



Consolidated Financial Results for the Six Months Ended June 30, 2021 [Japanese GAAP]

August 12, 2021

Company name: CareNet, Inc.

Securities code: 2150

Representative: Katsuhiko Fujii, President

Contact: Kanji Fujii, Director and CFO

Scheduled date for filing quarterly securities report:

August 12, 2021

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: No

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

1. Consolidated financial results for the six months ended June 30, 2021 (January 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative)

(% 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, 2021	3,817	106.9	1,387	200.4	1,399	204.4	954	430.4
Six months ended June 30, 2020	1,845	35.4	461	94.3	459	101.9	179	25.1

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

Six months ended June 30, 2020: 245 million yen [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2021	91.94	—
Six months ended June 30, 2020	17.33	—

(Note) 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, 2021	5,784	3,917	67.6	376.81
As of December 31, 2020	5,319	3,085	57.8	296.08

(Reference) Equity: As of June 30, 2021: 3,911 million yen

As of December 31, 2020: 3,073 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, 2020	—	0.00	—	8.00	8.00
Fiscal year ending December 31, 2021	—	0.00			
Fiscal year ending December 31, 2021 (forecast)			—	2.00	2.00

(Note) Revision to the most recently announced dividend forecast: Yes

At a Board of Directors meeting held on August 12, 2021, the Company decided to conduct a stock split on October 1, 2021, at a ratio of four shares to one share of common stock. Amounts for the fiscal year ended December 31, 2020, are actual dividends prior to said stock split, and dividend forecast amounts for the fiscal year ending December 31, 2021, have taken said stock split into account.

Additionally, please see the “Notice Regarding Stock Split and Partial Amendments to the Articles of Incorporation and Revisions to Dividend Forecast in Connection with Stock Split” announced today (August 12, 2021) regarding the revisions to the dividend forecast.

3. Consolidated financial results forecast for the fiscal year ending December 31, 2021 (January 1, 2021 to December 31, 2021)
(% indicates year-over-year change)

Full year	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
	7,664	44.5	2,211	46.4	2,222	47.5	1,400	71.7	33.71

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

At a Board of Directors meeting held on August 12, 2021, the Company decided to conduct a stock split on October 1, 2021, at a ratio of four shares to one share of common stock. As a result, the consolidated financial results forecast for the fiscal year ending December 31, 2021 is calculated under the assumption that said stock split has occurred at the beginning of the period.

* 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: None

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

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(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, 2021	11,048,000 shares	As of December 31, 2020	11,048,000 shares
As of June 30, 2021	666,334 shares	As of December 31, 2020	666,292 shares
Six months ended June 30, 2021	10,381,692 shares	Six months ended June 30, 2020	10,381,753 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 (cumulative)

(Note) The Company's shares held by the "Board Benefit Trust (BBT)" are included in the treasury stock deduced 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

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, 2020)	Six months under review (As of June 30, 2021)
Assets		
Current assets		
Cash and deposits	2,406,402	3,164,491
Notes and accounts receivable – trade	1,758,667	1,359,844
Inventories	30,217	41,100
Prepaid expenses	45,179	46,560
Other	85,317	62,587
Total current assets	4,325,784	4,674,583
Non-current assets		
Property, plant and equipment	41,550	51,035
Intangible assets		
Goodwill	80,747	118,424
Other	100,400	99,478
Total intangible assets	181,147	217,903
Investments and other assets	770,929	841,218
Total non-current assets	993,627	1,110,157
Total assets	5,319,411	5,784,741
Liabilities		
Current liabilities		
Accounts payable – trade	71,406	62,277
Income taxes payable	608,791	573,070
Advances received	11,223	16,439
Provision for bonuses for directors (and other officers)	220,000	–
Provision for point card certificates	525,665	603,313
Other	772,344	580,293
Total current liabilities	2,209,431	1,835,393
Non-current liabilities		
Long-term borrowings	10,000	10,000
Asset retirement obligations	14,622	14,738
Provision for share awards for directors (and other officers)	–	7,449
Total non-current liabilities	24,622	32,187
Total liabilities	2,234,053	1,867,581
Net assets		
Shareholders' equity		
Share capital	627,045	627,045
Capital surplus	551,260	838,622
Retained earnings	2,210,214	3,081,701
Treasury shares	(451,038)	(739,077)
Total shareholders' equity	2,937,483	3,808,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	138,388	107,676
Foreign currency translation adjustment	(2,049)	(4,070)
Total accumulated other comprehensive income	136,339	103,606
Non-controlling interests	11,535	5,262
Total net assets	3,085,357	3,917,159
Total liabilities and net assets	5,319,411	5,784,741

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statements of income)
(For the six months ended June 30, 2021)

(Thousand yen)

	Previous six months period (January 1, 2020 to June 30, 2020)	Six months under review (January 1, 2021 to June 30, 2021)
Net sales	1,845,017	3,817,831
Cost of sales	581,965	1,163,598
Gross profit	1,263,052	2,654,232
Selling, general and administrative expenses	801,239	1,266,898
Operating profit	461,812	1,387,334
Non-operating income		
Interest income	381	69
Dividend income	—	14
Foreign exchange gains	—	7,665
Commission income	1,031	—
Dividend income of insurance	1,650	1,939
Reversal of allowance for doubtful accounts	—	775
Miscellaneous income	579	2,752
Total non-operating income	3,642	13,216
Non-operating expenses		
Interest expenses	2,134	922
Foreign exchange losses	2,255	—
Provision of allowance for doubtful accounts	1,248	—
Miscellaneous loss	16	0
Total non-operating expenses	5,655	922
Ordinary profit	459,799	1,399,627
Extraordinary losses		
Loss on valuation of investment securities	120,600	—
Total extraordinary losses	120,600	—
Profit before income taxes	339,199	1,399,627
Income taxes – current	173,390	543,546
Income taxes – deferred	(14,973)	(96,430)
Total income taxes	158,417	447,116
Profit	180,782	952,511
Profit (loss) attributable to non-controlling interests	826	(2,028)
Profit attributable to owners of parent	179,955	954,539

(Quarterly consolidated statements of comprehensive income)
(For the six months ended June 30, 2021)

(Thousand yen)

	Previous six months period (January 1, 2020 to June 30, 2020)	Six months under review (January 1, 2021 to June 30, 2021)
Profit	180,782	952,511
Other comprehensive income		
Valuation difference on available-for-sale securities	63,885	(30,712)
Foreign currency translation adjustment	503	(2,020)
Total other comprehensive income	64,389	(32,733)
Comprehensive income	245,171	919,778
Comprehensive income attributable to:		
Owners of parent	244,345	921,806
Non-controlling interests	826	(2,028)

(3) Quarterly consolidated statements of cash flows

(Thousand yen)

	Previous six months period (January 1, 2020 to June 30, 2020)	Six months under review (January 1, 2021 to June 30, 2021)
Cash flows from operating activities		
Profit before income taxes	339,199	1,399,627
Depreciation	17,881	30,592
Amortization of goodwill	4,749	14,741
Increase (decrease) in allowance for doubtful accounts	1,248	(775)
Interest and dividend income	(381)	(83)
Interest expenses	2,134	922
Foreign exchange losses (gains)	2,056	(8,023)
Increase (decrease) in provision for bonuses for directors (and other officers)	(96,830)	(220,000)
Increase (decrease) in provision for point card certificates	47,153	77,647
Increase (decrease) in provision for share awards for directors (and other officers)	—	7,449
Loss (gain) on valuation of investment securities	120,600	—
Decrease (increase) in trade receivables	122,238	454,581
Decrease (increase) in inventories	(13,605)	(10,883)
Increase (decrease) in trade payables	(19,745)	(48,848)
Increase (decrease) in accounts payable – other	(99,220)	(243,948)
Increase (decrease) in accrued consumption taxes	(4,955)	(77,962)
Increase (decrease) in accrued expenses	(7,077)	105,635
Increase (decrease) in advances received	17,055	5,215
Other	77,709	31,286
Subtotal	510,210	1,517,176
Interest and dividend income received	344	104
Interest paid	(2,134)	(922)
Income taxes refund (paid)	(71,317)	(576,908)
Net cash provided by (used in) operating activities	437,102	939,449
Cash flows from investing activities		
Purchase of investment securities	(100,504)	—
Purchase of property, plant and equipment	(16,442)	(28,497)
Purchase of intangible assets	(44,819)	(21,292)
Payments for acquisition of businesses	(109,090)	—
Payments of guarantee deposits	(2,034)	(99)
Proceeds from refund of guarantee deposits	—	430
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(23,393)
Other	(1,297)	3,126
Net cash provided by (used in) investing activities	(274,189)	(69,724)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,100,000	(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	4,689	—
Purchase of treasury shares	—	(212)
Dividends paid	(61,482)	(82,829)
Net cash provided by (used in) financing activities	1,043,206	(117,752)
Effect of exchange rate change on cash and cash equivalents	(1,578)	6,116
Net increase (decrease) in cash and cash equivalents	1,204,542	758,088
Cash and cash equivalents at beginning of period	1,333,080	2,306,402
Cash and cash equivalents at end of period	2,537,622	3,064,491