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Consolidated Financial Results for the Three Months Ended March 31, 2023 [Japanese GAAP]

May 12, 2023

Company name: CareNet, Inc.

Securities code: 2150

Representative: Katsuhiko Fujii, President

Contact: Kanji Fujii, Director and CFO

Scheduled date for filing quarterly securities report:

May 15, 2023

Stock exchange listing: Tokyo Stock Exchange

URL: <https://www.carennet.co.jp>

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Scheduled date for commencing dividend payments: —

Preparation of supplementary quarterly financial results briefing materials: No

Holding of quarterly financial results briefing: No

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

1. Consolidated financial results for the three months ended March 31, 2023 (January 1, 2023 to March 31, 2023)

(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	%
Three months ended March 31, 2023	2,526	13.7	715	(14.7)	715	(14.7)	457	(18.0)
Three months ended March 31, 2022	2,222	—	838	—	839	—	558	—

(Note) Comprehensive income: Three months ended March 31, 2023: 452 million yen [7.2%]
Three months ended March 31, 2022: 422 million yen [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2023	10.27	—
Three months ended March 31, 2022	12.61	—

(Notes) 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 three months ended March 31, 2022, and the figures for the three months ended March 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.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	12,385	10,203	82.1	228.07
As of December 31, 2022	13,071	10,020	76.4	224.11

(Reference) Equity: As of March 31, 2023: 10,163 million yen As of December 31, 2022: 9,987 million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2022	—	0.00	—	6.00	6.00
Fiscal year ending December 31, 2023	—				
Fiscal year ending December 31, 2023 (forecast)		0.00	—	6.00	6.00

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

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

* 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) Accounting treatments adopted specially for the preparation of quarterly consolidated financial statements: None

(3) 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 “2. Consolidated financial statements and principal notes (3) Notes to consolidated financial statements (Changes in accounting policies)” on page 7 of the Japanese version of this attachment.

(4) Number of shares of common stock issued

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

As of March 31, 2023	46,872,000 shares	As of December 31, 2022	46,872,000 shares
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2) Number of shares of treasury stock at the end of the period

As of March 31, 2023	2,307,702 shares	As of December 31, 2022	2,307,702 shares
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3) Average number of shares of common stock during the period

Three months ended March 31, 2023	44,564,298 shares	Three months ended March 31, 2022	44,274,432 shares
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(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 deducted in the calculation of the average number of shares of common stock during the period.

* These quarterly financial results are not subject to quarterly review 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.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of December 31, 2022)	Three months under review (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	7,845,831	7,774,929
Notes and accounts receivable - trade, and contract assets	2,442,641	1,992,601
Electronically recorded monetary claims - operating	196,647	167,410
Inventories	27,053	34,656
Prepaid expenses	237,163	233,493
Other	91,737	61,954
Total current assets	10,841,074	10,265,045
Non-current assets		
Property, plant and equipment	215,608	215,554
Intangible assets		
Goodwill	1,006,104	969,198
Other	52,282	48,775
Total intangible assets	1,058,386	1,017,973
Investments and other assets	956,326	886,443
Total non-current assets	2,230,322	2,119,971
Total assets	13,071,397	12,385,016

(Thousand yen)

	Previous fiscal year (As of December 31, 2022)	Three months under review (As of March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	157,634	150,647
Current portion of long-term borrowings	23,431	26,556
Income taxes payable	569,423	237,190
Advances received	35,830	21,183
Provision for bonuses	8,072	12,383
Provision for bonuses for directors (and other officers)	135,871	–
Provision for point card certificates	910,711	914,891
Other	981,354	589,077
Total current liabilities	2,822,329	1,951,930
Non-current liabilities		
Long-term borrowings	107,051	96,900
Retirement benefit liability	7,943	10,616
Asset retirement obligations	50,128	50,140
Provision for share awards for directors (and other officers)	37,926	43,344
Provision for share awards for employees	11,020	11,020
Provision for retirement benefits for directors (and other officers)	5,250	6,375
Other	9,705	11,441
Total non-current liabilities	229,023	229,837
Total liabilities	3,051,353	2,181,768
Net assets		
Shareholders' equity		
Share capital	2,405,636	2,405,636
Capital surplus	3,072,443	3,072,443
Retained earnings	5,245,727	5,433,730
Treasury shares	(700,753)	(700,753)
Total shareholders' equity	10,023,053	10,211,056
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(35,904)	(47,092)
Total accumulated other comprehensive income	(35,904)	(47,092)
Share acquisition rights	0	0
Non-controlling interests	32,894	39,283
Total net assets	10,020,043	10,203,248
Total liabilities and net assets	13,071,397	12,385,016

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statements of income)
(For the three months ended March 31)

(Thousand yen)

	Previous three month period (January 1, 2022 to March 31, 2022)	Three months under review (January 1, 2023 to March 31, 2023)
Net sales	2,222,788	2,526,715
Cost of sales	711,974	934,253
Gross profit	1,510,814	1,592,461
Selling, general and administrative expenses	672,780	877,401
Operating profit	838,033	715,060
Non-operating income		
Interest income	84	588
Foreign exchange gains	5,643	194
Miscellaneous income	740	1,202
Total non-operating income	6,468	1,984
Non-operating expenses		
Interest expenses	294	261
Share issuance costs	2,845	0
Loss on investments in investment partnerships	2,296	95
Miscellaneous loss	-	994
Total non-operating expenses	5,436	1,352
Ordinary profit	839,065	715,693
Profit before income taxes	839,065	715,693
Income taxes – current	220,441	221,113
Income taxes – deferred	54,448	30,497
Total income taxes	274,890	251,610
Profit	564,175	464,082
Profit attributable to non-controlling interests	5,965	6,389
Profit attributable to owners of parent	558,209	457,693

(Quarterly consolidated statements of comprehensive income)
(For the three months ended March 31)

(Thousand yen)

	Previous three month period (January 1, 2022 to March 31, 2022)	Three months under review (January 1, 2023 to March 31, 2023)
Profit	564,175	464,082
Other comprehensive income		
Valuation difference on available-for-sale securities	(141,866)	(11,188)
Total other comprehensive income	(141,866)	(11,188)
Comprehensive income	422,308	452,894
Comprehensive income attributable to:		
Owners of parent	416,342	446,504
Non-controlling interests	5,965	6,389