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Consolidated Financial Results for the Nine Months Ended September 30, 2024 [Under Japanese GAAP]

November 13, 2024

Company name: CareNet, Inc.
Securities code: 2150
Representative: Katsuhiko Fujii, President
Contact: Kanji Fujii, Director and CFO

Stock exchange listing: Tokyo Stock Exchange
URL: <https://www.carenat.co.jp>

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Scheduled date to commence dividend payments: —

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: No

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

1. Consolidated financial results for the nine months ended September 30, 2024 (January 1, 2024 to September 30, 2024)

(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	%
Nine months ended September 30, 2024	7,788	7.1	1,416	(18.4)	1,429	(19.3)	839	(24.1)
Nine months ended September 30, 2023	7,271	12.8	1,736	(24.1)	1,772	(23.2)	1,106	(28.0)

(Note) Comprehensive income: For the nine months ended September 30, 2024: 942 million yen [(15.3)%]
For the nine months ended September 30, 2023: 1,113 million yen [(28.0)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2024	18.89	—
Nine months ended September 30, 2023	24.82	—

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2024	13,583	11,415	82.7	255.79
As of December 31, 2023	14,168	11,501	79.3	252.23

(Reference) Equity: As of September 30, 2024: 11,234 million yen As of December 31, 2023: 11,237 million yen

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	—	0.00	—	12.00	12.00
Fiscal year ending December 31, 2024	—	0.00	—		
Fiscal year ending December 31, 2024 (forecast)				12.00	12.00

(Note) Revision to the most recently announced dividend forecast: None

3. Consolidated financial results forecast for the fiscal year ending December 31, 2024 (January 1, 2024 to December 31, 2024) (% 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	11,600	13.3	2,200	(9.4)	2,200	(10.8)	1,500	(0.7)	33.66

(Note) Revision to the most recently announced financial results forecast: None

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 2 companies (Method 360, Inc., Satt Co., Ltd)

Excluded: 2 companies (Health Data Science, Inc., Libertus Inc.)

(Note) For details, please see “2. Quarterly consolidated financial statements and major notes (3) Notes to quarterly consolidated financial statements (Changes in scope of consolidation or equity method)” on page 7 of the Japanese version of this attachment.

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) 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

(4) Number of shares of common stock issued

1) Number of shares issued at the end of the period (including treasury stock)

As of September 30, 2024	46,872,000 shares	As of December 31, 2023	46,872,000 shares
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2) Number of shares of treasury stock at the end of the period

As of September 30, 2024	2,950,902 shares	As of December 31, 2023	2,320,702 shares
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3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2024	44,433,127 shares	Nine months ended September 30, 2023	44,563,810 shares
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(Note) The Company’s shares held by the “Board Benefit Trust (BBT)” and the “Board Benefit Trust (J-ESOP)” are included in the treasury stock deduced in the calculation of the average number of shares outstanding during the period.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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.

2. Quarterly consolidated financial statements and major notes

(1) Quarterly consolidated balance sheets

(Thousand yen)

	Previous fiscal year (As of December 31, 2023)	Nine months under review (As of September 30, 2024)
Assets		
Current assets		
Cash and deposits	8,857,120	7,147,620
Accounts receivable – trade, and contract assets	2,177,913	1,881,405
Electronically recorded monetary claims – operating	308,408	8,305
Inventories	34,112	38,210
Prepaid expenses	222,540	324,268
Other	171,812	140,948
Allowance for doubtful accounts	(5,656)	(5,656)
Total current assets	11,766,250	9,535,101
Non-current assets		
Property, plant and equipment	214,647	203,090
Intangible assets		
Goodwill	1,099,107	975,886
Other	37,174	93,819
Total intangible assets	1,136,281	1,069,705
Investments and other assets	1,051,602	2,775,982
Total non-current assets	2,402,531	4,048,778
Total assets	14,168,782	13,583,880

(Thousand yen)

	Previous fiscal year (As of December 31, 2023)	Nine months under review (As of September 30, 2024)
Liabilities		
Current liabilities		
Accounts payable – trade	179,364	137,780
Current portion of long-term borrowings	26,330	31,884
Income taxes payable	411,542	74,245
Advances received	60,570	135,281
Provision for bonuses	8,456	12,547
Provision for point card certificates	943,444	945,943
Other	818,676	565,905
Total current liabilities	2,448,385	1,903,587
Non-current liabilities		
Long-term borrowings	71,092	105,060
Deferred tax liabilities	–	399
Retirement benefit liability	15,027	17,719
Asset retirement obligations	51,797	51,864
Provision for share awards for directors (and other officers)	59,598	75,852
Provision for share awards for employees	8,265	–
Other	13,100	14,271
Total non-current liabilities	218,879	265,167
Total liabilities	2,667,265	2,168,755
Net assets		
Shareholders' equity		
Share capital	2,405,636	2,405,636
Capital surplus	3,073,797	3,138,641
Retained earnings	6,486,661	6,786,724
Treasury shares	(700,753)	(1,139,842)
Total shareholders' equity	11,265,340	11,191,160
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(28,292)	43,501
Total accumulated other comprehensive income	(28,292)	43,501
Share acquisition rights	0	0
Non-controlling interests	264,467	180,463
Total net assets	11,501,516	11,415,125
Total liabilities and net assets	14,168,782	13,583,880

(2) Quarterly consolidated statements of income and comprehensive income
(Quarterly consolidated statements of income)
(For the nine months ended September 30)

(Thousand yen)

	Previous nine month period (January 1, 2023 to September 30, 2023)	Nine months under review (January 1, 2024 to September 30, 2024)
Net sales	7,271,166	7,788,266
Cost of sales	2,714,025	3,156,021
Gross profit	4,557,141	4,632,245
Selling, general and administrative expenses	2,820,919	3,216,138
Operating profit	1,736,221	1,416,106
Non-operating income		
Interest income	2,325	3,550
Dividend income	5,969	12,805
Share of profit of entities accounted for using equity method	16,464	12,385
Dividend income of insurance	2,255	—
Foreign exchange gains	11,636	737
Miscellaneous income	4,152	5,023
Total non-operating income	42,804	34,502
Non-operating expenses		
Interest expenses	527	671
Share issuance costs	0	—
Loss on investments in investment partnerships	49	171
Loss on retirement of non-current assets	97	—
Loss on sale of investment securities	—	8,000
Loss on elimination of share-based compensation expenses	4,396	—
Consumption tax adjustments	—	4,791
Miscellaneous loss	1,024	6,977
Total non-operating expenses	6,095	20,611
Ordinary profit	1,772,930	1,429,997
Extraordinary income		
Gain on sale of shares of subsidiaries	12,876	—
Total extraordinary income	12,876	—
Extraordinary losses		
Loss on valuation of investment securities	35,000	48,018
Total extraordinary losses	35,000	48,018
Profit before income taxes	1,750,806	1,381,978
Income taxes – current	616,438	482,118
Income taxes – deferred	27,112	29,070
Total income taxes	643,550	511,188
Profit	1,107,255	870,790
Profit attributable to non-controlling interests	1,067	31,502
Profit attributable to owners of parent	1,106,188	839,287

(Quarterly consolidated statements of comprehensive income)
(For the nine months ended September 30)

(Thousand yen)

	Previous nine month period (January 1, 2023 to September 30, 2023)	Nine months under review (January 1, 2024 to September 30, 2024)
Profit	1,107,255	870,790
Other comprehensive income		
Valuation difference on available-for-sale securities	6,012	71,793
Total other comprehensive income	6,012	71,793
Comprehensive income	1,113,268	942,583
Comprehensive income attributable to:		
Owners of parent	1,112,201	911,080
Non-controlling interests	1,067	31,502