



Consolidated Financial Results for the Fiscal Year Ended December 31, 2022 [Japanese GAAP]

February 13, 2023

Company name: CareNet, Inc.

Stock exchange listing: Tokyo Stock Exchange

Securities code: 2150

URL: <https://www.caret.net.co.jp>

Representative: Katsuhiko Fujii, President

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Scheduled date for annual general meeting of shareholders:

Scheduled date for commencing dividend payments:

March 28, 2023

March 29, 2023

Scheduled date for filing annual securities report:

March 29, 2023

Preparation of supplementary financial results briefing materials: No

Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(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, 2022	9,327	—	2,851	—	2,894	—	1,847	—
Fiscal year ended December 31, 2021	8,004	50.9	2,532	67.7	2,556	69.7	1,609	97.3

(Note) Comprehensive income: Fiscal year ended December 31, 2022: 1,820 million yen [—%]
Fiscal year ended December 31, 2021: 1,477 million yen [49.6%]

	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, 2022	41.70	—	20.4	24.3	30.6
Fiscal year ended December 31, 2021	38.11	—	28.7	31.8	31.6

- (Note) 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020) and other standards have been applied since the beginning of the fiscal year ended December 31, 2022, and the figures for the fiscal year ended December 31, 2022 represent the figures after the application of these accounting standards. Accordingly, year-over-year percentage changes are not stated.
2. Diluted earnings per share is not stated as there are no dilutive shares.
3. On October 1, 2021, the Company conducted a stock split at a ratio of four shares to one share of common stock. Basic earnings per share is calculated under the assumption that said stock split occurred at the beginning of the fiscal year ended December 31, 2021.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	13,071	10,020	76.4	224.11
As of December 31, 2021	10,742	8,138	75.6	183.42

(Reference) Equity: As of December 31, 2022: 9,987 million yen As of December 31, 2021: 8,121 million yen

- (Note) 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020) and other standards have been applied since the beginning of the fiscal year ended December 31, 2022, and the figures for the fiscal year ended December 31, 2022 represent the figures after the application of these accounting standards.
2. On October 1, 2021, the Company conducted a stock split at a ratio of four shares to one share of common stock. Net assets per share is calculated under the assumption that said stock split occurred at the beginning of the fiscal year ended December 31, 2021.

(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, 2022	1,779	(1,067)	(260)	7,665
Fiscal year ended December 31, 2021	1,756	(303)	3,439	7,210

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, 2021	—	0.00	—	6.00	6.00	267	15.7	4.7
Fiscal year ended December 31, 2022	—	0.00	—	6.00	6.00	269	14.4	5.4
Fiscal year ending December 31, 2023 (forecast)	—	0.00	—	6.00	6.00		—	

(Note) On October 1, 2021, the Company conducted a stock split at a ratio of four shares to one share of common stock. Dividend amounts for the fiscal year ended December 31, 2021 have taken said stock split into account.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2023 (January 1, 2023 to December 31, 2023) (% 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	11,000	17.9	3,000	5.2	3,000	3.7	2,000	8.3	44.88

(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) Changes in significant subsidiaries during the current period (changes in specified subsidiaries resulting in the changes in the scope of consolidation): None

(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: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(Note) For details, please see “3. Consolidated financial statements and principal notes (5) Notes to consolidated financial statements (Changes in accounting policies)” on page 14 of the Japanese version of this attachment.

(3) Number of shares of common stock issued

1) Number of shares issued at the end of the period (including treasury stock)

As of December 31, 2022	46,872,000 shares	As of December 31, 2021	46,872,000 shares
As of December 31, 2022	2,307,702 shares	As of December 31, 2021	2,597,568 shares
Fiscal year ended December 31, 2022	44,303,805 shares	Fiscal year ended December 31, 2021	42,227,709 shares

2) Number of shares of treasury stock at the end of the period

3) Average number of shares of common stock during the period

(Note) 1. 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 of common stock during the period.

2. On October 1, 2021, the Company conducted a stock split at a ratio of four shares to one share of common stock. Number of shares issued at the end of the period, number of shares of treasury stock at the end of the period, and average number of shares of common stock during the period are calculated under the assumption that said stock split occurred at the beginning of the fiscal year ended December 31, 2021.

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(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, 2022	8,152	—	2,668	—	2,713	—	1,641	—
Fiscal year ended December 31, 2021	7,258	39.1	2,383	47.1	2,417	49.9	1,499	61.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2022	37.04	—
Fiscal year ended December 31, 2021	35.50	—

- (Note) 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020) and other standards have been applied since the beginning of the fiscal year ended December 31, 2022, and the figures for the fiscal year ended December 31, 2022 represent the figures after the application of these accounting standards. Accordingly, year-over-year percentage changes are not stated.
2. Diluted earnings per share is not stated as there are no dilutive shares.
3. On October 1, 2021, the Company conducted a stock split at a ratio of four shares to one share of common stock. Basic earnings per share is calculated under the assumption that said stock split occurred at the beginning of the fiscal year ended December 31, 2021.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2022	12,295	9,801	79.7	219.94
As of December 31, 2021	10,510	8,139	77.4	183.84

(Reference) Equity: As of December 31, 2022: 9,801 million yen As of December 31, 2021: 8,139 million yen

- (Note) 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 31, 2020) and other standards have been applied since the beginning of the fiscal year ended December 31, 2022, and the figures for the fiscal year ended December 31, 2022 represent the figures after the application of these accounting standards.
2. On October 1, 2021, the Company conducted a stock split at a ratio of four shares to one share of common stock. Basic earnings per share is calculated under the assumption that said stock split occurred at the beginning of the fiscal year ended December 31, 2021.

* 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, 2021)	Fiscal year under review (As of December 31, 2022)
Assets		
Current assets		
Cash and deposits	7,365,483	7,845,831
Accounts receivable – trade	1,901,951	–
Notes and accounts receivable - trade, and contract assets	–	2,442,641
Electronically recorded monetary claims - operating	92,730	196,647
Inventories	35,273	27,053
Prepaid expenses	111,970	237,163
Other	99,780	91,737
Total current assets	9,607,189	10,841,074
Non-current assets		
Property, plant and equipment		
Buildings	138,431	153,314
Accumulated depreciation	(2,988)	(16,901)
Buildings, net	135,442	136,413
Vehicles	–	16,568
Accumulated depreciation	–	(7,812)
Vehicles, net	–	8,756
Tools, furniture and fixtures	125,548	155,093
Accumulated depreciation	(53,401)	(84,654)
Tools, furniture and fixtures, net	72,147	70,438
Total property, plant and equipment	207,590	215,608
Intangible assets		
Software	26,687	51,676
Goodwill	103,683	1,006,104
Other	606	606
Total intangible assets	130,976	1,058,386
Investments and other assets		
Investment securities	290,902	110,227
Guarantee deposits	159,064	169,044
Deferred tax assets	267,649	387,002
Other	79,503	290,051
Allowance for doubtful accounts	(226)	–
Total investments and other assets	796,894	956,326
Total non-current assets	1,135,460	2,230,322
Total assets	10,742,650	13,071,397

(Thousand yen)

	Previous fiscal year (As of December 31, 2021)	Fiscal year under review (As of December 31, 2022)
Liabilities		
Current liabilities		
Accounts payable – trade	129,377	157,634
Accounts payable – other	533,070	629,053
Current portion of long-term borrowings	480	23,431
Lease liabilities	–	2,809
Accrued consumption taxes	241,957	174,066
Accrued expenses	67,015	119,366
Income taxes payable	613,781	569,423
Advances received	3,432	35,830
Provision for bonuses	–	8,072
Provision for bonuses for directors (and other officers)	234,500	135,871
Provision for point card certificates	672,732	910,711
Other	22,395	56,058
Total current liabilities	2,518,742	2,822,329
Non-current liabilities		
Long-term borrowings	9,520	107,051
Lease liabilities	–	7,401
Deferred tax liabilities	34	–
Retirement benefit liability	–	7,943
Asset retirement obligations	48,444	50,128
Provision for share awards for directors (and other officers)	16,254	37,926
Provision for share awards for employees	11,020	11,020
Provision for retirement benefits for directors (and other officers)	–	5,250
Other	–	2,304
Total non-current liabilities	85,272	229,023
Total liabilities	2,604,015	3,051,353
Net assets		
Shareholders' equity		
Share capital	2,405,636	2,405,636
Capital surplus	2,781,699	3,072,443
Retained earnings	3,736,277	5,245,727
Treasury shares	(806,320)	(700,753)
Total shareholders' equity	8,117,292	10,023,053
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,726	(35,904)
Total accumulated other comprehensive income	3,726	(35,904)
Share acquisition rights	–	0
Non-controlling interests	17,616	32,894
Total net assets	8,138,635	10,020,043
Total liabilities and net assets	10,742,650	13,071,397

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

(Thousand yen)

	Previous fiscal year (January 1, 2021 to December 31, 2021)	Fiscal year under review (January 1, 2022 to December 31, 2022)
Net sales	8,004,016	9,327,876
Cost of sales	2,445,336	2,915,715
Gross profit	5,558,679	6,412,160
Selling, general and administrative expenses	3,026,279	3,560,650
Operating profit	2,532,400	2,851,510
Non-operating income		
Interest income	136	1,065
Dividend income	7,920	8,178
Foreign exchange gains	13,419	14,945
Dividend income of insurance	1,939	–
Gain on forgiveness of consumption taxes	13,539	29,055
Miscellaneous income	5,308	5,142
Total non-operating income	42,263	58,387
Non-operating expenses		
Interest expenses	2,147	549
Share issuance costs	1,777	2,845
Share acquisition rights issuance costs	8,499	–
Loss on investments in investment partnerships	–	2,415
Loss on retirement of non-current assets	2,680	9,775
Miscellaneous loss	2,592	2
Total non-operating expenses	17,697	15,588
Ordinary profit	2,556,965	2,894,309
Extraordinary losses		
Impairment losses	58,605	–
Loss on valuation of investment securities	–	134,220
Loss on valuation of investments in capital	43,044	–
Loss on liquidation of subsidiaries and associates	5,976	–
Total extraordinary losses	107,625	134,220
Profit before income taxes	2,449,339	2,760,089
Income taxes – current	891,344	966,795
Income taxes – deferred	(51,855)	(67,253)
Total income taxes	839,489	899,541
Profit	1,609,850	1,860,548
Profit attributable to non-controlling interests	734	13,012
Profit attributable to owners of parent	1,609,116	1,847,535

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous fiscal year (January 1, 2021 to December 31, 2021)	Fiscal year under review (January 1, 2022 to December 31, 2022)
Profit	1,609,850	1,860,548
Other comprehensive income		
Valuation difference on available-for-sale securities	(134,662)	(39,630)
Foreign currency translation adjustment	2,049	—
Total other comprehensive income	(132,612)	(39,630)
Comprehensive income	1,477,238	1,820,917
Comprehensive income attributable to:		
Owners of parent	1,476,503	1,807,905
Non-controlling interests	734	13,012

(3) Consolidated statements of changes in equity
 Previous fiscal year (January 1, 2021 to December 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	627,045	551,260	2,210,214	(451,038)	2,937,483
Changes during period					
Issuance of new shares	1,778,590	1,778,590			3,557,181
Dividends of surplus			(83,053)		(83,053)
Profit attributable to owners of parent			1,609,116		1,609,116
Change in ownership interest of parent due to transactions with non-controlling interests		(465)			(465)
Purchase of treasury shares				(617)	(617)
Disposal of treasury shares		86,156		11,492	97,648
Purchase of treasury shares by Board Benefit Trust				(431,193)	(431,193)
Disposal of treasury shares to Board Benefit Trust		366,157		65,035	431,193
Issuance of share acquisition rights					
Exercise of share acquisition rights					
Purchase and cancellation of share acquisition rights					
Net changes in items other than shareholders' equity					
Total changes during period	1,778,590	2,230,438	1,526,062	(355,282)	5,179,808
Balance at end of current period	2,405,636	2,781,699	3,736,277	(806,320)	8,117,292

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	138,388	(2,049)	136,339	–	11,535	3,085,357
Changes during period						
Issuance of new shares						3,557,181
Dividends of surplus						(83,053)
Profit attributable to owners of parent						1,609,116
Change in ownership interest of parent due to transactions with non-controlling interests					(4,245)	(4,710)
Purchase of treasury shares						(617)
Disposal of treasury shares						97,648
Purchase of treasury shares by Board Benefit Trust						(431,193)
Disposal of treasury shares to Board Benefit Trust						431,193
Issuance of share acquisition rights				17,860		17,860
Exercise of share acquisition rights				(11,966)		(11,966)
Purchase and cancellation of share acquisition rights				(5,893)		(5,893)
Net changes in items other than shareholders' equity	(134,662)	2,049	(132,612)		10,326	(122,286)
Total changes during period	(134,662)	2,049	(132,612)	–	6,081	5,053,277
Balance at end of current period	3,726	–	3,726	–	17,616	8,138,635

Fiscal year under review (January 1, 2022 to December 31, 2022)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,405,636	2,781,699	3,736,277	(806,320)	8,117,292
Cumulative effects of changes in accounting policies			(70,135)		(70,135)
Restated balance	2,405,636	2,781,699	3,666,141	(806,320)	8,047,156
Changes during period					
Dividends of surplus			(267,950)		(267,950)
Profit attributable to owners of parent			1,847,535		1,847,535
Change in ownership interest of parent due to transactions with non-controlling interests		(2,265)			(2,265)
Purchase of treasury shares				(35)	(35)
Disposal of treasury shares		293,009		105,602	398,612
Issuance of share acquisition rights					
Net changes in items other than shareholders' equity					
Total changes during period	–	290,744	1,579,585	105,566	1,975,896
Balance at end of current period	2,405,636	3,072,443	5,245,727	(700,753)	10,023,053

	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	3,726	3,726	–	17,616	8,138,635
Cumulative effects of changes in accounting policies					(70,135)
Restated balance	3,726	3,726	–	17,616	8,068,499
Changes during period					
Dividends of surplus					(267,950)
Profit attributable to owners of parent					1,847,535
Change in ownership interest of parent due to transactions with non-controlling interests				2,265	
Purchase of treasury shares					(35)
Disposal of treasury shares					398,612
Issuance of share acquisition rights			0		0
Net changes in items other than shareholders' equity	(39,630)	(39,630)		13,012	(26,618)
Total changes during period	(39,630)	(39,630)	0	15,277	1,951,544
Balance at end of current period	(35,904)	(35,904)	0	32,894	10,020,043

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous fiscal year (January 1, 2021 to December 31, 2021)	Fiscal year under review (January 1, 2022 to December 31, 2022)
Cash flows from operating activities		
Profit before income taxes	2,449,339	2,760,089
Depreciation	65,156	71,752
Impairment losses	58,605	–
Amortization of goodwill	29,483	32,139
Increase (decrease) in provision for bonuses	–	(4,036)
Increase (decrease) in provision for bonuses for directors (and other officers)	14,500	(98,628)
Increase (decrease) in provision for point card certificates	147,067	237,979
Increase (decrease) in provision for share awards for directors (and other officers)	16,254	21,672
Increase (decrease) in provision for share awards for employees	11,020	–
Increase (decrease) in allowance for doubtful accounts	–	(226)
Interest and dividend income	(8,056)	(9,244)
Interest expenses	2,147	549
Foreign exchange losses (gains)	(14,166)	(14,061)
Loss (gain) on valuation of investment securities	–	134,220
Loss on valuation of investments in capital	43,044	–
Decrease (increase) in trade receivables	(180,255)	(490,646)
Decrease (increase) in inventories	(5,056)	8,368
Increase (decrease) in trade payables	18,251	28,256
Increase (decrease) in accounts payable – other	15,818	92,009
Increase (decrease) in accrued consumption taxes	2,346	(86,271)
Increase (decrease) in accrued expenses	(7,181)	(8,976)
Increase (decrease) in advances received	(7,791)	32,192
Other	6,563	71,587
Subtotal	2,657,091	2,778,726
Interest and dividend income received	8,078	8,440
Interest paid	(2,147)	(549)
Income taxes paid	(906,199)	(1,006,874)
Net cash provided by (used in) operating activities	1,756,822	1,779,744
Cash flows from investing activities		
Purchase of property, plant and equipment	(118,483)	(71,607)
Purchase of intangible assets	(21,336)	(40,240)
Collection of loans receivable	3,126	–
Payments of guarantee deposits	(153,546)	(4,797)
Proceeds from refund of guarantee deposits	66,231	2,158
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(23,393)	(938,845)
Other	(55,801)	(14,044)
Net cash provided by (used in) investing activities	(303,202)	(1,067,376)

(Thousand yen)

	Previous fiscal year (January 1, 2021 to December 31, 2021)	Fiscal year under review (January 1, 2022 to December 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(30,000)	–
Repayments of long-term borrowings	–	(1,048)
Repayments of lease liabilities	–	(567)
Proceeds from issuance of shares	3,557,181	–
Purchase of treasury shares	(617)	(35)
Dividends paid	(82,982)	(267,366)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4,710)	–
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	1,000	8,591
Other	–	0
Net cash provided by (used in) financing activities	3,439,870	(260,425)
Effect of exchange rate change on cash and cash equivalents	10,380	3,694
Net increase (decrease) in cash and cash equivalents	4,903,870	455,637
Cash and cash equivalents at beginning of period	2,306,402	7,210,273
Cash and cash equivalents at end of period	7,210,273	7,665,911