



Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 [Japanese GAAP]

February 10, 2022

Company name: CareNet, Inc.

Stock exchange listing: Tokyo Stock Exchange

Securities code: 2150

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

Representative: Katsuhiro Fujii, President

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Scheduled date for annual general meeting of shareholders:

Scheduled date for commencing dividend payments:

March 25, 2022

March 28, 2022

Scheduled date for filing annual securities report:

March 25, 2022

Preparation of supplementary financial results briefing materials: No

Holding of financial results briefing: No

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

1. Consolidated financial results for the fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(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, 2021	8,004	50.9	2,532	67.7	2,556	69.7	1,609	97.3
Fiscal year ended December 31, 2020	5,304	62.3	1,510	149.3	1,506	153.9	815	82.0

(Note) Comprehensive income: Fiscal year ended December 31, 2021: 1,477 million yen [49.6%]
Fiscal year ended December 31, 2020: 987 million yen [365.6%]

	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, 2021	38.11	—	28.7	31.8	31.6
Fiscal year ended December 31, 2020	19.64	—	31.2	35.9	28.5

(Note) 1. Diluted earnings per share is not stated as there are no dilutive shares.

2. 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, 2020.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2021	10,742	8,138	75.6	183.42
As of December 31, 2020	5,319	3,085	57.8	74.02

(Reference) Equity: As of December 31, 2021: 8,121 million yen As of December 31, 2020: 3,073 million yen

(Note) On October 1, 2021, the Company conducted a stock split at a ratio of four shares to one share of common stock. Net assets per share is calculated under the assumption that said stock split occurred at the beginning of the fiscal year ended December 31, 2020.

(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, 2021	1,756	(303)	3,439	7,210
Fiscal year ended December 31, 2020	1,358	(332)	(47)	2,306

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, 2020	—	0.00	—	8.00	8.00	83	10.2	3.2
Fiscal year ended December 31, 2021	—	0.00	—	6.00	6.00	267	15.7	4.7
Fiscal year ending December 31, 2022 (forecast)	—	0.00	—	6.00	6.00		14.6	

(Note) On October 1, 2021, the Company conducted a stock split at a ratio of four shares to one share of common stock. Dividend amounts for the fiscal year ended December 31, 2021 have taken said stock split into account.

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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	9,000	12.4	2,589	2.2	2,614	2.2	1,818	13.0	41.06

(Note) Please refer to “1. Overview of operating results, (4) 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: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatements: None

(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, 2021	46,872,000 shares	As of December 31, 2020	44,192,000 shares
2) Number of shares of treasury stock at the end of the period	As of December 31, 2021	2,597,568 shares	As of December 31, 2020	2,665,168 shares
3) Average number of shares of common stock during the period	Fiscal year ended December 31, 2021	42,227,709 shares	Fiscal year ended December 31, 2020	41,526,940 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. Number of shares issued at the end of the period, number of shares of treasury stock at the end of the period, and average number of shares of common stock during the period are calculated under the assumption that said stock split occurred at the beginning of the fiscal year ended December 31, 2020.

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(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, 2021	7,258	39.1	2,383	47.1	2,417	49.9	1,499	61.9
Fiscal year ended December 31, 2020	5,216	59.6	1,619	157.5	1,612	162.1	925	96.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2021	35.50	—
Fiscal year ended December 31, 2020	22.29	—

(Note) 1. Diluted earnings per share is not stated as there are no dilutive shares.

2. 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, 2020.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2021	10,510	8,139	77.4	183.84
As of December 31, 2020	5,399	3,203	59.3	77.15

(Reference) Equity: As of December 31, 2021: 8,139 million yen As of December 31, 2020: 3,203 million yen

(Note) On October 1, 2021, the Company conducted a stock split at a ratio of four shares to one share of common stock. Net assets per share is calculated under the assumption that said stock split occurred at the beginning of the fiscal year ended December 31, 2020.

* 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.

Consolidated financial statements and major notes
(1) Consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of December 31, 2020)	Fiscal year under review (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	2,406,402	7,365,483
Accounts receivable – trade	1,705,779	1,901,951
Electronically recorded monetary claims - operating	52,888	92,730
Inventories	30,217	35,273
Prepaid expenses	45,179	111,970
Other	85,317	99,780
Total current assets	4,325,784	9,607,189
Non-current assets		
Property, plant and equipment		
Buildings	33,228	138,431
Accumulated depreciation	(28,516)	(2,988)
Buildings, net	4,712	135,442
Tools, furniture and fixtures	85,901	125,548
Accumulated depreciation	(49,063)	(53,401)
Tools, furniture and fixtures, net	36,837	72,147
Total property, plant and equipment	41,550	207,590
Intangible assets		
Software	99,794	26,687
Goodwill	80,747	103,683
Other	606	606
Total intangible assets	181,147	130,976
Investments and other assets		
Investment securities	477,623	290,902
Guarantee deposits	69,044	159,064
Deferred tax assets	165,066	267,649
Other	116,151	79,503
Allowance for doubtful accounts	(56,955)	(226)
Total investments and other assets	770,929	796,894
Total non-current assets	993,627	1,135,460
Total assets	5,319,411	10,742,650

(Thousand yen)

	Previous fiscal year (As of December 31, 2020)	Fiscal year under review (As of December 31, 2021)
Liabilities		
Current liabilities		
Accounts payable – trade	71,406	129,377
Accounts payable – other	464,075	533,070
Current portion of long-term borrowings	–	480
Accrued consumption taxes	237,067	241,957
Accrued expenses	68,055	67,015
Income taxes payable	608,791	613,781
Advances received	11,223	3,432
Provision for bonuses for directors (and other officers)	220,000	234,500
Provision for point card certificates	525,665	672,732
Other	3,147	22,395
Total current liabilities	2,209,431	2,518,742
Non-current liabilities		
Long-term borrowings	10,000	9,520
Deferred tax liabilities	–	34
Asset retirement obligations	14,622	48,444
Provision for share awards for directors (and other officers)	–	16,254
Provision for share awards for employees	–	11,020
Total non-current liabilities	24,622	85,272
Total liabilities	2,234,053	2,604,015
Net assets		
Shareholders' equity		
Share capital	627,045	2,405,636
Capital surplus	551,260	2,781,699
Retained earnings	2,210,214	3,736,277
Treasury shares	(451,038)	(806,320)
Total shareholders' equity	2,937,483	8,117,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	138,388	3,726
Foreign currency translation adjustment	(2,049)	–
Total accumulated other comprehensive income	136,339	3,726
Non-controlling interests	11,535	17,616
Total net assets	3,085,357	8,138,635
Total liabilities and net assets	5,319,411	10,742,650

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

(Thousand yen)

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Fiscal year under review (January 1, 2021 to December 31, 2021)
Net sales	5,304,372	8,004,016
Cost of sales	1,592,335	2,445,336
Gross profit	3,712,037	5,558,679
Selling, general and administrative expenses	2,201,959	3,026,279
Operating profit	1,510,077	2,532,400
Non-operating income		
Interest income	459	136
Dividend income	4,997	7,920
Foreign exchange gains	–	13,419
Commission income	2,231	–
Dividend income of insurance	1,650	1,939
Gain on forgiveness of consumption taxes	4,021	13,539
Miscellaneous income	692	5,308
Total non-operating income	14,053	42,263
Non-operating expenses		
Interest expenses	4,643	2,147
Share issuance costs	–	1,777
Share acquisition rights issuance costs	–	8,499
Foreign exchange losses	7,256	–
Loss on retirement of non-current assets	–	2,680
Provision of allowance for doubtful accounts	5,146	–
Miscellaneous loss	405	2,592
Total non-operating expenses	17,453	17,697
Ordinary profit	1,506,676	2,556,965
Extraordinary losses		
Impairment losses	–	58,605
Loss on valuation of investment securities	120,600	–
Loss on valuation of investments in capital	–	43,044
Loss on liquidation of subsidiaries and associates	–	5,976
Total extraordinary losses	120,600	107,625
Profit before income taxes	1,386,076	2,449,339
Income taxes – current	649,703	891,344
Income taxes – deferred	(81,501)	(51,855)
Total income taxes	568,202	839,489
Profit	817,874	1,609,850
Profit attributable to non-controlling interests	2,281	734
Profit attributable to owners of parent	815,593	1,609,116

(Consolidated statements of comprehensive income)

(Thousand yen)

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Fiscal year under review (January 1, 2021 to December 31, 2021)
Profit	817,874	1,609,850
Other comprehensive income		
Valuation difference on available-for-sale securities	167,858	(134,662)
Foreign currency translation adjustment	1,698	2,049
Total other comprehensive income	169,557	(132,612)
Comprehensive income	987,431	1,477,238
Comprehensive income attributable to:		
Owners of parent	985,150	1,476,503
Non-controlling interests	2,281	734

(3) Consolidated statements of changes in equity
 Previous fiscal year (January 1, 2020 to December 31, 2020)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	627,045	551,182	1,456,911	(450,956)	2,184,183
Changes during period					
Dividends of surplus			(62,290)		(62,290)
Profit attributable to owners of parent			815,593		815,593
Change in ownership interest of parent due to transactions with non-controlling interests		78			78
Purchase of treasury shares				(81)	(81)
Net changes in items other than shareholders' equity					
Total changes during period	–	78	753,303	(81)	753,299
Balance at end of current period	627,045	551,260	2,210,214	(451,038)	2,937,483

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	(29,470)	(3,747)	(33,217)	4,604	2,155,570
Changes during period					
Dividends of surplus					(62,290)
Profit attributable to owners of parent					815,593
Change in ownership interest of parent due to transactions with non-controlling interests				4,649	4,727
Purchase of treasury shares					(81)
Net changes in items other than shareholders' equity	167,858	1,698	169,557	2,281	171,838
Total changes during period	167,858	1,698	169,557	6,930	929,786
Balance at end of current period	138,388	(2,049)	136,339	11,535	3,085,357

Fiscal year under review (January 1, 2021 to December 31, 2021)

(Thousand yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	627,045	551,260	2,210,214	(451,038)	2,937,483
Changes during period					
Issuance of new shares	1,778,590	1,778,590			3,557,181
Dividends of surplus			(83,053)		(83,053)
Profit attributable to owners of parent			1,609,116		1,609,116
Change in ownership interest of parent due to transactions with non-controlling interests		(465)			(465)
Purchase of treasury shares				(617)	(617)
Disposal of treasury shares		86,156		11,492	97,648
Purchase of treasury shares by Board Benefit Trust				(431,193)	(431,193)
Disposal of treasury shares to Board Benefit Trust		366,157		65,035	431,193
Net changes in items other than shareholders' equity					
Total changes during period	1,778,590	2,230,438	1,526,062	(355,282)	5,179,808
Balance at end of current period	2,405,636	2,781,699	3,736,277	(806,320)	8,117,292

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	138,388	(2,049)	136,339	11,535	3,085,357
Changes during period					
Issuance of new shares					3,557,181
Dividends of surplus					(83,053)
Profit attributable to owners of parent					1,609,116
Change in ownership interest of parent due to transactions with non-controlling interests				(4,245)	(4,710)
Purchase of treasury shares					(617)
Disposal of treasury shares					97,648
Purchase of treasury shares by Board Benefit Trust					(431,193)
Disposal of treasury shares to Board Benefit Trust					431,193
Net changes in items other than shareholders' equity	(134,662)	2,049	(132,612)	10,326	(122,286)
Total changes during period	(134,662)	2,049	(132,612)	6,081	5,053,277
Balance at end of current period	3,726	–	3,726	17,616	8,138,635

(4) Consolidated statements of cash flows

(Thousand yen)

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Fiscal year under review (January 1, 2021 to December 31, 2021)
Cash flows from operating activities		
Profit before income taxes	1,386,076	2,449,339
Depreciation	45,334	65,156
Impairment losses	–	58,605
Amortization of goodwill	14,249	29,483
Increase (decrease) in provision for bonuses for directors (and other officers)	122,970	14,500
Increase (decrease) in provision for point card certificates	171,235	147,067
Increase (decrease) in provision for share awards for directors (and other officers)	–	16,254
Increase (decrease) in provision for share awards for employees	–	11,020
Increase (decrease) in allowance for doubtful accounts	5,146	–
Interest and dividend income	(5,457)	(8,056)
Interest expenses	4,643	2,147
Foreign exchange losses (gains)	6,863	(14,166)
Loss (gain) on valuation of investment securities	120,600	–
Loss on valuation of investments in capital	–	43,044
Decrease (increase) in trade receivables	(904,925)	(180,255)
Decrease (increase) in inventories	(128)	(5,056)
Increase (decrease) in trade payables	24,012	18,251
Increase (decrease) in accounts payable – other	274,275	15,818
Increase (decrease) in accrued consumption taxes	171,547	2,346
Increase (decrease) in accrued expenses	16,894	(7,181)
Increase (decrease) in advances received	8,078	(7,791)
Other	40,566	6,563
Subtotal	1,501,984	2,657,091
Interest and dividend income received	5,667	8,078
Interest paid	(4,643)	(2,147)
Income taxes paid	(144,869)	(906,199)
Net cash provided by (used in) operating activities	1,358,138	1,756,822
Cash flows from investing activities		
Purchase of property, plant and equipment	(30,472)	(118,483)
Purchase of intangible assets	(85,133)	(21,336)
Purchase of investment securities	(100,504)	–
Loan advances	(6,680)	–
Collection of loans receivable	6,014	3,126
Payments for acquisition of businesses	(109,090)	–
Payments of guarantee deposits	(6,528)	(153,546)
Proceeds from refund of guarantee deposits	–	66,231
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(23,393)
Other	–	(55,801)
Net cash provided by (used in) investing activities	(332,396)	(303,202)

(Thousand yen)

	Previous fiscal year (January 1, 2020 to December 31, 2020)	Fiscal year under review (January 1, 2021 to December 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	(30,000)
Proceeds from long-term borrowings	10,000	–
Proceeds from issuance of shares	–	3,557,181
Purchase of treasury shares	(8)	(617)
Dividends paid	(61,771)	(82,982)
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	1,000
Net cash provided by (used in) financing activities	(47,163)	3,439,870
Effect of exchange rate change on cash and cash equivalents	(5,255)	10,380
Net increase (decrease) in cash and cash equivalents	973,322	4,903,870
Cash and cash equivalents at beginning of period	1,333,080	2,306,402
Cash and cash equivalents at end of period	2,306,402	7,210,273