



Consolidated Financial Results for the Six Months Ended June 30, 2022 [Japanese GAAP]

August 10, 2022

Company name: CareNet, Inc.

Securities code: 2150

Representative: Katsuhiro Fujii, President

Contact: Kanji Fujii, Director and CFO

Scheduled date for filing quarterly securities report:

August 12, 2022

Stock exchange listing: Tokyo Stock Exchange

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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: Yes (for analysts)

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

1. Consolidated financial results for the six months ended June 30, 2022 (January 1, 2022 to June 30, 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	%
Six months ended June 30, 2022	4,274	—	1,500	—	1,504	—	998	—
Six months ended June 30, 2021	3,817	106.9	1,387	200.4	1,399	204.4	954	430.4

(Note) Comprehensive income: Six months ended June 30, 2022: 1,008 million yen [—%]
Six months ended June 30, 2021: 919 million yen [275.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2022	22.55	—
Six months ended June 30, 2021	22.99	—

(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 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.

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 June 30, 2022	10,700	8,808	82.1	198.39
As of December 31, 2021	10,742	8,138	75.6	183.42

(Reference) Equity: As of June 30, 2022: 8,783 million yen As of December 31, 2021: 8,121 million yen

(Note) 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.

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, 2021	—	0.00	—	6.00	6.00
Fiscal year ending December 31, 2022	—	0.00			
Fiscal year ending December 31, 2022 (forecast)			—	6.00	—

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

3. Consolidated financial results forecast for the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022)
(% indicates year-over-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	9,000	—	2,589	—	2,614	—	1,818	—	41.06

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

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 in the above consolidated financial results forecast represent the figures after the application of these accounting standards. Accordingly, year-over-year percentage changes are not stated.

* 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. Quarterly consolidated financial statements and principal notes (4) Notes to quarterly 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)
- 2) Number of shares of treasury stock at the end of the period
- 3) Average number of shares of common stock during the period

As of June 30, 2022	46,872,000 shares	As of December 31, 2021	46,872,000 shares
As of June 30, 2022	2,597,568 shares	As of December 31, 2021	2,597,568 shares
Six months ended June 30, 2022	44,274,432 shares	Six months ended June 30, 2021	41,526,767 shares

(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 deducted 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. The average number of shares of common stock during the period is calculated under the assumption that said stock split occurred at the beginning of the fiscal year ended December 31, 2021.

* 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

1. 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.

Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of December 31, 2021)	Six months under review (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	7,365,483	7,688,120
Accounts receivable – trade	1,901,951	–
Accounts receivable - trade and contract assets	–	1,563,432
Electronically recorded monetary claims - operating	92,730	136,284
Inventories	35,273	21,633
Prepaid expenses	111,970	108,334
Other	99,780	46,251
Total current assets	9,607,189	9,564,057
Non-current assets		
Property, plant and equipment	207,590	207,911
Intangible assets		
Goodwill	103,683	88,941
Other	27,293	51,955
Total intangible assets	130,976	140,897
Investments and other assets	796,894	787,994
Total non-current assets	1,135,460	1,136,802
Total assets	10,742,650	10,700,859

(Thousand yen)

	Previous fiscal year (As of December 31, 2021)	Six months under review (As of June 30, 2022)
Liabilities		
Current liabilities		
Accounts payable – trade	129,377	100,903
Current portion of long-term borrowings	480	480
Income taxes payable	613,781	520,826
Advances received	3,432	32,059
Provision for bonuses for directors (and other officers)	234,500	–
Provision for point card certificates	672,732	801,644
Other	864,438	337,796
Total current liabilities	2,518,742	1,793,709
Non-current liabilities		
Long-term borrowings	9,520	9,520
Deferred tax liabilities	34	–
Asset retirement obligations	48,444	48,466
Provision for share awards for directors (and other officers)	16,254	27,090
Provision for share awards for employees	11,020	11,020
Other	–	2,304
Total non-current liabilities	85,272	98,400
Total liabilities	2,604,015	1,892,109
Net assets		
Shareholders' equity		
Share capital	2,405,636	2,405,636
Capital surplus	2,781,699	2,781,699
Retained earnings	3,736,277	4,396,523
Treasury shares	(806,320)	(806,321)
Total shareholders' equity	8,117,292	8,777,538
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,726	5,931
Total accumulated other comprehensive income	3,726	5,931
Non-controlling interests	17,616	25,280
Total net assets	8,138,635	8,808,750
Total liabilities and net assets	10,742,650	10,700,859

(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, 2021 to June 30, 2021)	Six months under review (January 1, 2022 to June 30, 2022)
Net sales	3,817,831	4,274,358
Cost of sales	1,163,598	1,363,782
Gross profit	2,654,232	2,910,576
Selling, general and administrative expenses	1,266,898	1,410,501
Operating profit	1,387,334	1,500,074
Non-operating income		
Interest income	69	149
Dividend income	14	19
Foreign exchange gains	7,665	18,795
Dividend income of insurance	1,939	—
Reversal of allowance for doubtful accounts	775	—
Miscellaneous income	2,752	842
Total non-operating income	13,216	19,807
Non-operating expenses		
Interest expenses	922	496
Share issuance costs	—	2,845
Loss on investments in investment partnerships	—	2,296
Loss on retirement of non-current assets	—	9,571
Miscellaneous loss	0	—
Total non-operating expenses	922	15,209
Ordinary profit	1,399,627	1,504,671
Profit before income taxes	1,399,627	1,504,671
Income taxes – current	543,546	484,781
Income taxes – deferred	(96,430)	13,894
Total income taxes	447,116	498,675
Profit	952,511	1,005,996
Profit (loss) attributable to non-controlling interests	(2,028)	7,663
Profit attributable to owners of parent	954,539	998,332

(Quarterly consolidated statements of comprehensive income)

(For the six months ended June 30)

(Thousand yen)

	Previous six month period (January 1, 2021 to June 30, 2021)	Six months under review (January 1, 2022 to June 30, 2022)
Profit	952,511	1,005,996
Other comprehensive income		
Valuation difference on available-for-sale securities	(30,712)	2,205
Foreign currency translation adjustment	(2,020)	—
Total other comprehensive income	(32,733)	2,205
Comprehensive income	919,778	1,008,201
Comprehensive income attributable to:		
Owners of parent	921,806	1,000,537
Non-controlling interests	(2,028)	7,663

(3) Quarterly consolidated statements of cash flows

(Thousand yen)

	Previous six month period (January 1, 2021 to June 30, 2021)	Six months under review (January 1, 2022 to June 30, 2022)
Cash flows from operating activities		
Profit before income taxes	1,399,627	1,504,671
Depreciation	30,592	30,981
Amortization of goodwill	14,741	14,741
Increase (decrease) in allowance for doubtful accounts	(75)	—
Interest and dividend income	(8)	(16)
Interest expenses	92	46
Foreign exchange losses (gains)	(8,023)	(17,484)
Increase (decrease) in provision for bonuses for directors (and other officers)	(220,000)	(234,500)
Increase (decrease) in provision for point card certificates	77,647	128,911
Increase (decrease) in provision for share awards for directors (and other officers)	7,449	10,836
Decrease (increase) in trade receivables	454,581	193,875
Decrease (increase) in inventories	(10,883)	13,640
Increase (decrease) in trade payables	(48,848)	(28,474)
Increase (decrease) in accounts payable – other	(243,948)	(358,429)
Increase (decrease) in accrued consumption taxes	(77,962)	(133,033)
Increase (decrease) in accrued expenses	105,635	(46,247)
Increase (decrease) in advances received	5,215	28,627
Other	31,286	82,959
Subtotal	1,517,176	1,191,402
Interest and dividend income received	104	105
Interest paid	(92)	(46)
Income taxes refund (paid)	(576,908)	(562,053)
Net cash provided by (used in) operating activities	939,449	628,957
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,497)	(59,994)
Purchase of intangible assets	(21,292)	(5,957)
Net decrease (increase) in time deposits	—	(10,351)
Payments of guarantee deposits	(9)	(25)
Proceeds from refund of guarantee deposits	40	150
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(23,393)	—
Other	3,126	—
Net cash provided by (used in) investing activities	(69,724)	(76,358)

	(Thousand yen)	
	Previous six month period (January 1, 2021 to June 30, 2021)	Six months under review (January 1, 2022 to June 30, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(30,000)	—
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	—	8,591
Purchase of treasury shares	(212)	—
Dividends paid	(82,829)	(266,389)
Net cash provided by (used in) financing activities	(117,752)	(257,797)
Effect of exchange rate change on cash and cash equivalents	6,116	5,138
Net increase (decrease) in cash and cash equivalents	758,088	299,939
Cash and cash equivalents at beginning of period	2,306,402	7,210,273
Cash and cash equivalents at end of period	3,064,491	7,510,212