attributable to CUC shareholders			Non-controlling interests	Total equity
	Other components of equity		Total		
	Financial assets measured at fair value through other comprehensive income	Total			
As of April 1, 2024	909	1,578	27,316	689	28,005
Net income	-	-	966	(40)	926
Other comprehensive income	(208)	184	184	(16)	168
Comprehensive income	(208)	184	1,149	(55)	1,094
Issuance of new shares	-	-	-	-	-
Share-based payment transactions	-	21	21	-	21
Total transactions with shareholders	-	21	21	-	21
As of June 30, 2024	701	1,783	28,486	633	29,120

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 "Medical Institution", "Hospice" and "In-home Nursing".

The Medical Institution segment mainly provides strategic, administrative and HR supports for medical institutions in Japan, and operates podiatry and vein clinics in the US.

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

The 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, 2023)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Medical Institution	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	61	-	-	61	-	61	(61)	-
Total	2,683	2,220	2,773	7,676	49	7,724	(61)	7,663
Segment profit (loss) (Note 3)	1,067	(124)	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	124	147	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 is correspondent with operating profit in the condensed quarterly consolidated statement of income.

(Three months ended June 30, 2024)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Medical Institution	Hospice	In-home Nursing	Total				
Revenue								
To outside customers	4,329	3,268	2,947	10,545	52	10,597	-	10,597
Inter-segment revenue	74	-	-	74	-	74	(74)	-
Total	4,403	3,268	2,947	10,618	52	10,671	(74)	10,597
Segment profit (Note 3)	1,121	301	143	1,565	4	1,569	(227)	1,341
Finance income	-	-	-	-	-	-	-	365
Finance costs	-	-	-	-	-	-	-	121
Profit before taxes	-	-	-	-	-	-	-	1,586
Net income	-	-	-	-	-	-	-	926
Others								
Depreciation and amortization	245	223	123	590	2	592	-	592

(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 (227) 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

From the first quarter of current fiscal year, renting and management services of real estates provided for hospice facilities have been transferred from the Medical Institution segment to the Hospice segment due to expansion of new hospice facilities. Also, CUC group acquired 79.35% of membership interests in CUC Podiatry Holdings, LLC, which operates podiatry and vein clinics in the United States in the previous fiscal year. Therefore, CUC has changed the name of the reportable segment from Management Support segment to Medical Institution segment at the end of the previous fiscal year to represent the CUC group’s business properly. This change has no impact on financial results by segment.

The segment information for the previous corresponding period has been adjusted retroactively based on changed reportable segments.