



Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 [Japanese GAAP]

February 14, 2024

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 annual general meeting of shareholders:

Scheduled date for commencing dividend payments:

March 26, 2024

March 27, 2024

Scheduled date for filing annual securities report:

March 27, 2024

Preparation of supplementary financial results briefing materials: No

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, 2023 (January 1, 2023 to December 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	%
Fiscal year ended December 31, 2023	10,235	9.7	2,428	(14.8)	2,467	(14.8)	1,510	(18.2)
Fiscal year ended December 31, 2022	9,327	—	2,851	—	2,894	—	1,847	—

(Note) Comprehensive income: Fiscal year ended December 31, 2023: 1,528 million yen [(16.1)%]
Fiscal year ended December 31, 2022: 1,820 million yen [—%]

	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, 2023	33.90	—	14.2	18.1	23.7
Fiscal year ended December 31, 2022	41.70	—	20.4	24.3	30.6

(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 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.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	14,168	11,501	79.3	252.23
As of December 31, 2022	13,071	10,020	76.4	224.11

(Reference) Equity: As of December 31, 2023: 11,237 million yen As of December 31, 2022: 9,987 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, 2023	1,722	(431)	(287)	8,672
Fiscal year ended December 31, 2022	1,779	(1,067)	(260)	7,665

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, 2022	—	0.00	—	6.00	6.00	269	14.4	5.4
Fiscal year ended December 31, 2023	—	0.00	—	12.00	12.00	539	35.4	5.0
Fiscal year ending December 31, 2024 (forecast)	—	0.00	—	12.00	12.00		35.7	

3. Consolidated financial results forecast for the fiscal year ending December 31, 2024 (January 1, 2024 to December 31, 2024) (% 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	11,600	13.3	2,200	(9.4)	2,200	(10.8)	1,500	(0.7)	33.66

(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, 2023	46,872,000 shares	As of December 31, 2022	46,872,000 shares
-------------------------	-------------------	-------------------------	-------------------

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

As of December 31, 2023	2,320,702 shares	As of December 31, 2022	2,307,702 shares
-------------------------	------------------	-------------------------	------------------

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

Fiscal year ended December 31, 2023	44,562,087 shares	Fiscal year ended December 31, 2022	44,303,805 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 deducted in the calculation of the average number of shares of common stock during the period.

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(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, 2023	7,498	(8.0)	2,052	(23.1)	2,106	(22.4)	1,469	(10.5)
Fiscal year ended December 31, 2022	8,152	—	2,668	—	2,713	—	1,641	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2023	32.98	—
Fiscal year ended December 31, 2022	37.04	—

(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.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2023	12,995	11,008	84.7	247.11
As of December 31, 2022	12,295	9,801	79.7	219.94

(Reference) Equity: As of December 31, 2023: 11,008 million yen As of December 31, 2022: 9,801 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, 2022)	Fiscal year under review (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	7,845,831	8,857,120
Notes and accounts receivable - trade, and contract assets	2,442,641	2,177,913
Electronically recorded monetary claims - operating	196,647	308,408
Inventories	27,053	34,112
Prepaid expenses	237,163	222,540
Other	91,737	171,812
Allowance for doubtful accounts	—	(5,656)
Total current assets	10,841,074	11,766,250
Non-current assets		
Property, plant and equipment		
Buildings	153,314	153,782
Accumulated depreciation	(16,901)	(29,018)
Buildings, net	136,413	124,764
Vehicles	16,568	14,985
Accumulated depreciation	(7,812)	(8,715)
Vehicles, net	8,756	6,270
Tools, furniture and fixtures	155,093	201,113
Accumulated depreciation	(84,654)	(117,499)
Tools, furniture and fixtures, net	70,438	83,613
Total property, plant and equipment	215,608	214,647
Intangible assets		
Software	51,676	35,016
Goodwill	1,006,104	1,099,107
Other	606	2,157
Total intangible assets	1,058,386	1,136,281
Investments and other assets		
Investment securities	110,227	281,153
Shares of subsidiaries and associates	—	35,681
Guarantee deposits	169,044	182,354
Deferred tax assets	387,002	389,721
Other	290,051	162,690
Total investments and other assets	956,326	1,051,602
Total non-current assets	2,230,322	2,402,531
Total assets	13,071,397	14,168,782

(Thousand yen)

	Previous fiscal year (As of December 31, 2022)	Fiscal year under review (As of December 31, 2023)
Liabilities		
Current liabilities		
Accounts payable – trade	157,634	179,364
Accounts payable – other	629,053	430,991
Current portion of long-term borrowings	23,431	26,330
Lease liabilities	2,809	2,620
Accrued consumption taxes	174,066	160,418
Accrued expenses	119,366	161,467
Income taxes payable	569,423	411,542
Advances received	35,830	60,570
Provision for bonuses	8,072	8,456
Provision for bonuses for directors (and other officers)	135,871	—
Provision for point card certificates	910,711	943,444
Other	56,058	63,178
Total current liabilities	2,822,329	2,448,385
Non-current liabilities		
Long-term borrowings	107,051	71,092
Lease liabilities	7,401	4,592
Retirement benefit liability	7,943	15,027
Asset retirement obligations	50,128	51,797
Provision for share awards for directors (and other officers)	37,926	59,598
Provision for share awards for employees	11,020	8,265
Provision for retirement benefits for directors (and other officers)	5,250	—
Other	2,304	8,508
Total non-current liabilities	229,023	218,879
Total liabilities	3,051,353	2,667,265
Net assets		
Shareholders' equity		
Share capital	2,405,636	2,405,636
Capital surplus	3,072,443	3,073,797
Retained earnings	5,245,727	6,486,661
Treasury shares	(700,753)	(700,753)
Total shareholders' equity	10,023,053	11,265,340
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(35,904)	(28,292)
Total accumulated other comprehensive income	(35,904)	(28,292)
Share acquisition rights	0	0
Non-controlling interests	32,894	264,467
Total net assets	10,020,043	11,501,516
Total liabilities and net assets	13,071,397	14,168,782

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

(Thousand yen)

	Previous fiscal year (January 1, 2022 to December 31, 2022)	Fiscal year under review (January 1, 2023 to December 31, 2023)
Net sales	9,327,876	10,235,856
Cost of sales	2,915,715	3,746,774
Gross profit	6,412,160	6,489,082
Selling, general and administrative expenses	3,560,650	4,060,382
Operating profit	2,851,510	2,428,700
Non-operating income		
Interest income	1,065	3,261
Dividend income	8,178	5,970
Share of profit of entities accounted for using equity method	—	28,368
Foreign exchange gains	14,945	8,247
Dividend income of insurance	—	2,255
Gain on forgiveness of consumption taxes	29,055	—
Miscellaneous income	5,142	7,995
Total non-operating income	58,387	56,099
Non-operating expenses		
Interest expenses	549	717
Share issuance costs	2,845	0
Loss on investments in investment partnerships	2,415	49
Loss on retirement of non-current assets	9,775	3,210
Loss on elimination of share-based compensation expenses	—	12,371
Miscellaneous loss	2	1,415
Total non-operating expenses	15,588	17,764
Ordinary profit	2,894,309	2,467,035
Extraordinary income		
Gain on sale of shares of subsidiaries	—	12,876
Total extraordinary income	—	12,876
Extraordinary losses		
Impairment losses	—	30,372
Loss on valuation of investment securities	134,220	35,000
Loss on sale of shares of subsidiaries	—	7,806
Total extraordinary losses	134,220	73,178
Profit before income taxes	2,760,089	2,406,732
Income taxes – current	966,795	888,590
Income taxes – deferred	(67,253)	(2,411)
Total income taxes	899,541	886,178
Profit	1,860,548	1,520,554
Profit attributable to non-controlling interests	13,012	9,930
Profit attributable to owners of parent	1,847,535	1,510,623

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous fiscal year (January 1, 2022 to December 31, 2022)	Fiscal year under review (January 1, 2023 to December 31, 2023)
Profit	1,860,548	1,520,554
Other comprehensive income		
Valuation difference on available-for-sale securities	(39,630)	7,612
Total other comprehensive income	(39,630)	7,612
Comprehensive income	1,820,917	1,528,166
Comprehensive income attributable to:		
Owners of parent	1,807,905	1,518,235
Non-controlling interests	13,012	9,930

(3) Consolidated statements of changes in equity
 Previous fiscal year (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

Fiscal year under review (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
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)
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

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous fiscal year (January 1, 2022 to December 31, 2022)	Fiscal year under review (January 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	2,760,089	2,406,732
Depreciation	71,752	79,442
Impairment losses	—	30,372
Amortization of goodwill	32,139	176,731
Share-based compensation expenses	69,265	162,423
Increase (decrease) in provision for bonuses	(4,036)	384
Increase (decrease) in provision for bonuses for directors (and other officers)	(98,628)	(135,871)
Increase (decrease) in provision for point card certificates	237,979	32,732
Increase (decrease) in provision for share awards for directors (and other officers)	21,672	21,672
Increase (decrease) in provision for retirement benefits for directors (and other officers)	—	(5,250)
Increase (decrease) in retirement benefit liability	—	7,084
Increase (decrease) in allowance for doubtful accounts	(226)	—
Interest and dividend income	(9,244)	(9,232)
Interest expenses	549	717
Foreign exchange losses (gains)	(14,061)	(8,232)
Share of loss (profit) of entities accounted for using equity method	—	(28,368)
Loss (gain) on valuation of investment securities	134,220	35,000
Loss (gain) on sales of shares of subsidiaries	—	(5,069)
Decrease (increase) in trade receivables	(490,646)	115,336
Decrease (increase) in inventories	8,368	(6,876)
Increase (decrease) in trade payables	28,256	73,946
Increase (decrease) in accounts payable – other	92,009	(199,103)
Increase (decrease) in accrued consumption taxes	(86,271)	(11,338)
Increase (decrease) in accrued expenses	(8,976)	15,050
Increase (decrease) in advances received	32,192	23,827
Other	2,322	(53,489)
Subtotal	2,778,726	2,718,621
Interest and dividend income received	8,440	8,336
Interest paid	(549)	(717)
Income taxes paid	(1,006,874)	(1,003,663)
Net cash provided by (used in) operating activities	1,779,744	1,722,577
Cash flows from investing activities		
Purchase of property, plant and equipment	(71,607)	(55,968)
Purchase of intangible assets	(40,240)	(9,236)
Purchase of investment securities	—	(200,040)
Payments for acquisition of businesses	—	(10,000)
Payments of guarantee deposits	(4,797)	(14,825)
Proceeds from refund of guarantee deposits	2,158	1,841
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(938,845)	(96,114)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(45,989)
Other	(14,044)	(966)
Net cash provided by (used in) investing activities	(1,067,376)	(431,298)

(Thousand yen)

	Previous fiscal year (January 1, 2022 to December 31, 2022)	Fiscal year under review (January 1, 2023 to December 31, 2023)
Cash flows from financing activities		
Proceeds from long-term borrowings	—	100,000
Repayments of long-term borrowings	(1,048)	(114,430)
Repayments of lease liabilities	(567)	(2,998)
Purchase of treasury shares	(35)	—
Dividends paid	(267,366)	(268,494)
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	—
Other	0	—
Net cash provided by (used in) financing activities	(260,425)	(287,922)
Effect of exchange rate change on cash and cash equivalents	3,694	2,754
Net increase (decrease) in cash and cash equivalents	455,637	1,006,111
Cash and cash equivalents at beginning of period	7,210,273	7,665,911
Cash and cash equivalents at end of period	7,665,911	8,672,022