



CareNet, Inc.

Six Months Ended June 30, 2021

Financial Results Briefing

Katsuhiro Fujii, President

Corporate Profile

| | |
|---------------------|--|
| Name | CareNet, Inc. |
| Address | Risona-kudan Building, 1-5-6, Kudan-minami, Chiyoda-ku, Tokyo, Japan |
| Established | July 1996 |
| Employees | 136 (as of June 30, 2021) |
| Business activities | Medical contents services for doctors and medical professionals, Medical and pharmaceutical business support for pharmaceutical companies |

Business Activities

Improvement of future medical care by information technology and imaging

CareNet distributes practical information that is useful in routine clinical practice to doctors and other medical professionals via the Internet and provides pharmaceutical companies with solutions for the effective communication of pharmaceutical information.

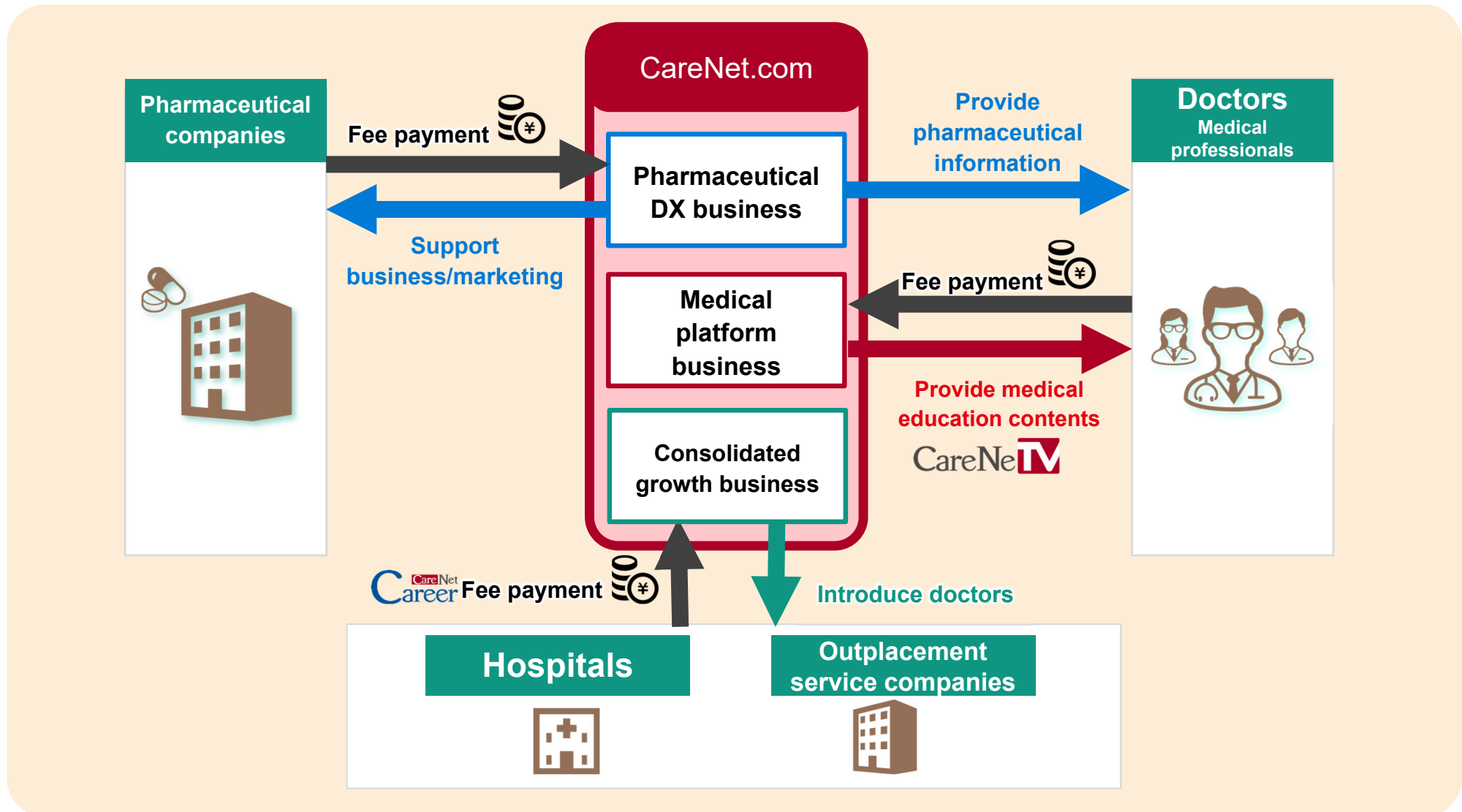
Corporate Philosophy

Striving to create a sustainable healthy society in the digital age

CareNet contributes the creation of a sustainable society that is healthy and offers comfortable working environments for both the recipients and providers of medical care by constantly evolving our businesses through technology and enthusiasm.

Our Business Model

CareNet develops a variety of businesses that utilize the “doctor platform” oriented around CareNet.com.



- Our existing “pharmaceutical sales support services” have been renamed the “pharmaceutical DX business,” and our “medical contents services” have been renamed the “medical platform business.”
- The “consolidated growth business” was newly established with the initiative to turn our “career services,” which were previously included in “medical content services,” into a subsidiary. This segment covers the businesses of CareNet’s consolidated subsidiaries and consists of sales of CareNet Works Design, Inc., which is responsible for our “career services,” as well as sales of Asclepia Co., Ltd., Scientific Communication Labo. inc., and AD Medica Inc.

Our Profit Structure

- The “pharmaceutical DX business” accounts for around 90% of CareNet’s consolidated net sales and operating profit. Our profits are significantly impacted by the performance of the “pharmaceutical DX business.”

Profit structure by business segment and company-wide consolidated results for the fiscal year ended December 31, 2020

(Million yen)

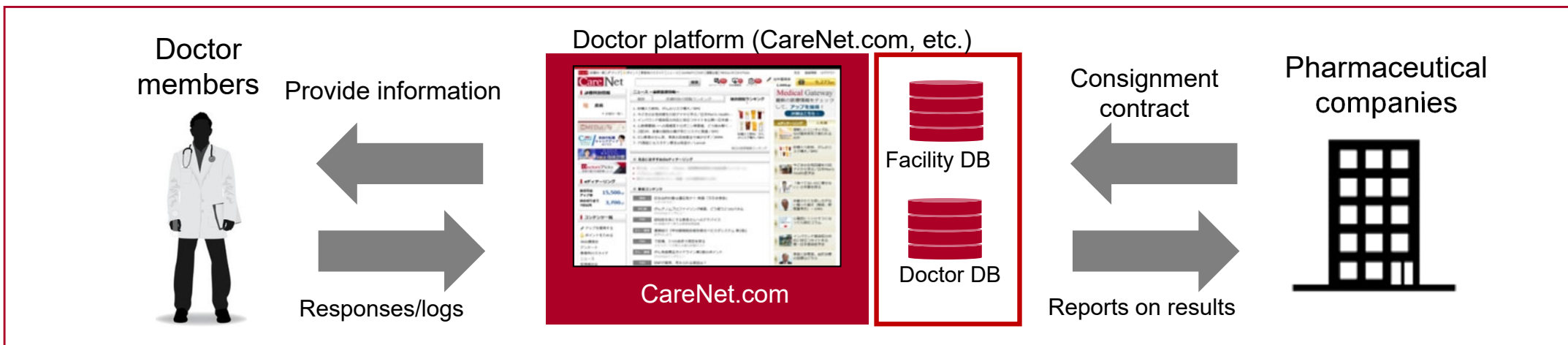
| | By business segment | | | Consolidated |
|-------------------------------|----------------------------|---------------------------|------------------------------|----------------------|
| | Pharmaceutical DX business | Medical platform business | Consolidated growth business | Consolidated results |
| Net sales | 4,735 | 330 | 246 | 5,304 |
| Operating profit | 2,503 | 3 | -62 | 1,510 |
| Operating profit ratio | 52.9% | 1.2% | — | 28.5% |

Between the total value of each business segment and the company-wide consolidated results, there is a net sales adjustment of -7 million yen (offsetting transactions between the parent company and subsidiaries) and a segment profit adjustment of -935 million yen (selling, general and administrative expenses that do not belong to any segment).

Business Model & Services of Our Core Business – Pharmaceutical DX Business

Business model for the pharmaceutical DX business

CareNet has endeavored to spread the appropriate use of new medicine from pharmaceutical companies through use of the doctor platform. We have partnerships with over 70 pharmaceutical companies, growing this into the core business of the Company.



Main services of the pharmaceutical DX business

IT solution for connecting doctors and pharmaceutical companies: MRPlus®

One of our core services that broadcasts video content created from the perspective that the involvement of doctors is needed to target other doctors, enabling the analysis of doctors' responses while creating opportunities for engagement with MRs. More than 50 pharmaceutical companies have adopted this service.

Online livestreams of seminars by Key Opinion Leaders (KOLs) available nationwide: Online seminars

Busy doctors can watch KOL seminars without having to leave the office. Online livestreaming is a very effective way to quickly broadcast information about new treatments nationwide. Over 500 seminars are conducted annually, and this is a core service together with MRPlus®.

Information distribution channel specialized for oncologists: Gan@Misewaza

This channel is dedicated to oncologists, where KOLs with top-class achievements in organ-specific cancer treatment show videos of their own personal treatment methods and speak passionately about cancer treatment to other oncologists nationwide.

Medical information website used by over 300,000 medical professionals



Members

383,755

Doctors who are members

189,328

(as of June 30, 2021)

“Medical contents” for immediate use in the field

An abundant selection of content is available for immediate use in clinical settings, including videos of procedures, patient instructions, and explanations of relevant guidelines.

International research and news on medical care

Carefully selected articles published in leading international journals are summarized in Japanese and are made available together with the latest medical news in Japan to facilitate quick and easy understanding of the current state of medical care.



On-demand clinical videos for self-study by medical professionals



Paying members

6,101

(as of June 30, 2021)

About 20 years producing medical education programs
As Japan's first TV station specializing in content for medical professionals (broadcast ended in March 2011), CareNet has abundant experience in producing medical education programs, and CareNeTV delivers programs that cater to the specific learning needs of medical professionals.

Complete lineup of programs

More than 1,900 programs are available, with approx. 10 new programs being released every month. Packed with uplifting and useful information from leading lecturers who are active on the front lines of clinical practice! Designed around programs for improving clinical skills in everything from primary care to specialized fields, video content is available for a variety of genres, including preparation for medical specialist exams, presentations, English, and statistics.



Six Months Ended June 30, 2021

Summary of Consolidated Financial Results

Financial Year 2021 Plans

- CareNet expects significant increases in sales and profits to continue in this fiscal year, reflecting the growing need for services utilizing digital communication lasting from the previous fiscal year as a result of the ongoing spread of COVID-19.

(Million yen)

| | First half | | | Full year | | |
|---|--|--|----------------|---|--|----------------|
| | Six months ended June 30, 2020 (results) | Six months ended June 30, 2021 (plan) Revision disclosed May 2021 | Year-over-year | Fiscal year ended December 31, 2020 (results) | Fiscal year ending December 31, 2021 (plan) Revision disclosed May 2021 | Year-over-year |
| Net sales | 1,845 | 3,800 | +106.0% | 5,304 | 7,664 | +44.5% |
| Operating profit | 461 | 1,100 | +138.2% | 1,510 | 2,211 | +46.4% |
| Ordinary profit | 459 | 1,100 | +139.2% | 1,506 | 2,222 | +47.5% |
| Profit attributable to owners of parent | 179 | 673 | +274.0% | 815 | 1,400 | +71.7% |

Six Months Ended June 30, 2021 – Financial Results Summary

- The pharmaceutical DX business, which accounts for nearly 90% of our net sales, achieved significant growth in both sales and profits during the period under review due to support by the continued increase in orders from pharmaceutical companies under the COVID-19 crisis.

(Million yen)

| | Six months ended June 30, 2020 | Six months ended June 30, 2021 | Year-over-year |
|--|-----------------------------------|-----------------------------------|----------------|
| Net sales | 1,845 | 3,817 | +106.9% |
| Operating profit | 461 | 1,387 | +200.4% |
| Ordinary profit | 459 | 1,399 | +204.4% |
| Profit attributable to owners of parent | 179 | 954 | +430.4% |

Difference from Plan

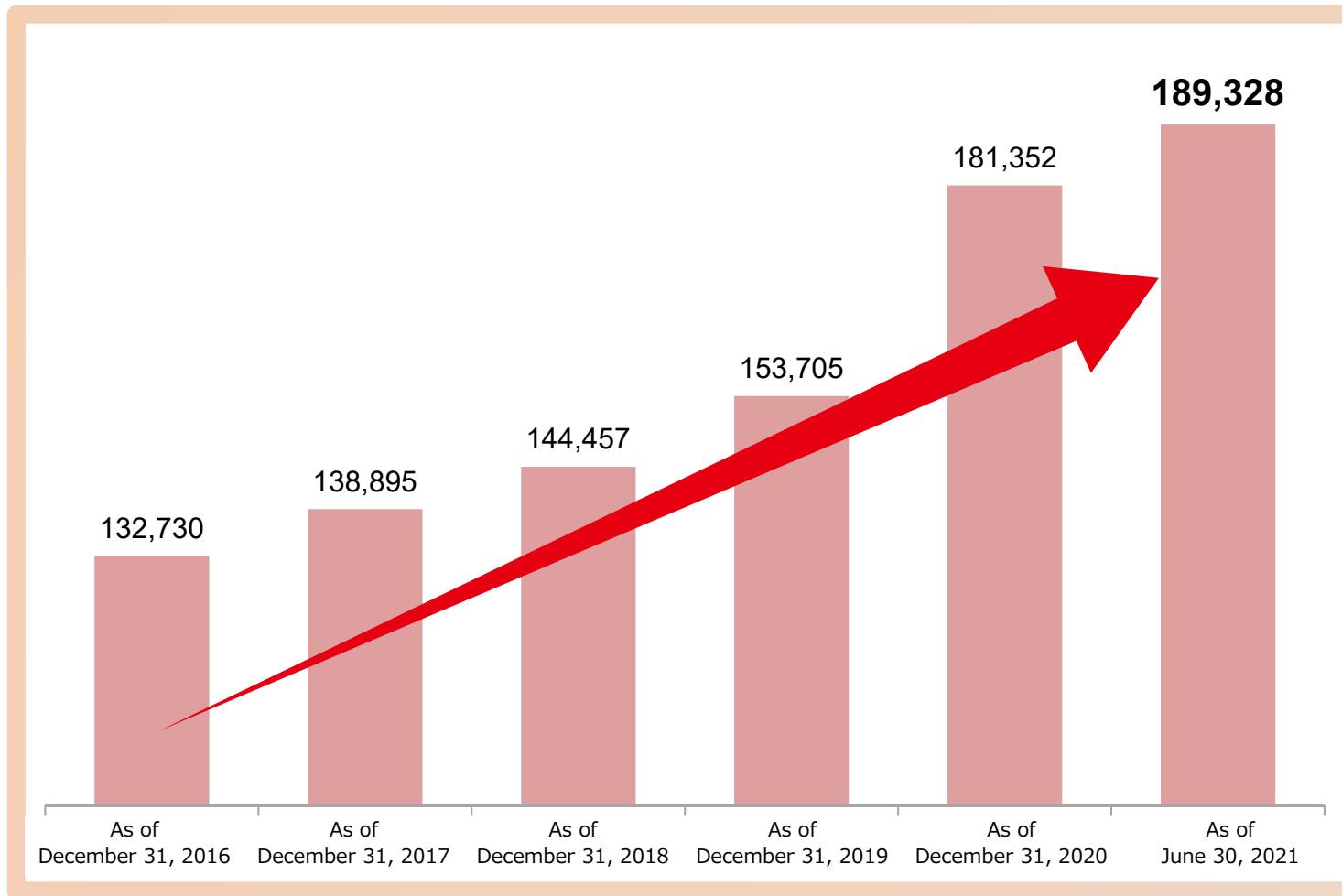
- In May 2021, CareNet revised our planned figures (forecasts) upward for the fiscal year ending December 31, 2021, and the six months ended June 30, 2021. Net sales for the six months ended June 30, 2021, were generally in line with the plan. However, profits exceeded plans due to a decrease in the selling, general and administrative expense ratio as a result of the effects of factors including initiatives to improve the efficiency of selling, general and administrative expenses through promoting remote work and postponed expenditures due to delays in recruitment.

(Million yen)

| | Six months ended June 30, 2021 plan | Six months ended June 30, 2021 results | Compared with plan |
|--|---|--|-----------------------|
| Net sales | 3,800 | 3,817 | +0.5% |
| Operating profit | 1,100 | 1,387 | +26.1% |
| Ordinary profit | 1,100 | 1,399 | +27.2% |
| Profit attributable to owners of parent | 673 | 954 | +41.8% |

Doctors who are Members

- Continuing from the previous fiscal year, the number of doctors who are members has been steadily increasing, exceeding 189,000 as of June 30, 2021.



(All entries for members will be as of December 30 for each year from 2021)

The number of doctors who are members of CareNet reached 190,000 on July 26, 2021.

Six Months Ended June 30, 2021 – Performance by Segment

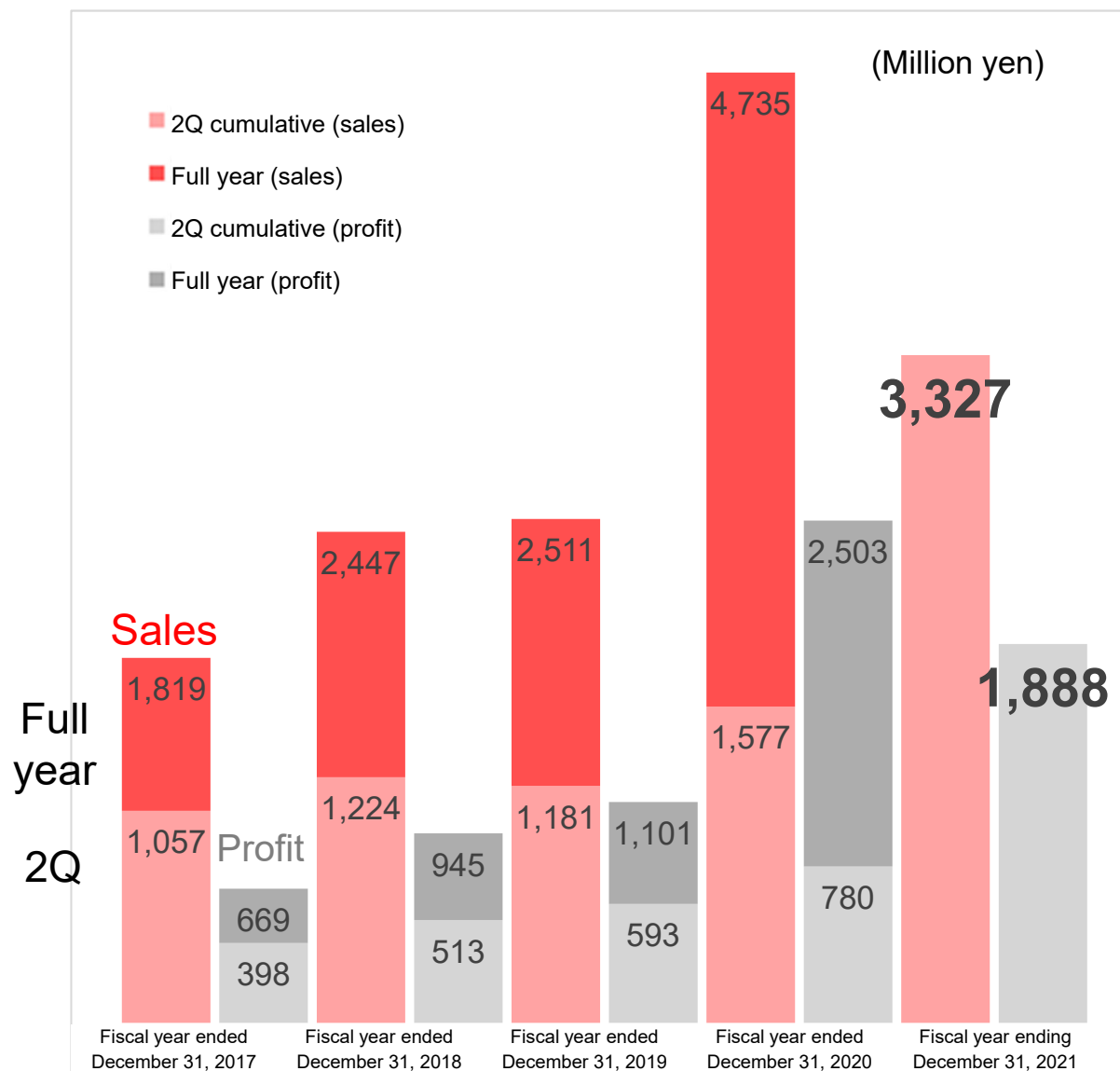
- In the pharmaceutical DX business, both sales and profit increased significantly year-over-year with an increase of orders from pharmaceutical companies due to the heightened importance of services utilizing the Internet as a result of the spread of COVID-19.
- In the medical platform business, net sales increased slightly due to the growth of CareNeTV. In the “consolidated growth business,” which was newly established by turning the career business for providing doctor outplacement support into a subsidiary, sales are increasing due to the contributions of AD Medica, which was acquired in February 2021, in addition to the growth of the career business.

(Million yen)

| | | Six Months Ended June 30, 2020 | Six Months Ended June 30, 2021 | Year-over-year |
|---------------------------------|-----------|-----------------------------------|-----------------------------------|----------------|
| Pharmaceutical DX business | Net sales | 1,577 | 3,327 | +110.9% |
| | Profit | 780 | 1,888 | +142.0% |
| Medical platform business | Net sales | 157 | 178 | +13.4% |
| | Profit | 25 | 22 | -11.7% |
| Consolidated growth business | Net sales | 112 | 350 | +212.3% |
| | Profit | -17 | -6 | — |

Segment Performance – Pharmaceutical DX Business –

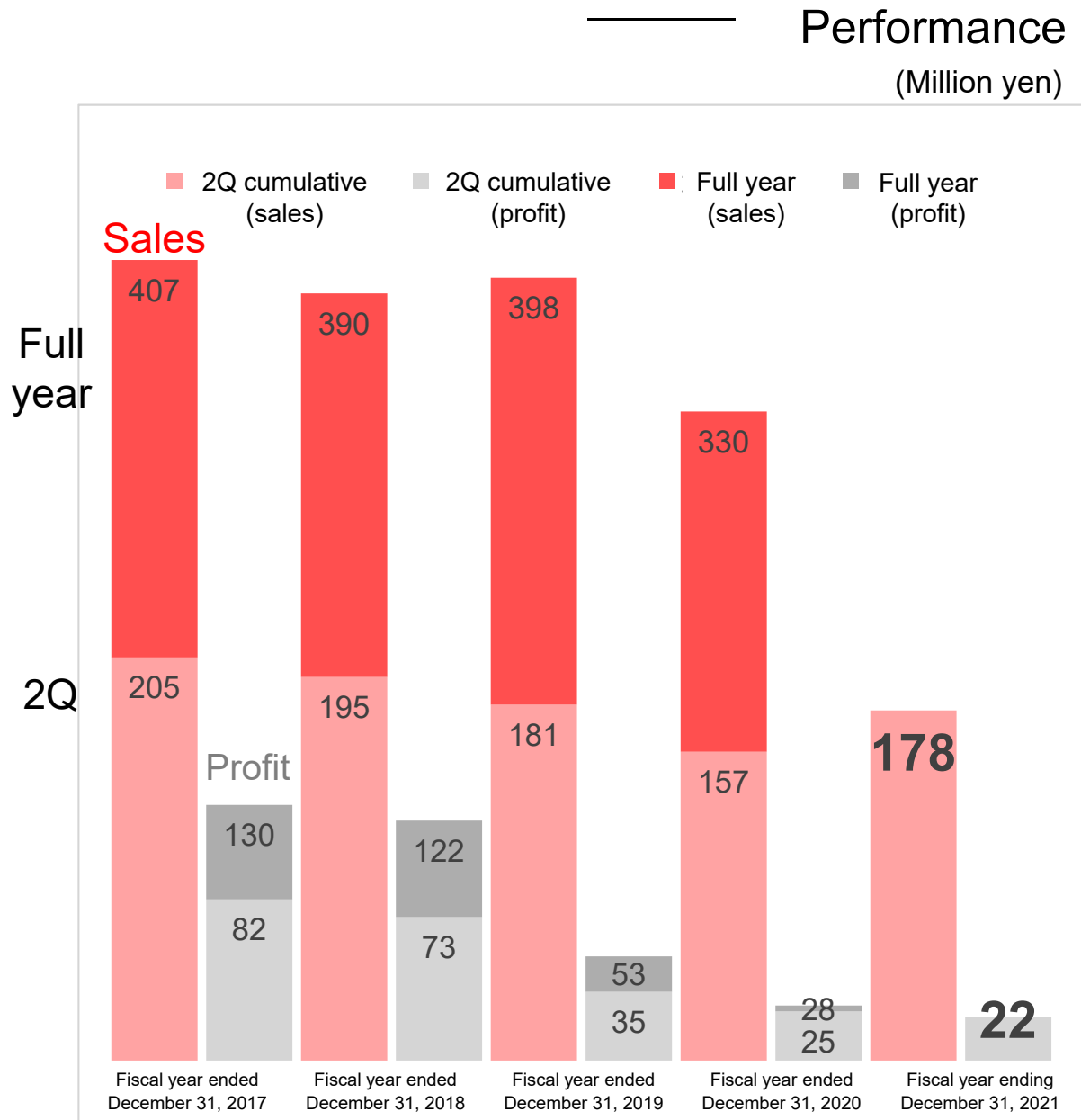
Performance



During the period of CareNet's six months ended June 30, 2021, the digital shift became more pronounced with the impact of the COVID-19 crisis and e-marketing services for pharmaceutical companies (MRPlus, online seminars, etc.) performed well, as sales increased by 110.9% year-over-year to 3,327 million yen.

The segment profit ratio reached over 50% in the previous period, and has continued to increase in the period under review. Segment profit increased by 142.0% year-over-year to 1,888 million yen.

Segment Performance – Medical Platform Business –



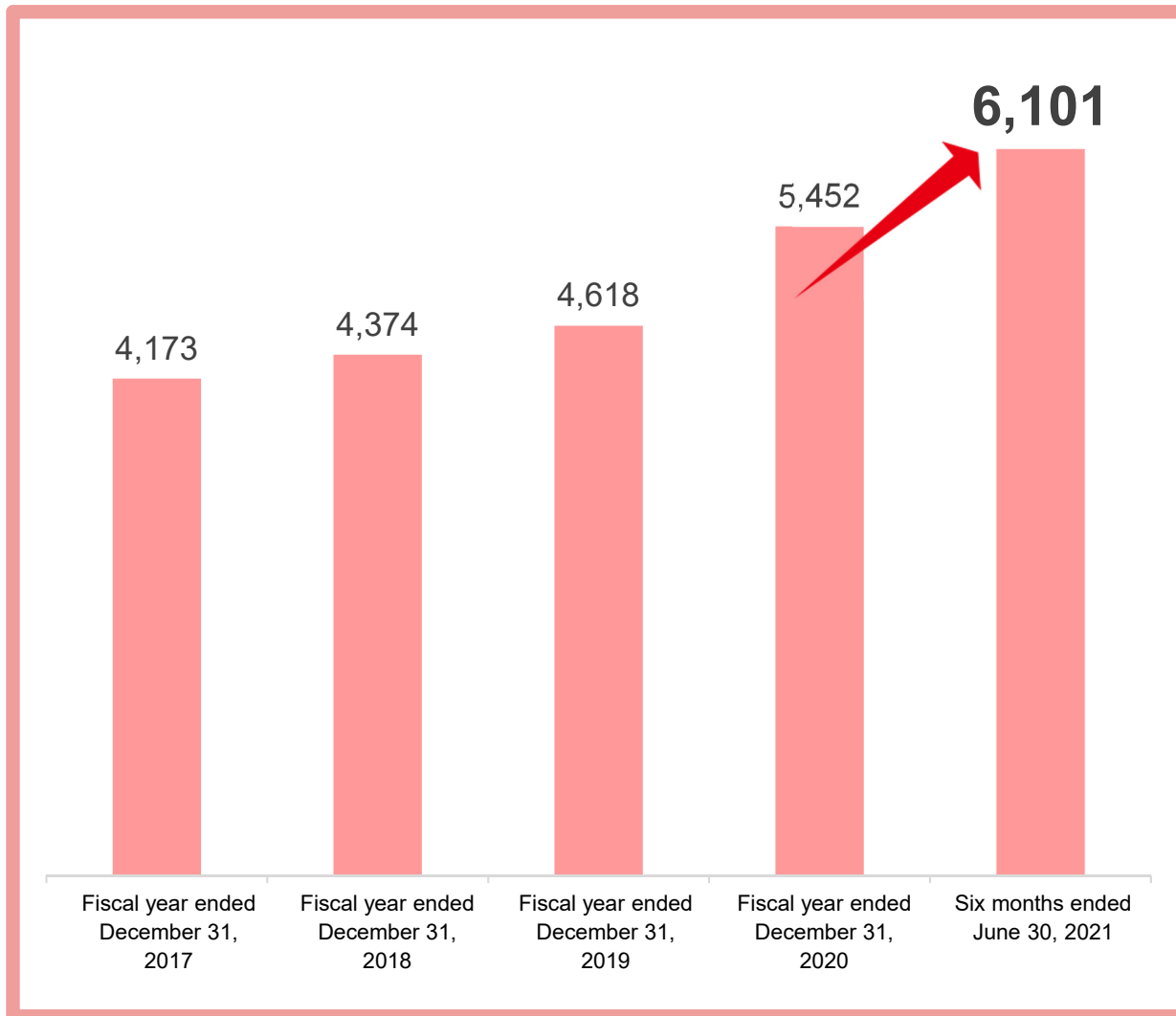
Net sales of CareNeTV increased by 19.4% year-over-year to 163 million yen as the number of paying members of CareNeTV reached over 6,100.

The sales and profit of the career business have been deducted from the results for the fiscal year ended December 31, 2020, due to the transfer of the doctor career business from the medical platform business to the “consolidated growth business.” Sales for the period under review are on par with the six months ended June 30, 2019 that include the sales and profit of the career business.

Costs involved in production, etc., increased due to an increase in the amount of live contents produced in relation to COVID-19. However, the profit margin was maintained at a level nearly on par with the previous year, and segment profit declined 11.7% year-over-year to 22 million yen.

Segment Performance – Medical Platform Business –

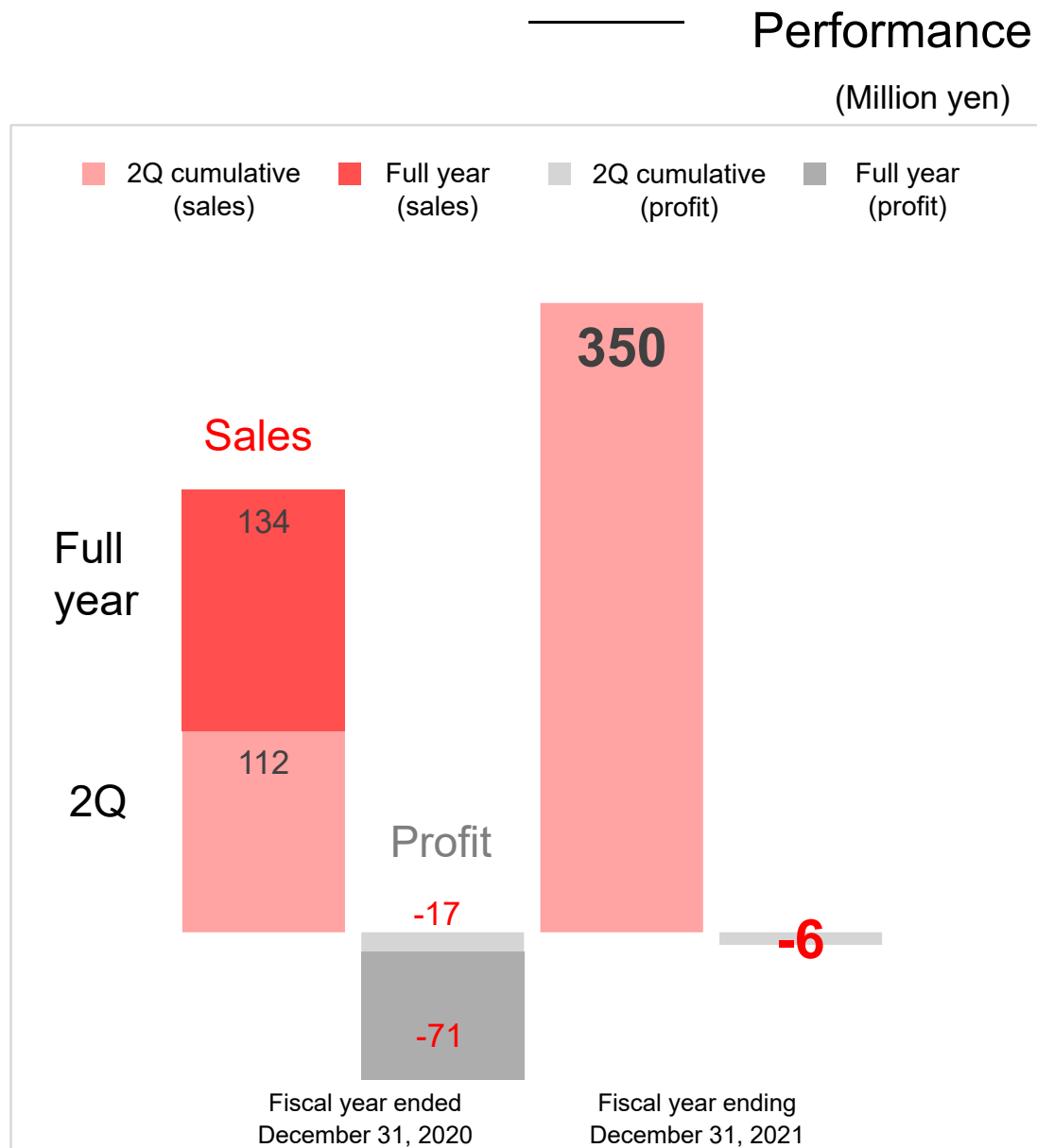
CareNeTV members



The number of paying members of CareNeTV has reached 6,101 persons, an increase of 649 persons from December 31, 2020.

CareNet aims to expand the number of paying members and increase sales by extending popular series including preparation for medical specialist exams, etc., and attempting new projects such as introducing live seminars by popular lecturers, etc.

Segment Performance – Consolidated Growth Business –



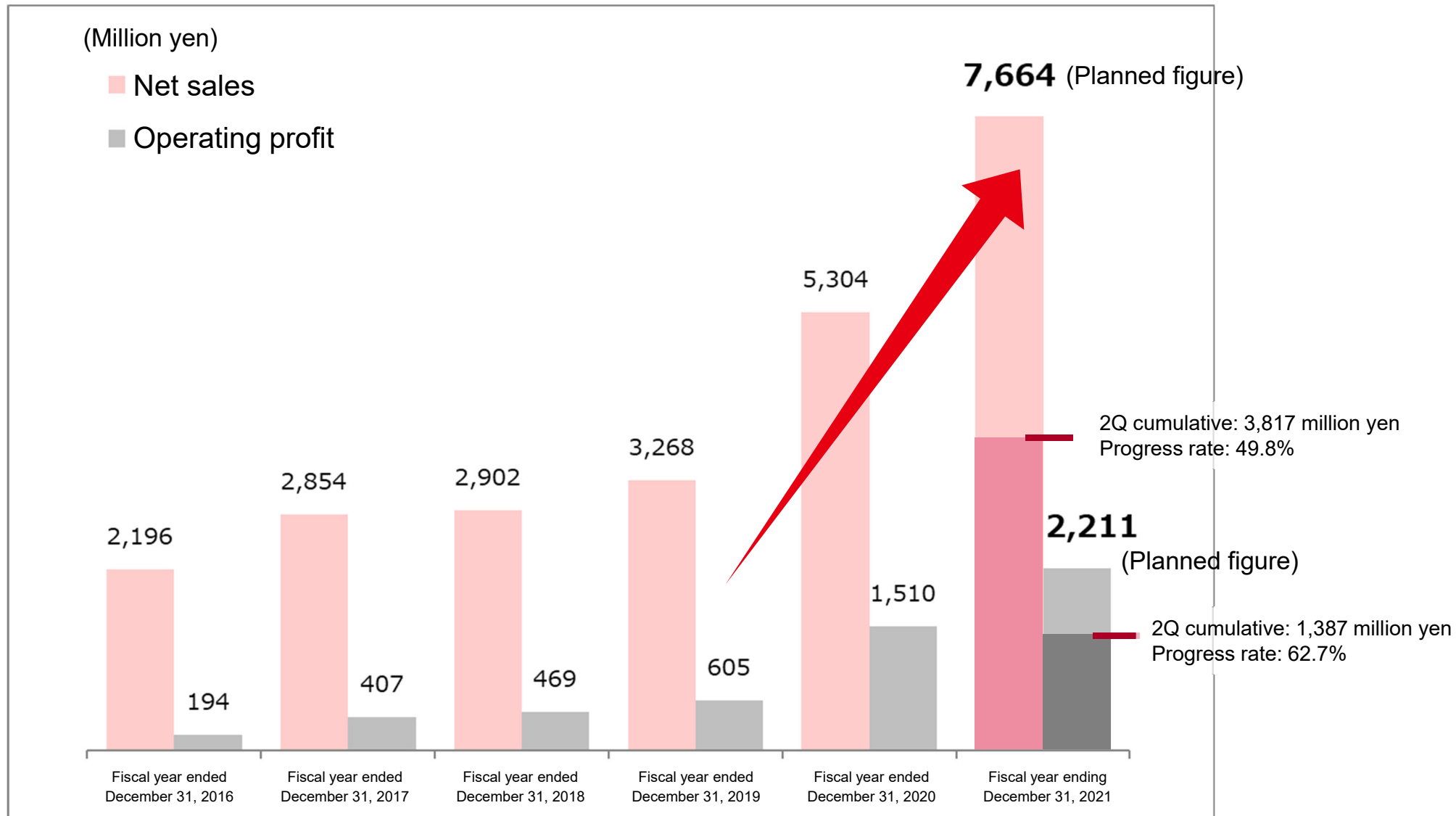
As we turn the career business into a subsidiary, CareNet will introduce the “consolidated growth business” as a new segment from the fiscal year under review, representing the total profit of our consolidated subsidiaries.

This segment consists of sales of CareNet Works Design, Inc., which is responsible for CareNet’s career business, as well as sales of Asclepia Co., Ltd., Scientific Communication Labo. inc., and AD Medica Inc.

Net sales in this segment increased 212.3% year-over-year to 350 million yen due to the growth of the career business and the addition of the sales of AD Medica Inc., which was acquired in February 2021 and became a wholly-owned consolidated subsidiary. As a result, operating loss improved by 11 million yen year-over-year.

Fiscal Year Ending December 31, 2021 – Plan & Progress

As of the completion of the six months ended June 30, 2021, both sales and operating profit are steadily on track to achieve the figures of the full-year plan.



This material contains projections, plans, management targets, and other forward-looking statements, etc., relating to CareNet, Inc. (the “Company”).

These statements are drawn from assumptions (information and forecasts currently available to the Company), and it is possible that such assumptions are inaccurate and that actual results produced may differ from those mentioned in said statements.

Furthermore, information and data other than that concerning the Company has been quoted from public sources, and the Company offers no guarantee regarding the accuracy of such information.

CareNet, Inc.

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