

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2023 (Based on Japanese GAAP)

August 7, 2023

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 27, 2023
 Scheduled date to file Securities Report: September 28, 2023
 Scheduled date to commence dividend payments: September 28, 2023
 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, 2023 (from July 1, 2022 to June 30, 2023)

(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, 2023	37,887	30.3	4,197	81.8	4,633	85.3	3,206	8.6
Year ended June 30, 2022	29,071	–	2,309	–	2,501	–	2,951	–

	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, 2023	98.28	98.10	23.3	11.5	11.1
Year ended June 30, 2022	90.50	90.33	25.1	7.6	7.9

(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, 2023	43,304	15,135	34.8	462.34
As of June 30, 2022	37,355	12,458	33.2	380.44

(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, 2023	496	(2,242)	1,618	6,813
Year ended June 30, 2022	3,945	(2,857)	(87)	6,941

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, 2022	–	0.00	–	17.00	17.00	554	18.8	4.5
Year ended June 30, 2023	–	0.00	–	22.00	22.00	717	22.4	4.7
Year ending June 30, 2024 (Forecast)	–	0.00	–	26.00	26.00		22.9	

3. Forecast of consolidated financial results for the year ending June 30, 2024 (from July 1, 2023 to June 30, 2024)

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, 2023	18,500	24.6	1,380	47.2	1,480	25.6	970	28.0	29.72
Full year	47,000	24.1	4,800	14.4	5,000	7.9	3,700	15.4	113.39

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2023

(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: No

Changes in accounting policies due to other reasons: No

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, 2023	32,712,000 shares	As of June 30, 2022	32,712,000 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	82,628 shares	As of June 30, 2022	95,328 shares
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Average number of shares during the period

Year ended June 30, 2023	32,626,171 shares	Year ended June 30, 2022	32,613,998 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of June 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	6,941	6,813
Accounts receivable - trade	2,596	2,885
Real estate for sale	580	1,628
Real estate for development	1,897	4,171
Money held in trust	4,443	4,731
Other	619	1,225
Allowance for doubtful accounts	(3)	(7)
Total current assets	17,075	21,448
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,585	6,802
Land	1,822	1,822
Leased assets, net	206	212
Construction in progress	254	1,383
Other, net	559	817
Total property, plant and equipment	10,427	11,037
Intangible assets		
Goodwill	3,017	2,802
Other	66	71
Total intangible assets	3,083	2,873
Investments and other assets		
Investment securities	300	610
Guarantee deposits	4,770	5,298
Deferred tax assets	1,120	1,357
Other	577	679
Total investments and other assets	6,768	7,944
Total non-current assets	20,279	21,856
Total assets	37,355	43,304

(Millions of yen)

	As of June 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	264	300
Short-term borrowings	2,140	5,374
Current portion of long-term borrowings	1,177	955
Lease liabilities	89	87
Income taxes payable	1,510	1,272
Accounts payable - other	1,642	1,823
Contract liabilities	8,870	9,713
Provision for bonuses	124	135
Other	457	397
Total current liabilities	16,277	20,060
Non-current liabilities		
Long-term borrowings	7,336	6,597
Lease liabilities	136	146
Retirement benefit liability	585	664
Asset retirement obligations	224	214
Deferred tax liabilities	133	214
Other	202	271
Total non-current liabilities	8,619	8,108
Total liabilities	24,896	28,168
Net assets		
Shareholders' equity		
Share capital	2,759	2,759
Capital surplus	2,755	2,758
Retained earnings	6,994	9,646
Treasury shares	(76)	(66)
Total shareholders' equity	12,432	15,098
Accumulated other comprehensive income		
Deferred gains or losses on hedges	(4)	(0)
Remeasurements of defined benefit plans	(19)	(11)
Total accumulated other comprehensive income	(23)	(12)
Share acquisition rights	50	50
Total net assets	12,458	15,135
Total liabilities and net assets	37,355	43,304

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

(Millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Net sales	29,071	37,887
Cost of sales	24,422	31,049
Gross profit	4,649	6,837
Selling, general and administrative expenses	2,340	2,639
Operating profit	2,309	4,197
Non-operating income		
Interest income	3	3
Subsidy income	233	447
Other	37	51
Total non-operating income	275	502
Non-operating expenses		
Interest expenses	67	58
Other	15	8
Total non-operating expenses	83	67
Ordinary profit	2,501	4,633
Extraordinary income		
Gain on sale of non-current assets	2,033	529
Subsidy income	86	30
Total extraordinary income	2,119	560
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	84	29
Impairment losses	–	299
Total extraordinary losses	84	329
Profit before income taxes	4,536	4,864
Income taxes - current	1,886	1,818
Income taxes - deferred	(302)	(161)
Total income taxes	1,584	1,657
Profit	2,951	3,206
Profit attributable to owners of parent	2,951	3,206

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Profit	2,951	3,206
Other comprehensive income		
Deferred gains or losses on hedges	6	4
Remeasurements of defined benefit plans, net of tax	16	7
Total other comprehensive income	22	11
Comprehensive income	2,974	3,218
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,974	3,218

Consolidated statements of changes in equity

Fiscal year ended June 30, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,759	2,748	5,697	(82)	11,122
Cumulative effects of changes in accounting policies			(1,263)		(1,263)
Restated balance	2,759	2,748	4,434	(82)	9,858
Changes during period					
Dividends of surplus			(391)		(391)
Profit attributable to owners of parent			2,951		2,951
Disposal of treasury shares		6		6	13
Net changes in items other than shareholders' equity					
Total changes during period	-	6	2,560	6	2,573
Balance at end of period	2,759	2,755	6,994	(76)	12,432

	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)	(35)	(46)	50	11,125
Cumulative effects of changes in accounting policies					(1,263)
Restated balance	(11)	(35)	(46)	50	9,862
Changes during period					
Dividends of surplus					(391)
Profit attributable to owners of parent					2,951
Disposal of treasury shares					13
Net changes in items other than shareholders' equity	6	16	22		22
Total changes during period	6	16	22	-	2,596
Balance at end of period	(4)	(19)	(23)	50	12,458

Fiscal year ended June 30, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,759	2,755	6,994	(76)	12,432
Changes during period					
Dividends of surplus			(554)		(554)
Profit attributable to owners of parent			3,206		3,206
Disposal of treasury shares		3		10	13
Net changes in items other than shareholders' equity					
Total changes during period	–	3	2,652	10	2,665
Balance at end of period	2,759	2,758	9,646	(66)	15,098

	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	(4)	(19)	(23)	50	12,458
Changes during period					
Dividends of surplus					(554)
Profit attributable to owners of parent					3,206
Disposal of treasury shares					13
Net changes in items other than shareholders' equity	4	7	11		11
Total changes during period	4	7	11	–	2,676
Balance at end of period	(0)	(11)	(12)	50	15,135

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended June 30, 2022	Fiscal year ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,536	4,864
Depreciation	604	642
Impairment losses	–	299
Amortization of goodwill	169	214
Loss (gain) on sale of non-current assets	(2,033)	(529)
Increase (decrease) in allowance for doubtful accounts	0	4
Increase (decrease) in provision for bonuses	1	11
Increase (decrease) in retirement benefit liability	90	90
Interest income	(3)	(3)
Interest expenses	67	58
Loss on tax purpose reduction entry of non-current assets	84	29
Subsidy income	(319)	(478)
Decrease (increase) in trade receivables	(216)	(289)
Decrease (increase) in inventories	199	(3,320)
Increase (decrease) in trade payables	42	36
Increase (decrease) in accounts payable - other	218	181
Increase (decrease) in unearned revenue	(5,642)	–
Increase (decrease) in contract liabilities	7,049	842
Other, net	(86)	(45)
Subtotal	4,762	2,608
Interest received	0	0
Interest paid	(74)	(59)
Subsidies received	266	475
Income taxes paid	(1,042)	(2,527)
Income taxes refund	33	–
Net cash provided by (used in) operating activities	3,945	496
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,597)	(2,074)
Proceeds from sale of property, plant and equipment	5,324	1,150
Purchase of intangible assets	(12)	(39)
Purchase of investment securities	(300)	(310)
Investments in money held in trust	(346)	(287)
Payments of guarantee deposits	(538)	(616)
Proceeds from refund of guarantee deposits	35	30
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,438)	–
Other, net	15	(94)
Net cash provided by (used in) investing activities	(2,857)	(2,242)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(769)	3,234
Proceeds from long-term borrowings	4,497	570
Repayments of long-term borrowings	(3,316)	(1,531)
Repayments of lease liabilities	(108)	(100)
Dividends paid	(391)	(554)
Net cash provided by (used in) financing activities	(87)	1,618
Net increase (decrease) in cash and cash equivalents	1,000	(128)
Cash and cash equivalents at beginning of period	5,940	6,941
Cash and cash equivalents at end of period	6,941	6,813