



Consolidated Financial Results for the Six Months Ended June 30, 2023 [Japanese GAAP]

August 14, 2023

Company name: CareNet, Inc.

Stock exchange listing: Tokyo Stock Exchange

Securities code: 2150

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

Representative: Katsuhiko Fujii, President

Contact: Kanji Fujii, Director and CFO

Phone: +81-3-5214-5800

Scheduled date for filing quarterly securities report:

Scheduled date for commencing dividend payments: —

August 14, 2023

Preparation of supplementary quarterly financial results briefing materials: No

Holding of quarterly financial results briefing: Yes (for analysts)

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

1. Consolidated financial results for the six months ended June 30, 2023 (January 1, 2023 to June 30, 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	%
Six months ended June 30, 2023	5,014	17.3	1,318	(12.1)	1,337	(11.1)	859	(13.9)
Six months ended June 30, 2022	4,274	—	1,500	—	1,504	—	998	—

(Note) Comprehensive income: Six months ended June 30, 2023: 848 million yen [(15.9)%]
Six months ended June 30, 2022: 1,008 million yen [—%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	19.29	—
Six months ended June 30, 2022	22.55	—

(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 six months ended June 30, 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 June 30, 2023	12,880	10,596	82.0	237.00
As of December 31, 2022	13,071	10,020	76.4	224.11

(Reference) Equity: As of June 30, 2023: 10,561 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	—	0.00			
Fiscal year ending December 31, 2023 (forecast)			—	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 (4) Notes to consolidated financial statements (Changes in accounting policies)” on page 8 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 June 30, 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 June 30, 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

Six months ended June 30, 2023	44,564,298 shares	Six months ended June 30, 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)	Six months under review (As of June 30, 2023)
Assets		
Current assets		
Cash and deposits	7,845,831	8,627,669
Notes and accounts receivable - trade, and contract assets	2,442,641	1,683,003
Electronically recorded monetary claims - operating	196,647	149,600
Inventories	27,053	32,672
Prepaid expenses	237,163	217,031
Other	91,737	109,647
Total current assets	10,841,074	10,819,625
Non-current assets		
Property, plant and equipment	215,608	210,156
Intangible assets		
Goodwill	1,006,104	923,151
Other	52,282	45,064
Total intangible assets	1,058,386	968,215
Investments and other assets	956,326	882,607
Total non-current assets	2,230,322	2,060,980
Total assets	13,071,397	12,880,605

(Thousand yen)

	Previous fiscal year (As of December 31, 2021)	Six months under review (As of June 30, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	157,634	92,439
Current portion of long-term borrowings	23,431	27,576
Income taxes payable	569,423	466,503
Advances received	35,830	24,182
Provision for bonuses	8,072	8,622
Provision for bonuses for directors (and other officers)	135,871	–
Provision for point card certificates	910,711	943,427
Asset retirement obligations	–	1,641
Other	981,354	491,498
Total current liabilities	2,822,329	2,055,893
Non-current liabilities		
Long-term borrowings	107,051	88,986
Retirement benefit liability	7,943	12,636
Asset retirement obligations	50,128	48,510
Provision for share awards for directors (and other officers)	37,926	48,762
Provision for share awards for employees	11,020	11,020
Provision for retirement benefits for directors (and other officers)	5,250	7,500
Other	9,705	10,604
Total non-current liabilities	229,023	228,019
Total liabilities	3,051,353	2,283,912
Net assets		
Shareholders' equity		
Share capital	2,405,636	2,405,636
Capital surplus	3,072,443	3,073,456
Retained earnings	5,245,727	5,835,898
Treasury shares	(700,753)	(700,753)
Total shareholders' equity	10,023,053	10,614,237
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(35,904)	(52,605)
Total accumulated other comprehensive income	(35,904)	(52,605)
Share acquisition rights	0	0
Non-controlling interests	32,894	35,060
Total net assets	10,020,043	10,596,692
Total liabilities and net assets	13,071,397	12,880,605

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statements of income)
(For the six months ended June 30)

(Thousand yen)

	Previous six month period (January 1, 2022 to June 30, 2022)	Six months under review (January 1, 2023 to June 30, 2023)
Net sales	4,274,358	5,014,099
Cost of sales	1,363,782	1,867,742
Gross profit	2,910,576	3,146,357
Selling, general and administrative expenses	1,410,501	1,827,569
Operating profit	1,500,074	1,318,788
Non-operating income		
Interest income	149	1,359
Dividend income	19	26
Share of profit of entities accounted for using equity method	–	4,171
Dividend income of insurance	–	2,255
Foreign exchange gains	18,795	10,829
Miscellaneous income	842	1,572
Total non-operating income	19,807	20,214
Non-operating expenses		
Interest expenses	496	393
Share issuance costs	2,845	0
Loss on investments in investment partnerships	2,296	95
Loss on retirement of non-current assets	9,571	97
Miscellaneous loss	–	994
Total non-operating expenses	15,209	1,580
Ordinary profit	1,504,671	1,337,421
Extraordinary income		
Gain on sale of shares of subsidiaries	–	12,876
Total extraordinary income	–	12,876
Profit before income taxes	1,504,671	1,350,297
Income taxes – current	484,781	474,476
Income taxes – deferred	13,894	10,781
Total income taxes	498,675	485,258
Profit	1,005,996	865,039
Profit attributable to non-controlling interests	7,663	5,178
Profit attributable to owners of parent	998,332	859,861

(Quarterly consolidated statements of comprehensive income)
(For the six months ended June 30)

(Thousand yen)

	Previous six month period (January 1, 2022 to June 30, 2022)	Six months under review (January 1, 2023 to June 30, 2023)
Profit	1,005,996	865,039
Other comprehensive income		
Valuation difference on available-for-sale securities	2,205	(16,701)
Total other comprehensive income	2,205	(16,701)
Comprehensive income	1,008,201	848,338
Comprehensive income attributable to:		
Owners of parent	1,000,537	843,159
Non-controlling interests	7,663	5,178

(3) Quarterly consolidated statements of cash flows

(Thousand yen)

	Previous six month period (January 1, 2022 to June 30, 2022)	Six months under review (January 1, 2023 to June 30, 2023)
Cash flows from operating activities		
Profit before income taxes	1,504,671	1,350,297
Depreciation	30,981	37,074
Amortization of goodwill	14,741	88,211
Increase (decrease) in allowance for doubtful accounts	–	1,945
Interest and dividend income	(169)	(1,385)
Interest expenses	496	393
Foreign exchange losses (gains)	(17,484)	(10,580)
Share of loss (profit) of entities accounted for using equity method	–	(4,171)
Increase (decrease) in provision for bonuses	–	550
Increase (decrease) in provision for bonuses for directors (and other officers)	(234,500)	(135,871)
Increase (decrease) in provision for point card certificates	128,911	32,715
Increase (decrease) in provision for share awards for directors (and other officers)	10,836	10,836
Increase (decrease) in provision for retirement benefits for directors (and other officers)	–	2,250
Increase (decrease) in retirement benefit liability	–	4,693
Loss (gain) on sales of shares of subsidiaries	–	(12,876)
Decrease (increase) in trade receivables	193,875	718,274
Decrease (increase) in inventories	13,640	(5,618)
Increase (decrease) in trade payables	(28,474)	(17,347)
Increase (decrease) in accounts payable – other	(358,429)	(424,877)
Increase (decrease) in accrued consumption taxes	(133,033)	(38,253)
Increase (decrease) in accrued expenses	(46,247)	(16,543)
Increase (decrease) in advances received	28,627	(11,648)
Other	82,959	103,361
Subtotal	1,191,402	1,671,429
Interest and dividend income received	105	924
Interest paid	(496)	(393)
Income taxes refund (paid)	(562,053)	(529,253)
Net cash provided by (used in) operating activities	628,957	1,142,707
Cash flows from investing activities		
Purchase of property, plant and equipment	(59,994)	(24,116)
Purchase of intangible assets	(5,957)	(7,685)
Net decrease (increase) in time deposits	(10,351)	–
Payments of guarantee deposits	(205)	(4,902)
Proceeds from refund of guarantee deposits	150	–
Payments for acquisition of businesses	–	(10,000)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(39,391)
Other	–	180
Net cash provided by (used in) investing activities	(76,358)	(85,915)

(Thousand yen)

	Previous six month period (January 1, 2022 to June 30, 2022)	Six months under review (January 1, 2023 to June 30, 2023)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	80,000
Repayments of long-term borrowings	–	(93,920)
Repayments of lease liabilities	–	(1,404)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(2,000)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	8,591	–
Dividends paid	(266,389)	(268,029)
Net cash provided by (used in) financing activities	(257,797)	(285,354)
Effect of exchange rate change on cash and cash equivalents	5,138	3,206
Net increase (decrease) in cash and cash equivalents	299,939	774,644
Cash and cash equivalents at beginning of period	7,210,273	7,665,911
Cash and cash equivalents at end of period	7,510,212	8,440,555