

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended December 31, 2021 (Based on Japanese GAAP)

February 7, 2022

Company name: CHARM CARE CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 6062 URL <https://www.charmcc.jp/>  
 Representative: Chairman and President Takahiko Shimomura  
 Director Administration Division General  
 Inquiries: Manager Yukihiro Satomi TEL 06-6445-3389  
 Scheduled date to file Quarterly Securities Report: February 7, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended December 31, 2021 (from July 1, 2021 to December 31, 2021)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended December 31, 2021	12,511	–	889	–	880	–	553	–
Six months ended December 31, 2020	11,365	–	1,115	–	1,237	–	796	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended December 31, 2021	16.98		16.95	
Six months ended December 31, 2020	24.43		24.39	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2021	35,797	10,046	27.9
As of June 30, 2021	28,597	11,125	38.7

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended June 30, 2021	–	0.00	–	12.00	12.00
Year ending June 30, 2022	–	0.00			
Year ending June 30, 2022 (Forecast)			–	15.00	15.00

### 3. Forecast of consolidated financial results for the year ending June 30, 2022 (from July 1, 2021 to June 30, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	30,000	–	2,930	–	2,900	–	3,000	–	92.00

4. Notes

- (1) Changes in significant subsidiaries during the six months ended December 31, 2021  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: Yes
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2021	32,712,000 shares	As of June 30, 2021	32,712,000 shares
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Number of treasury shares at the end of the period

As of December 31, 2021	95,328 shares	As of June 30, 2021	103,528 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended December 31, 2021	32,612,572 shares	Six months ended December 31, 2020	32,608,495 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of June 30, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	5,940,654	2,923,740
Accounts receivable - trade	2,242,531	2,373,735
Real estate for sale	–	1,912,750
Real estate for development	1,111,272	33,000
Money held in trust	–	4,149,712
Other	500,551	554,400
Allowance for doubtful accounts	(2,086)	(2,133)
Total current assets	9,792,923	11,945,206
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,837,879	8,491,542
Land	2,665,758	4,499,854
Leased assets, net	233,092	213,213
Construction in progress	956,587	773,852
Other, net	316,086	403,186
Total property, plant and equipment	9,009,403	14,381,649
Intangible assets		
Goodwill	456,880	3,124,768
Other	91,373	75,912
Total intangible assets	548,253	3,200,680
Investments and other assets		
Investment securities	–	300,000
Guarantee deposits	4,317,407	4,518,087
Money held in trust	4,097,341	–
Deferred tax assets	384,171	937,570
Other	448,104	514,158
Total investments and other assets	9,247,025	6,269,817
Total non-current assets	18,804,682	23,852,147
Total assets	28,597,605	35,797,353

(Thousands of yen)

	As of June 30, 2021	As of December 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	221,983	240,262
Short-term borrowings	2,543,000	3,402,000
Current portion of long-term borrowings	862,878	1,437,016
Lease obligations	100,494	94,954
Income taxes payable	612,402	415,940
Accounts payable - other	1,336,924	1,557,930
Unearned revenue	1,720,396	–
Contract liabilities	–	7,956,022
Provision for bonuses	104,638	118,538
Other	328,913	348,620
<b>Total current liabilities</b>	<b>7,831,631</b>	<b>15,571,285</b>
<b>Non-current liabilities</b>		
Long-term borrowings	4,651,806	8,788,593
Lease obligations	153,455	137,816
Retirement benefit liability	518,576	566,723
Long-term unearned revenue	3,922,038	–
Asset retirement obligations	181,333	208,347
Deferred tax liabilities	–	244,917
Other	212,883	233,089
<b>Total non-current liabilities</b>	<b>9,640,095</b>	<b>10,179,488</b>
<b>Total liabilities</b>	<b>17,471,726</b>	<b>25,750,774</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	2,759,250	2,759,250
Capital surplus	2,748,250	2,748,250
Retained earnings	5,697,974	4,596,767
Treasury shares	(82,954)	(69,522)
<b>Total shareholders' equity</b>	<b>11,122,519</b>	<b>10,034,744</b>
<b>Accumulated other comprehensive income</b>		
Deferred gains or losses on hedges	(11,130)	(8,004)
Remeasurements of defined benefit plans	(35,587)	(30,238)
<b>Total accumulated other comprehensive income</b>	<b>(46,717)</b>	<b>(38,242)</b>
Share acquisition rights	50,076	50,076
<b>Total net assets</b>	<b>11,125,878</b>	<b>10,046,578</b>
<b>Total liabilities and net assets</b>	<b>28,597,605</b>	<b>35,797,353</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Net sales	11,365,114	12,511,137
Cost of sales	9,278,604	10,509,083
Gross profit	2,086,509	2,002,053
Selling, general and administrative expenses	970,906	1,112,861
Operating profit	1,115,603	889,191
Non-operating income		
Interest income	1,656	1,597
Subsidy income	129,008	9,689
Other	18,102	15,327
Total non-operating income	148,767	26,615
Non-operating expenses		
Interest expenses	23,458	33,641
Other	3,575	1,882
Total non-operating expenses	27,033	35,524
Ordinary profit	1,237,337	880,283
Extraordinary income		
Subsidy income	–	13,097
Total extraordinary income	–	13,097
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	–	13,097
Total extraordinary losses	–	13,097
Profit before income taxes	1,237,337	880,283
Income taxes	440,770	326,617
Profit	796,566	553,665
Profit attributable to owners of parent	796,566	553,665

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Profit	796,566	553,665
Other comprehensive income		
Deferred gains or losses on hedges, before tax	(333)	3,126
Remeasurements of defined benefit plans, before tax	2,856	5,349
Total other comprehensive income	2,522	8,475
Comprehensive income	799,089	562,141
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	799,089	562,141

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,237,337	880,283
Depreciation	225,098	276,186
Amortization of goodwill	16,317	61,812
Increase (decrease) in allowance for doubtful accounts	(119)	(753)
Increase (decrease) in provision for bonuses	5,628	(4,098)
Increase (decrease) in retirement benefit liability	47,065	55,854
Interest income	(1,656)	(1,597)
Subsidy income	(129,008)	(22,786)
Interest expenses	23,458	33,641
Loss on tax purpose reduction entry of non-current assets	–	13,097
Decrease (increase) in trade receivables	(85,824)	7,055
Decrease (increase) in inventories	(138,715)	(832,043)
Increase (decrease) in trade payables	19,986	18,278
Increase (decrease) in accounts payable - other	146,904	134,030
Increase (decrease) in unearned revenue	–	(5,642,735)
Increase (decrease) in contract liabilities	410,663	6,135,314
Other, net	37,117	(105,316)
Subtotal	1,814,253	1,006,223
Interest received	28	30
Interest paid	(23,574)	(32,063)
Subsidies received	139,482	9,689
Income taxes paid	(326,648)	(577,098)
Net cash provided by (used in) operating activities	1,603,541	406,781
Cash flows from investing activities		
Purchase of property, plant and equipment	(55,441)	(1,376,187)
Purchase of intangible assets	(2,088)	(2,890)
Purchase of investment securities	–	(300,000)
Decrease (increase) in money held in trust	(278,133)	(52,370)
Payments of guarantee deposits	(234,937)	(200,679)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(531,675)	(4,438,953)
Other, net	17,895	8,098
Net cash provided by (used in) investing activities	(1,084,379)	(6,362,981)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	45,200	492,818
Proceeds from long-term borrowings	429,600	3,417,000
Repayments of long-term borrowings	(396,070)	(525,006)
Repayments of lease obligations	(53,822)	(54,477)
Dividends paid	(211,731)	(391,048)
Purchase of treasury shares	(49)	–
Net cash provided by (used in) financing activities	(186,874)	2,939,285
Net increase (decrease) in cash and cash equivalents	332,287	(3,016,914)
Cash and cash equivalents at beginning of period	5,613,850	5,940,654
Cash and cash equivalents at end of period	5,946,138	2,923,740