

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2022 (Based on Japanese GAAP)

August 8, 2022

Company name: CHARM CARE CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 6062 URL <https://www.charmcc.jp/>
 Representative: Chairman and President Takahiko Shimomura
 Inquiries: Director Managing Executive Officer Yukihiro Satomi TEL 06-6445-3389
 Scheduled date of ordinary general meeting of shareholders: September 28, 2022
 Scheduled date to file Securities Report: September 29, 2022
 Scheduled date to commence dividend payments: September 29, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(1) Consolidated operating results

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	%
Year ended June 30, 2022	29,071	–	2,309	–	2,501	–	2,951	–
Year ended June 30, 2021	22,984	–	2,015	–	2,319	–	1,535	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended June 30, 2022	90.50	90.33	25.1	7.6	7.9
Year ended June 30, 2021	47.09	47.01	13.9	8.1	8.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	37,355	12,458	33.2	380.44
As of June 30, 2021	28,597	11,125	38.7	339.66

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended June 30, 2022	3,945	(2,857)	(87)	6,941
Year ended June 30, 2021	2,558	(3,704)	1,472	5,940

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended June 30, 2021	–	0.00	–	12.00	12.00	391	25.5	3.5
Year ended June 30, 2022	–	0.00	–	17.00	17.00	554	18.8	4.5
Year ending June 30, 2023 (Forecast)	–	0.00	–	22.00	22.00		19.1	

3. Forecast of consolidated financial results for the year ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

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
Six months ending December 31, 2022	15,130	20.9	1,000	12.5	1,040	18.1	665	20.1	20.89
Full year	40,460	39.2	4,330	87.5	4,380	74.7	3,760	27.4	115.29

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of June 30, 2022	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 June 30, 2022	95,328 shares	As of June 30, 2021	103,528 shares
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Average number of shares during the period

Year ended June 30, 2022	32,613,998 shares	Year ended June 30, 2021	32,608,484 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	5,940,654	6,941,483
Accounts receivable - trade	2,242,531	2,596,946
Real estate for sale	–	580,291
Real estate for development	1,111,272	1,897,227
Money held in trust	–	4,443,972
Other	500,551	619,062
Allowance for doubtful accounts	(2,086)	(3,105)
Total current assets	9,792,923	17,075,878
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,837,879	7,585,225
Land	2,665,758	1,822,477
Leased assets, net	233,092	206,297
Construction in progress	956,587	254,529
Other, net	316,086	559,338
Total property, plant and equipment	9,009,403	10,427,869
Intangible assets		
Goodwill	456,880	3,017,461
Other	91,373	66,163
Total intangible assets	548,253	3,083,624
Investments and other assets		
Investment securities	–	300,000
Guarantee deposits	4,317,407	4,770,246
Money held in trust	4,097,341	–
Deferred tax assets	384,171	1,120,329
Other	448,104	577,497
Total investments and other assets	9,247,025	6,768,073
Total non-current assets	18,804,682	20,279,567
Total assets	28,597,605	37,355,446

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	221,983	264,245
Short-term borrowings	2,543,000	2,140,000
Current portion of long-term borrowings	862,878	1,177,874
Lease liabilities	100,494	89,561
Income taxes payable	612,402	1,510,536
Accounts payable - other	1,336,924	1,642,269
Unearned revenue	1,720,396	–
Contract liabilities	–	8,870,620
Provision for bonuses	104,638	124,575
Other	328,913	457,852
Total current liabilities	7,831,631	16,277,534
Non-current liabilities		
Long-term borrowings	4,651,806	7,336,504
Lease liabilities	153,455	136,591
Retirement benefit liability	518,576	585,065
Long-term unearned revenue	3,922,038	–
Asset retirement obligations	181,333	224,908
Deferred tax liabilities	–	133,463
Other	212,883	202,516
Total non-current liabilities	9,640,095	8,619,049
Total liabilities	17,471,726	24,896,584
Net assets		
Shareholders' equity		
Share capital	2,759,250	2,759,250
Capital surplus	2,748,250	2,755,111
Retained earnings	5,697,974	6,994,717
Treasury shares	(82,954)	(76,383)
Total shareholders' equity	11,122,519	12,432,694
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(11,130)	(4,893)
Remeasurements of defined benefit plans	(35,587)	(19,015)
Total accumulated other comprehensive income	(46,717)	(23,909)
Share acquisition rights	50,076	50,076
Total net assets	11,125,878	12,458,862
Total liabilities and net assets	28,597,605	37,355,446

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Net sales	22,984,089	29,071,832
Cost of sales	19,035,454	24,422,285
Gross profit	3,948,634	4,649,547
Selling, general and administrative expenses	1,933,474	2,340,280
Operating profit	2,015,160	2,309,266
Non-operating income		
Interest income	3,282	3,952
Subsidy income	329,353	233,419
Other	23,533	37,739
Total non-operating income	356,169	275,111
Non-operating expenses		
Interest expenses	47,262	67,608
Other	5,030	15,620
Total non-operating expenses	52,292	83,229
Ordinary profit	2,319,036	2,501,149
Extraordinary income		
Gain on sale of non-current assets	–	2,033,565
Subsidy income	–	86,007
Total extraordinary income	–	2,119,572
Extraordinary losses		
Loss on retirement of non-current assets	1,690	–
Loss on tax purpose reduction entry of non-current assets	–	84,643
Loss on sale of non-current assets	24,006	–
Total extraordinary losses	25,697	84,643
Profit before income taxes	2,293,339	4,536,078
Income taxes - current	864,619	1,886,781
Income taxes - deferred	(106,869)	(302,319)
Total income taxes	757,749	1,584,462
Profit	1,535,589	2,951,616
Profit attributable to owners of parent	1,535,589	2,951,616

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Profit	1,535,589	2,951,616
Other comprehensive income		
Deferred gains or losses on hedges	1,429	6,236
Remeasurements of defined benefit plans, net of tax	(20,532)	10,698
Total other comprehensive income	(19,103)	16,935
Comprehensive income	1,516,486	2,968,551
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,516,486	2,968,551

Consolidated statements of changes in equity

Fiscal year ended June 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,759,250	2,748,250	4,374,339	(82,904)	9,798,935
Changes during period					
Dividends of surplus			(211,955)		(211,955)
Profit attributable to owners of parent			1,535,589		1,535,589
Purchase of treasury shares				(49)	(49)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,323,634	(49)	1,323,584
Balance at end of period	2,759,250	2,748,250	5,697,974	(82,954)	11,122,519

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(12,559)	(15,055)	(27,614)	36,065	9,807,386
Changes during period					
Dividends of surplus			–		(211,955)
Profit attributable to owners of parent			–		1,535,589
Purchase of treasury shares					(49)
Net changes in items other than shareholders' equity	1,429	(20,532)	(19,103)	14,011	(5,091)
Total changes during period	1,429	(20,532)	(19,103)	14,011	1,318,492
Balance at end of period	(11,130)	(35,587)	(46,717)	50,076	11,125,878

Fiscal year ended June 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,759,250	2,748,250	5,697,974	(82,954)	11,122,519
Cumulative effects of changes in accounting policies			(1,263,571)		(1,263,571)
Restated balance	2,759,250	2,748,250	4,434,402	(82,954)	9,858,948
Changes during period					
Dividends of surplus			(391,301)		(391,301)
Profit attributable to owners of parent			2,951,616		2,951,616
Disposal of treasury shares		6,861		6,570	13,431
Net changes in items other than shareholders' equity					
Total changes during period	–	6,861	2,560,314	6,570	2,573,746
Balance at end of period	2,759,250	2,755,111	6,994,717	(76,383)	12,432,694

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	(11,130)	(35,587)	(46,717)	50,076	11,125,878
Cumulative effects of changes in accounting policies					(1,263,571)
Restated balance	(11,130)	(35,587)	(46,717)	50,076	9,862,307
Changes during period					
Dividends of surplus					(391,301)
Profit attributable to owners of parent					2,951,616
Disposal of treasury shares					13,431
Net changes in items other than shareholders' equity	6,236	16,571	22,808		22,808
Total changes during period	6,236	16,571	22,808	–	2,596,554
Balance at end of period	(4,893)	(19,015)	(23,909)	50,076	12,458,862

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,293,339	4,536,078
Depreciation	476,417	604,557
Amortization of goodwill	32,634	169,119
Loss on retirement of non-current assets	1,690	–
Loss (gain) on sale of non-current assets	24,006	(2,033,565)
Increase (decrease) in allowance for doubtful accounts	1,967	219
Increase (decrease) in provision for bonuses	12,786	1,939
Increase (decrease) in retirement benefit liability	73,702	90,367
Interest income	(3,282)	(3,952)
Interest expenses	47,262	67,608
Loss on tax purpose reduction entry of non-current assets	–	84,643
Subsidy income	(329,353)	(319,426)
Decrease (increase) in trade receivables	(266,357)	(216,155)
Decrease (increase) in inventories	(367,416)	199,838
Increase (decrease) in trade payables	21,488	42,261
Increase (decrease) in accounts payable - other	118,807	218,369
Increase (decrease) in unearned revenue	715,612	(5,642,435)
Increase (decrease) in contract liabilities	–	7,049,612
Other, net	56,880	(86,415)
Subtotal	2,910,187	4,762,664
Interest received	56	847
Interest paid	(47,482)	(74,784)
Subsidies received	342,450	266,368
Income taxes paid	(646,430)	(1,042,242)
Income taxes refund	–	33,072
Net cash provided by (used in) operating activities	2,558,781	3,945,925
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,414,712)	(2,597,066)
Proceeds from sale of property, plant and equipment	135,473	5,324,770
Purchase of intangible assets	(20,065)	(12,327)
Purchase of investment securities	–	(300,010)
Investments in money held in trust	(397,683)	(346,630)
Payments of guarantee deposits	(499,644)	(538,053)
Proceeds from refund of guarantee deposits	–	35,103
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(531,675)	(4,438,953)
Other, net	23,544	15,987
Net cash provided by (used in) investing activities	(3,704,763)	(2,857,180)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,778,200	(769,181)
Proceeds from long-term borrowings	912,720	4,497,000
Repayments of long-term borrowings	(896,985)	(3,316,238)
Repayments of lease liabilities	(109,228)	(108,384)
Dividends paid	(211,870)	(391,110)
Purchase of treasury shares	(49)	–
Net cash provided by (used in) financing activities	1,472,785	(87,915)
Net increase (decrease) in cash and cash equivalents	326,804	1,000,828
Cash and cash equivalents at beginning of period	5,613,850	5,940,654
Cash and cash equivalents at end of period	5,940,654	6,941,483