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Consolidated Financial Results for the Six Months Ended September 30, 2024 (IFRS)

October 28, 2024

Company name: CUC Inc.
Stock exchange: Tokyo Stock Exchange
Code number: 9158
URL: https://www.cuc-jpn.com/en/
Representative: Keita Hamaguchi, Representative Director
Contact: Jun Hashimoto, Corporate Officer Phone: +81-3-5005-0808
Availability of supplementary materials on financial results: Available
Schedule of financial results briefing session: Scheduled

(Amounts are rounded to the nearest million yen)

1. Consolidated financial results for the six months ended September 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	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	21,611	40.8	3,047	71.3	3,180	89.3	1,981	92.4	2,009	93.3	452	(54.3)
September 30, 2023	15,346	(17.9)	1,778	(22.8)	1,680	(26.2)	1,029	(31.4)	1,039	(31.2)	990	(36.7)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	68.51	68.51
September 30, 2023	40.09	40.09

(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 September 30, 2024	70,223	28,482	27,933	39.8
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	-	0.00			
Fiscal year ending March 31, 2025 (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, 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):
   September 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:
   September 30, 2024: 675,091 shares
   March 31, 2024: 675,048 shares
3) Average number of shares during the period:
   Six months ended September 30, 2024: 29,315,338 shares
   Six months ended September 30, 2023: 25,910,795 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 varicose 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 six months ended September 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)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Changes	
Revenue	15,346	21,611	+6,265	+40.8%
Operating profit	1,778	3,047	+1,269	+71.3%
Profit before taxes	1,680	3,180	+1,500	+89.3%
Net income attributable to CUC shareholders	1,039	2,009	+970	+93.3%
EBITDA	2,591	4,169	+1,578	+60.9%

Operating results by segment

(Million yen)

		Six months ended September 30, 2023	Six months ended September 30, 2024	Changes	
Medical Institution	Revenue	5,143	8,903	+3,759	+73.1%
	Segment profit	2,014	2,201	+187	+9.3%
	EBITDA	2,284	2,679	+395	+17.3%
Hospice	Revenue	4,705	6,705	+2,000	+42.5%
	Segment profit	(50)	690	+740	-
	EBITDA	255	1,145	+890	+349.6%
In-home Nursing	Revenue	5,522	6,077	+555	+10.0%
	Segment profit	386	540	+154	+39.8%
	EBITDA	620	776	+155	+25.0%
Others	Revenue	98	83	(15)	(15.0%)
	Segment profit	4	55	+52	-
	EBITDA	8	8	+1	+6.6%
Adjustment	Revenue	(123)	(157)	(34)	-
	Segment profit	(576)	(439)	+137	-
Total	Revenue	15,346	21,611	+6,265	+40.8%
	Segment profit	1,778	3,047	+1,269	+71.3%
	EBITDA	2,591	4,169	+1,578	+60.9%

1) Medical Institution segment

Revenue in Japan increased primarily due to an increase in the number of clients' medical institutions and M&A advisory fees for the six months ended September 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 8,903 million yen (up 73.1% year on year).

Operating profit and EBITDA from the Medical Institution segment amounted to 2,201 million yen (up 9.3% year on year) and 2,679 million yen (up 17.3% year on year), respectively. This is due to an increase in profit in Japan arising from an increase in the number of clients' medical institutions and M&A advisory fees for the six months ended September 30, 2024. In addition, overseas profit increased primarily due to the acquisition of the US Podiatry Business.

2) Hospice segment

Revenue, operating profit and EBITDA from the Hospice segment for the six months ended September 30, 2024 amounted to 6,705 million yen (up 42.5% year on year), 690 million yen (operating loss of 50 million yen for the previous corresponding period) and 1,145 million yen (up 349.6% year on year), respectively. This is primarily due to an increase in occupancy rates of hospice facilities which opened during the previous fiscal year or any prior fiscal year.

3) In-home Nursing segment

Total care hours (Note) for the six months ended September 30, 2024 were 607 thousand hours (up 16.5% 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 six months ended September 30, 2024 amounted to 6,077 million yen (up 10.0% year on year) while revenue from Covid-related Services etc. (In-home Clinical Trials and In-home Monitoring Services) decreased.

Operating profit and EBITDA from the In-home Nursing segment amounted to 540 million yen (up 39.8% year on year) and 776

million yen (up 25.0% year on year), respectively. This is due to the improvement in efficiencies of nurses and therapists in the segment while profit from Covid-related Services etc. decreased.

(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 21,611 million yen (up 40.8% year on year), operating profit of 3,047 million yen (up 71.3% year on year), EBITDA of 4,169 million yen (up 60.9% 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 3,180 million yen (up 89.3% year on year) and net income attributable to CUC shareholders of 2,009 million yen (up 93.3% year on year).

(2) Explanation of financial position

Total assets as of September 30, 2024 amounted to 70,223 million yen, an increase of 7,387 million yen compared with the balance as of March 31, 2024. Current assets as of September 30, 2024 amounted to 23,416 million yen, an increase of 5,765 million yen compared with the balance as of March 31, 2024. This was primarily due to an increase in cash and cash equivalents of 4,907 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 September 30, 2024 amounted to 46,807 million yen, an increase of 1,622 million yen compared with the balance as of March 31, 2024. This was primarily due to an increase in property, plant and equipment of 1,974 million yen primarily arising from an increase in hospice facilities.
Total liabilities as of September 30, 2024 amounted to 41,741 million yen, an increase of 6,910 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 September 30, 2024 amounted to 28,482 million yen, an increase of 477 million yen compared with the balance as of March 31, 2024. This was primarily due to an increase in retained earnings of 2,009 million yen arising from the recording of net income attributable to CUC shareholders and a decrease in equity instruments designated as measured at fair value through other comprehensive income of 425 million yen arising from a decrease in exchange differences on translation of foreign operations of 1,023 million yen.

(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 September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	8,256	13,163
Trade and other receivables	8,758	9,617
Inventories	72	105
Other financial assets	78	111
Other current assets	488	420
Total current assets	17,651	23,416
Non-current assets		
Property, plant and equipment	12,028	14,002
Right-of-use assets	7,669	8,385
Goodwill	13,642	13,158
Intangible assets	4,420	4,274
Investment property	4,356	4,362
Deferred tax assets	380	436
Other financial assets	2,644	2,135
Other non-current assets	44	55
Total non-current assets	45,185	46,807
Total assets	62,836	70,223

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	2,479	2,340
Borrowings	2,000	2,700
Lease liabilities	1,159	1,096
Deposits received	508	566
Income taxes payable	960	1,195
Contract liabilities	4	5
Other current liabilities	1,281	1,455
Total current liabilities	8,391	9,359
Non-current liabilities		
Borrowings	16,434	21,567
Lease liabilities	7,126	7,944
Retirement benefit liability	233	252
Deferred tax liabilities	1,453	1,289
Other financial liabilities	677	732
Other non-current liabilities	518	599
Total non-current liabilities	26,440	32,383
Total liabilities	34,831	41,741
Equity		
Share capital	7,669	7,669
Capital surplus	7,761	7,819
Retained earnings	10,307	12,316
Treasury shares	(0)	(0)
Other components of equity	1,578	129
Equity attributable to CUC shareholders	27,316	27,933
Non-controlling interests	689	549
Total equity	28,005	28,482
Total liabilities and equity	62,836	70,223

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

Condensed quarterly consolidated statement of income

(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Revenue	15,346	21,611
Cost of sales	7,957	10,901
Gross profit	7,389	10,711
Selling, general and administrative expenses	5,600	7,737
Other income	20	84
Other expenses	31	10
Operating profit	1,778	3,047
Finance income	17	361
Finance costs	115	228
Profit before taxes	1,680	3,180
Income tax expense	651	1,199
Net income	1,029	1,981
Net income attributable to		
CUC shareholders	1,039	2,009
Non-controlling interests	(9)	(28)
Net income	1,029	1,981
Earnings per share		
Basic earnings per share	40.09	68.51
Diluted earnings per share	40.09	68.51

Condensed quarterly consolidated statement of comprehensive income

(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net income	1,029	1,981
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	(233)	(425)
Total of items that will not be reclassified to profit or loss	(233)	(425)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	194	(1,104)
Total of items that may be reclassified to profit or loss	194	(1,104)
Other comprehensive income, net of tax	(39)	(1,529)
Comprehensive income	990	452
Comprehensive income attributable to		
CUC shareholders	948	560
Non-controlling interests	42	(108)
Comprehensive income	990	452

(3) Consolidated statement of changes in equity

(Six months ended September 30, 2023)

(Million yen)

	Equity attributable to CUC shareholders					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	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	-	-	1,039	-	-	-
Other comprehensive income	-	-	-	-	143	-
Comprehensive income	-	-	1,039	-	143	-
Purchase of treasury shares	-	-	-	(0)	-	-
Issuance of new shares	6,606	6,503	-	-	-	-
Issuance of share acquisition rights	-	-	-	-	-	4
Share-based payment transactions	-	-	-	-	-	7
Transactions with non-controlling interests	-	-	-	-	-	-
Total transactions with shareholders	6,606	6,503	-	(0)	-	12
As of September 30, 2023	7,669	7,761	8,753	(0)	622	46

	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	-	-	1,039	(9)	1,029
Other comprehensive income	(233)	(90)	(90)	51	(39)
Comprehensive income	(233)	(90)	948	42	990
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	-	7	7	-	7
Transactions with non-controlling interests	-	-	-	-	-
Total transactions with shareholders	-	12	13,121	-	13,121
As of September 30, 2023	922	1,590	25,774	258	26,031

(Six months ended September 30, 2024)

(Million yen)

	Equity attributable to CUC shareholders					
					Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Exchange differences on translation of foreign operations	Share acquisition rights
As of April 1, 2024	7,669	7,761	10,307	(0)	589	80
Net income	-	-	2,009	-	-	-
Other comprehensive income	-	-	-	-	(1,023)	-
Comprehensive income	-	-	2,009	-	(1,023)	-
Purchase of treasury shares	-	-	-	(0)	-	-
Issuance of new shares	-	-	-	-	-	-
Issuance of share acquisition rights	-	-	-	-	-	6
Share-based payment transactions	-	59	-	-	-	(7)
Transactions with non-controlling interests	-	(2)	-	-	-	-
Total transactions with shareholders	-	57	-	(0)	-	(1)
As of September 30, 2024	7,669	7,819	12,316	(0)	(435)	80

	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, 2024	909	1,578	27,316	689	28,005
Net income	-	-	2,009	(28)	1,981
Other comprehensive income	(425)	(1,448)	(1,448)	(80)	(1,529)
Comprehensive income	(425)	(1,448)	560	(108)	452
Purchase of treasury shares	-	-	(0)	-	(0)
Issuance of new shares	-	-	-	-	-
Issuance of share acquisition rights	-	6	6	-	6
Share-based payment transactions	-	(7)	52	-	52
Transactions with non-controlling interests	-	-	(2)	(32)	(33)
Total transactions with shareholders	-	(1)	57	(32)	25
As of September 30, 2024	484	129	27,933	549	28,482

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 varicose 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.

(Six months ended September 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	5,020	4,705	5,522	15,248	98	15,346	-	15,346
Inter-segment revenue	123	-	-	123	-	123	(123)	-
Total	5,143	4,705	5,522	15,371	98	15,469	(123)	15,346
Segment profit (loss) (Note 3)	2,014	(50)	386	2,350	4	2,354	(576)	1,778
Finance income	-	-	-	-	-	-	-	17
Finance costs	-	-	-	-	-	-	-	115
Profit before taxes	-	-	-	-	-	-	-	1,680
Net income	-	-	-	-	-	-	-	1,029
Others								
Depreciation and amortization	252	311	234	797	5	802	-	802

(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 (576) 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.

(Six months ended September 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	8,746	6,705	6,077	21,528	83	21,611	-	21,611
Inter-segment revenue	157	-	-	157	-	157	(157)	-
Total	8,903	6,705	6,077	21,685	83	21,768	(157)	21,611
Segment profit (Note 3)	2,201	690	540	3,430	55	3,486	(439)	3,047
Finance income	-	-	-	-	-	-	-	361
Finance costs	-	-	-	-	-	-	-	228
Profit before taxes	-	-	-	-	-	-	-	3,180
Net income	-	-	-	-	-	-	-	1,981
Others								
Depreciation and amortization	479	469	244	1,192	4	1,196	-	1,196

(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 (439) 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 the 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.

4. Subsequent event

(Acquisition of issued shares)

CUC's Board of Directors passed a resolution on September 25, 2024 and has decided to acquire all issued shares in Noah Konzer Co.,Ltd ("Noah Konzer"), which operates nursing home in Sapporo. The resolution aims to integrate Noah Konzer as a consolidated subsidiary of CUC. CUC acquired all issued shares in Noah Konzer on October 2, 2024.

(1) Purpose of acquisition

CUC provides management support for medical institutions, operates hospice facilities and provides in-home nursing in Japan under the mission of "Creating Hope through Healthcare".

Noah Konzer, which was acquired by CUC, operates nursing homes in Sapporo and provides "Scheduled and on-demand in-home care and nursing".

This transaction would enable CUC group to provide services for wider range of users in addition to users of existing business. CUC aims to create places that can accommodate elderly people with limited housing options by conversion of some existing floors into hospice floors and accepting persons with higher medical and care dependencies. In addition, CUC aims to establish efficient operation through Digital Transformation and optimization of its headquarters.

(2) Outline of the target company

Name	Noah Konzer Co.,Ltd
Location	7-14-1-32, Hiragishi, Toyohira-ku, Sapporo, Hokkaido
Name of the representative	Akihiro Wakatsuki
Share capital	100 million yen
Business description	• Operation of nursing homes • Providing care services in accordance with long-term care insurance law • Developing and providing medication support system
Method to take control of the acquired company	Acquisition of issued shares in exchange for cash payment

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

Number of shares held before the transfer	0 shares (Number of voting rights : 0) (Percentage of voting rights held : 0.0%)
Number of shares to be acquired	204,600 shares (Number of voting rights : 204,600)
Consideration to be paid	Shares in Noah Konzer 5,300 million yen Transaction costs, etc. 275 million yen
Number of shares held after the transfer	204,600 shares (Number of voting rights : 204,600) (Percentage of voting rights held : 100.0%)

(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 is currently under consideration and has not been determined yet.