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Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 [Under Japanese GAAP]

February 12, 2025

Company name: CareNet, Inc.	Stock exchange listing: Tokyo Stock Exchange
Securities code: 2150	URL: https://www.carenet.co.jp
Representative: Katsuhiro Fujii, President	
Contact: Kanji Fujii, Director and CFO	Phone: +81-3-5214-5800
Scheduled date for annual general meeting of shareholders: March 25, 2025	Scheduled date for commencing dividend payments: March 26, 2025
Scheduled date for filing annual securities report: March 26, 2025	
Preparation of supplementary material on financial results: Yes	
Holding of financial results briefing: Yes (for analysts)	

(Amounts of less than one million yen are truncated.)

1. Consolidated financial results for the fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Consolidated operating results

(% indicates year-over-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2024	11,182	9.3	2,361	(2.8)	2,367	(4.0)	1,139	(24.5)
Fiscal year ended December 31, 2023	10,235	9.7	2,428	(14.8)	2,467	(14.8)	1,510	(18.2)

(Note) Comprehensive income: Fiscal year ended December 31, 2024: 1,224 million yen [(19.8)%]
Fiscal year ended December 31, 2023: 1,528 million yen [(16.1)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2024	25.79	—	10.2	16.7	21.1
Fiscal year ended December 31, 2023	33.90	—	14.2	18.1	23.7

(Note) Diluted earnings per share is not stated as there are no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	14,113	11,329	79.0	256.96
As of December 31, 2023	14,168	11,501	79.3	252.23

(Reference) Equity: As of December 31, 2024: 11,143 million yen As of December 31, 2023: 11,237 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2024	1,823	(1,767)	(1,573)	7,166
Fiscal year ended December 31, 2023	1,722	(431)	(287)	8,672

2. Dividends

	Annual dividends					Total dividends (total)	Dividend payout ratio (consolidated)	Dividend on net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2023	—	0.00	—	12.00	12.00	539	35.4	5.0
Fiscal year ended December 31, 2024	—	0.00	—	12.00	12.00	524	46.5	4.7
Fiscal year ending December 31, 2025 (forecast)	—	0.00	—	12.00	12.00		34.8	

3. Consolidated financial results forecast for the fiscal year ending December 31, 2025 (January 1, 2025 to December 31, 2025) (% indicates year-over-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	12,500	11.8	2,500	5.9	2,370	0.1	1,500	31.6	33.94

(Note) Please refer to “1. Overview of operating results, (5) Future outlook” on page 4 of the attached materials of the Japanese version for details.

* Notes

(1) Significant changes in the scope of consolidation during the current period: Yes

Newly included: 2 companies (Method360, Inc., Satt Co., Ltd)

Excluded: 2 companies (Health Data Science, Inc., Libertus Inc.)

(Note) For details, please see “3. Consolidated financial statements and major notes (5) Notes to consolidated financial statements (Significant accounting policies for preparation of consolidated financial statements)” on page 13 of the Japanese version of this attachment.

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

- 1) Changes in accounting policies due to application of new or revised accounting standards: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatements: None

(3) Number of shares of common stock issued

- 1) Number of shares issued at the end of the period (including treasury stock)
- 2) Number of shares of treasury stock at the end of the period
- 3) Average number of shares outstanding during the period

As of December 31, 2024	46,872,000 shares	As of December 31, 2023	46,872,000 shares
As of December 31, 2024	3,505,802 shares	As of December 31, 2023	2,320,702 shares
Fiscal year ended December 31, 2024	44,193,021 shares	Fiscal year ended December 31, 2023	44,562,087 shares

(Note) The Company’s shares held by the “Board Benefit Trust (BBT)” and the “Board Benefit Trust (J-ESOP)” are included in the treasury stock deduced in the calculation of the average number of shares outstanding during the period.

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(1) Non-consolidated operating results (% indicates year-over-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2024	7,517	0.3	2,151	4.8	2,216	5.3	1,448	(1.4)
Fiscal year ended December 31, 2023	7,498	(8.0)	2,052	(23.1)	2,106	(22.4)	1,469	(10.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2024	32.78	—
Fiscal year ended December 31, 2023	32.98	—

(Note) Diluted earnings per share is not stated as there are no dilutive shares.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	13,230	11,224	84.8	258.82
As of December 31, 2023	12,995	11,008	84.7	247.11

(Reference) Equity: As of December 31, 2024: 11,224 million yen As of December 31, 2023: 11,008 million yen

* These financial results are not subject to audit procedures to be performed by certified public accountants or an audit firm.

* Explanation on appropriate use of financial results forecasts and other matters of note

Financial results forecasts and other forward-looking statements provided in these materials are estimated based on information available to the Company as of the date of publication. Actual financial results may differ from these forecasts owing to changes in future economic conditions and other factors.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of December 31, 2023)	Fiscal year under review (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	8,857,120	7,360,989
Accounts receivable – trade, and contract assets	2,177,913	2,586,693
Electronically recorded monetary claims - operating	308,408	6,325
Inventories	34,112	19,368
Prepaid expenses	222,540	361,824
Other	171,812	135,208
Allowance for doubtful accounts	(5,656)	(5,700)
Total current assets	11,766,250	10,464,710
Non-current assets		
Property, plant and equipment		
Buildings	153,782	163,553
Accumulated depreciation	(29,018)	(45,370)
Buildings, net	124,764	118,183
Vehicles	14,985	15,212
Accumulated depreciation	(8,715)	(11,506)
Vehicles, net	6,270	3,705
Tools, furniture and fixtures	201,113	221,363
Accumulated depreciation	(117,499)	(148,305)
Tools, furniture and fixtures, net	83,613	73,058
Total property, plant and equipment	214,647	194,947
Intangible assets		
Software	35,016	89,074
Goodwill	1,099,107	619,525
Other	2,157	2,109
Total intangible assets	1,136,281	710,709
Investments and other assets		
Investment securities	281,153	1,133,701
Shares of subsidiaries and associates	35,681	828,616
Guarantee deposits	182,354	202,379
Deferred tax assets	389,721	419,255
Other	162,690	158,706
Total investments and other assets	1,051,602	2,742,659
Total non-current assets	2,402,531	3,648,316
Total assets	14,168,782	14,113,026

(Thousand yen)

	Previous fiscal year (As of December 31, 2023)	Fiscal year under review (As of December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable – trade	179,364	152,597
Accounts payable – other	430,991	413,070
Current portion of long-term borrowings	26,330	31,148
Lease liabilities	2,620	2,620
Accrued consumption taxes	160,418	134,971
Accrued expenses	161,467	220,385
Income taxes payable	411,542	465,563
Advances received	60,570	120,044
Provision for bonuses	8,456	—
Provision for point card certificates	943,444	921,824
Other	63,178	55,974
Total current liabilities	2,448,385	2,518,198
Non-current liabilities		
Long-term borrowings	71,092	99,872
Lease liabilities	4,592	1,782
Retirement benefit liability	15,027	18,474
Asset retirement obligations	51,797	51,963
Provision for share awards for directors (and other officers)	59,598	81,270
Provision for share awards for employees	8,265	—
Other	8,508	11,786
Total non-current liabilities	218,879	265,148
Total liabilities	2,667,265	2,783,347
Net assets		
Shareholders' equity		
Share capital	2,405,636	2,405,636
Capital surplus	3,073,797	3,138,641
Retained earnings	6,486,661	7,087,285
Treasury shares	(700,753)	(1,507,632)
Total shareholders' equity	11,265,340	11,123,931
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(28,292)	19,334
Total accumulated other comprehensive income	(28,292)	19,334
Share acquisition rights	0	0
Non-controlling interests	264,467	186,413
Total net assets	11,501,516	11,329,679
Total liabilities and net assets	14,168,782	14,113,026

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

(Thousand yen)

	Previous fiscal year (January 1, 2023 to December 31, 2023)	Fiscal year under review (January 1, 2024 to December 31, 2024)
Net sales	10,235,856	11,182,987
Cost of sales	3,746,774	4,358,651
Gross profit	6,489,082	6,824,336
Selling, general and administrative expenses	4,060,382	4,463,034
Operating profit	2,428,700	2,361,302
Non-operating income		
Interest income	3,261	4,442
Dividend income	5,970	12,806
Share of profit of entities accounted for using equity method	28,368	—
Foreign exchange gains	8,247	14,555
Dividend income of insurance	2,255	—
Miscellaneous income	7,995	6,092
Total non-operating income	56,099	37,896
Non-operating expenses		
Interest expenses	717	1,067
Share of loss of entities accounted for using equity method	—	3,550
Share issuance costs	0	—
Loss on investments in investment partnerships	49	171
Loss on retirement of non-current assets	3,210	4,285
Loss on sale of investment securities	—	8,000
Loss on elimination of share-based compensation expenses	12,371	—
Consumption tax adjustments	—	5,945
Loss on liquidation of subsidiaries and associates	—	3,513
Expenses related to purchase of treasury shares	—	2,999
Miscellaneous loss	1,415	1,693
Total non-operating expenses	17,764	31,227
Ordinary profit	2,467,035	2,367,971
Extraordinary income		
Gain on sale of shares of subsidiaries	12,876	—
Total extraordinary income	12,876	—
Extraordinary losses		
Impairment losses	30,372	306,359
Loss on valuation of investment securities	35,000	48,018
Loss on sale of shares of subsidiaries	7,806	—
Total extraordinary losses	73,178	354,377
Profit before income taxes	2,406,732	2,013,593
Income taxes – current	888,590	856,402
Income taxes – deferred	(2,411)	(20,110)
Total income taxes	886,178	836,292
Profit	1,520,554	1,177,301
Profit attributable to non-controlling interests	9,930	37,452
Profit attributable to owners of parent	1,510,623	1,139,848

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous fiscal year (January 1, 2023 to December 31, 2023)	Fiscal year under review (January 1, 2024 to December 31, 2024)
Profit	1,520,554	1,177,301
Other comprehensive income		
Valuation difference on available-for-sale securities	7,612	47,626
Total other comprehensive income	7,612	47,626
Comprehensive income	1,528,166	1,224,927
Comprehensive income attributable to:		
Owners of parent	1,518,235	1,187,474
Non-controlling interests	9,930	37,452

(3) Consolidated statements of changes in equity
 Previous fiscal year (January 1, 2023 to December 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,405,636	3,072,443	5,245,727	(700,753)	10,023,053
Changes during period					
Dividends of surplus			(269,689)		(269,689)
Profit attributable to owners of parent			1,510,623		1,510,623
Change in ownership interest of parent due to transactions with non-controlling interests		1,353			1,353
Disposal of treasury shares					
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	—	1,353	1,240,933	—	1,242,287
Balance at end of current period	2,405,636	3,073,797	6,486,661	(700,753)	11,265,340

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	(35,904)	(35,904)	0	32,894	10,020,043
Changes during period					
Dividends of surplus					(269,689)
Profit attributable to owners of parent					1,510,623
Change in ownership interest of parent due to transactions with non-controlling interests				(3,353)	(2,000)
Disposal of treasury shares					—
Purchase of treasury shares					—
Net changes in items other than shareholders' equity	7,612	7,612		234,927	242,539
Total changes during period	7,612	7,612	—	231,573	1,481,473
Balance at end of current period	(28,292)	(28,292)	0	264,467	11,501,516

Fiscal year under review (January 1, 2024 to December 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,405,636	3,073,797	6,486,661	(700,753)	11,265,340
Changes during period					
Dividends of surplus			(539,223)		(539,223)
Profit attributable to owners of parent			1,139,848		1,139,848
Disposal of treasury shares		64,843		193,065	257,909
Purchase of treasury shares				(999,943)	(999,943)
Net changes in items other than shareholders' equity					
Total changes during period	—	64,843	600,624	(806,878)	(141,409)
Balance at end of current period	2,405,636	3,138,641	7,087,285	(1,507,632)	11,123,931

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of current period	(28,292)	(28,292)	0	264,467	11,501,516
Changes during period					
Dividends of surplus					(539,223)
Profit attributable to owners of parent					1,139,848
Disposal of treasury shares					257,909
Purchase of treasury shares					(999,943)
Net changes in items other than shareholders' equity	47,626	47,626		(78,054)	(30,427)
Total changes during period	47,626	47,626	—	(78,054)	(171,837)
Balance at end of current period	19,334	19,334	0	186,413	11,329,679

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous fiscal year (January 1, 2023 to December 31, 2023)	Fiscal year under review (January 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	2,406,732	2,013,593
Share of loss (profit) of entities accounted for using equity method	(28,368)	3,550
Depreciation	79,442	87,125
Amortization of goodwill	176,731	193,763
Impairment losses	30,372	306,359
Share-based compensation expenses	162,423	151,553
Increase (decrease) in allowance for doubtful accounts	—	43
Interest and dividend income	(9,232)	(17,248)
Interest expenses	717	1,067
Foreign exchange losses (gains)	(8,232)	(14,376)
Increase (decrease) in provision for bonuses	384	(11,109)
Increase (decrease) in provision for bonuses for directors (and other officers)	(135,871)	—
Increase (decrease) in provision for point card certificates	32,732	(21,620)
Increase (decrease) in provision for share awards for directors (and other officers)	21,672	21,672
Increase (decrease) in provision for share awards for employees	—	(8,265)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(5,250)	—
Increase (decrease) in retirement benefit liability	7,084	3,447
Loss (gain) on sale of investment securities	—	8,000
Loss (gain) on valuation of investment securities	35,000	48,018
Loss (gain) on sales of shares of subsidiaries	(5,069)	—
Decrease (increase) in trade receivables	115,336	(94,523)
Decrease (increase) in inventories	(6,876)	15,097
Increase (decrease) in trade payables	73,946	(34,202)
Increase (decrease) in accounts payable – other	(199,103)	(28,531)
Increase (decrease) in accrued consumption taxes	(11,338)	(26,831)
Increase (decrease) in accrued expenses	15,050	50,073
Increase (decrease) in advances received	23,827	(27,692)
Other	(53,489)	(12,414)
Subtotal	2,718,621	2,606,549
Interest and dividend income received	8,336	18,737
Interest paid	(717)	(1,067)
Income taxes paid	(1,003,663)	(800,315)
Net cash provided by (used in) operating activities	1,722,577	1,823,903

(Thousand yen)

	Previous fiscal year (January 1, 2023 to December 31, 2023)	Fiscal year under review (January 1, 2024 to December 31, 2024)
Cash flows from investing activities		
Purchase of investment securities	(200,040)	(1,018,470)
Proceeds from sale of investment securities	—	7,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(96,114)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	9,668
Purchase of shares of associates accounted for using equity method	—	(650,000)
Proceeds from collection of loans receivable	—	30,000
Payments of guarantee deposits	(14,825)	(14,606)
Proceeds from refund of guarantee deposits	1,841	—
Purchase of property, plant and equipment	(55,968)	(32,966)
Purchase of intangible assets	(9,236)	(57,819)
Payments for acquisition of businesses	(10,000)	(33,636)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(45,989)	—
Other	(966)	(6,435)
Net cash provided by (used in) investing activities	(431,298)	(1,767,265)
Cash flows from financing activities		
Proceeds from long-term borrowings	100,000	—
Repayments of long-term borrowings	(114,430)	(30,540)
Repayments of lease liabilities	(2,998)	(2,809)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,000)	—
Purchase of treasury shares	—	(1,002,943)
Dividends paid	(268,494)	(537,392)
Net cash provided by (used in) financing activities	(287,922)	(1,573,685)
Effect of exchange rate change on cash and cash equivalents	2,754	11,106
Net increase (decrease) in cash and cash equivalents	1,006,111	(1,505,940)
Cash and cash equivalents at beginning of period	7,665,911	8,672,022
Cash and cash equivalents at end of period	8,672,022	7,166,081