



Consolidated Financial Results for the Fiscal Year Ended September 30, 2022 (Japanese GAAP)

November 8, 2022

Company Name: Kanamic Network Co., Ltd. Stock Exchange Listing: Tokyo
 Stock Code: 3939 URL <http://www.kanamic.net/>
 Representative: Representative Director and President: Takuma Yamamoto
 Contact: Director, General Manager: Kenya Wakabayashi (TEL) 03-5798-3955
 Scheduled date of Ordinary General Meeting of Shareholders: Scheduled date to commence dividend payments:
 December 21, 2022 December 22, 2022
 Scheduled date to submit Annual Securities Report (Yukashoken Hokokusho): December 22, 2022
 Availability of supplementary briefing material on annual results: Yes
 Investors meeting presentation for financial results: Yes (for securities analysts and institutional investors)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

Fiscal year ended	Net Sales		EBITDA*		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	2,502	20.3	1,139	16.6	962	14.4	980	18.2	685	18.3
September 30, 2021	2,080	10.6	977	23.8	841	28.6	829	22.6	579	22.6

(Reference) Comprehensive income Fiscal year ended September 30, 2022 691 Millions of Yen (18.9%) Fiscal year ended September 30, 2021 581 Millions of Yen (23.0%)

Fiscal year ended	Profit Per Share	Diluted profit per share	Return on Equity	Ordinary Profit to Total Assets	Operating Profit to Net Sales
	Yen	Yen	%	%	%
September 30, 2022	14.45	13.74	30.5	18.1	38.5
September 30, 2021	12.08	11.98	30.0	24.8	40.5

(Reference) Share of profit or loss of entities accounted for using equity method Fiscal year ended September 30, 2022: - Millions of Yen Fiscal year ended September 30, 2021: - Millions of Yen

* EBITDA = Operating profit + Depreciation (property, plant and equipment; intangible assets) + Amortization of goodwill

(2) Consolidated Financial Position

Fiscal year ended	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
September 30, 2022	6,506	2,548	39.1	53.62
September 30, 2021	4,395	1,959	44.5	41.22

(Reference) Shareholders' equity Fiscal year ended September 30, 2022: 2,544 Millions of Yen Fiscal year ended September 30, 2021: 1,954 Millions of Yen

(3) Consolidated Cash Flows

Fiscal year ended	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
September 30, 2022	803	-457	488	4,552
September 30, 2021	756	-216	1,458	3,710

2. Dividends

	Annual cash dividends per share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Dividends to Net Assets (Consolidated)
	First Quarter End	Second Quarter End	Third Quarter End	Fiscal Year End	Total			
Fiscal Year Ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
September 30, 2021	-	0.00	-	2.50	2.50	118	20.7	6.2
September 30, 2022	-	0.00	-	3.00	3.00	142	20.8	6.3
September 30, 2023 (forecast)	-	0.00	-	3.50	3.50		20.8	

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

3. Forecast for the financial results for the fiscal year ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

(% indicates YoY change from the previous corresponding term)

	Net Sales		EBITDA*		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Profit Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
2nd Quarter (Cumulative)	1,700	59.1	600	17.2	500	14.9	500	14.9	350	16.9	7.38
Full year	3,600	43.8	1,400	22.8	1,150	19.4	1,150	17.2	800	16.7	16.86

* EBITDA = Operating profit + Depreciation (property, plant and equipment; intangible assets) + Amortization of goodwill

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

1 new company: Urban Fit Co., Ltd.

(2) Changes in accounting policies, changes in accounting estimates and restatements

[1] Changes in accounting policies due to the revision of accounting standards: Yes

[2] Changes in accounting policies other than [1]: Yes

[3] Changes in accounting estimates: Yes

[4] Restatements: None

(Note) The Company has changed the depreciation method since the current fiscal year, and it falls under the case where it is difficult to distinguish changes in accounting policies from changes in accounting estimates.

(3) Total number of issued shares (common shares)

[1] Total number of issued shares at the end of the period (including treasury shares)	As of September 30, 2022	48,132,000 Shares	As of September 30, 2021	48,132,000 Shares
[2] Total number of treasury shares at the end of the period:	As of September 30, 2022	676,906 Shares	As of September 30, 2021	710,906 Shares
[3] Average number of shares during the period	Fiscal year ended September 30, 2022	47,445,240 Shares	Fiscal year ended September 30, 2021	47,981,077 Shares

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Net Sales		EBITDA*		Operating Profit		Ordinary Profit		Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal year ended										
September 30, 2022	2,251	8.2	1,110	12.6	942	11.4	948	13.6	662	13.3
September 30, 2021	2,080	10.6	985	24.5	846	29.0	834	23.0	584	23.3

	Profit Per Share		Diluted profit per share	
	Yen		Yen	
Fiscal year ended				
September 30, 2022	13.97		13.28	
September 30, 2021	12.19		12.09	

* EBITDA = Operating profit + Depreciation (property, plant and equipment; intangible assets)

(2) Non-consolidated financial position

	Total Assets		Net Assets		Shareholders' Equity Ratio		Net Assets Per Share	
	Millions of Yen		Millions of Yen		%		Yen	
Fiscal year ended								
September 30, 2022	5,873		2,533		43.1		53.30	
September 30, 2021	4,408		1,972		44.6		41.51	

(Reference) Shareholders' equity Fiscal year ended September 30, 2022: 2,529 Millions of Yen Fiscal year ended September 30, 2021: 1,968 Millions of Yen

2. Forecast for the non-consolidated financial results for the fiscal year ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

(% indicates YoY change from the previous corresponding term)

	Net Sales		Ordinary Profit		Profit		Profit Per Share	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen	
2nd Quarter (Cumulative)	1,350	26.4	550	25.3	380	25.3	8.01	
Full year	2,800	24.3	1,150	21.3	800	20.7	16.86	

* This financial results report is not subject to review by a certified public accountant or auditing corporation.

* Explanation of appropriate use of performance forecasts and other special notes.

The statements regarding forecasts of financial results in this report are based on information that is available to the Company, as well as certain assumptions that are deemed to be reasonable, and we make no promise that such statements will prove to be correct. Actual results may differ materially due to a variety of factors.

(Obtaining Financial Results Supplementary and Briefing Material)

The Company plans to hold a Financial Results Briefing for securities analysts and institutional investors on November 15, 2022. Shortly following the briefing, the materials will be published on the Company's website.

1. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	3,710,780	4,552,730
Accounts receivable - trade	85,820	165,564
Merchandise	—	16,031
Work in process	164	19,097
Supplies	87	37
Prepaid expenses	30,764	71,255
Other	47,666	67,067
Allowance for doubtful accounts	-16,363	-17,390
Total current assets	3,858,920	4,874,395
Non-current assets		
Property, plant and equipment		
Buildings, net	6,140	462,512
Vehicles, net	4,363	6,688
Tools, furniture and fixtures, net	68,574	238,059
Leased assets, net	—	22,394
Total property, plant and equipment	79,078	729,655
Intangible assets		
Software	363,702	498,704
Goodwill	—	168,556
Other	76	76
Total intangible assets	363,779	667,337
Investments and other assets		
Investments in capital	500	500
Distressed receivables	480	1,062
Long-term prepaid expenses	214	11,441
Deferred tax assets	33,866	38,484
Leasehold and guarantee deposits	42,732	167,071
Insurance funds	15,964	17,437
Allowance for doubtful accounts	-480	-1,062
Total investments and other assets	93,278	234,934
Total non-current assets	536,136	1,631,927
Total assets	4,395,056	6,506,323

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	8,830	49,420
Current portion of bonds payable	—	80,000
Current portion of long-term borrowings	—	200,442
Lease liabilities	—	7,211
Accounts payable - other	87,872	97,653
Accrued expenses	8,714	35,479
Income taxes payable	152,361	189,080
Accrued consumption taxes	31,569	64,502
Contract liabilities	61,498	111,711
Deposits received	11,019	12,793
Provision for bonuses	30,136	38,053
Asset retirement obligations	16,000	16,000
Other	11,830	13,602
Total current liabilities	419,833	915,949
Non-current liabilities		
Bonds payable	—	175,000
Bonds with share acquisition rights	2,003,866	2,003,066
Long-term borrowings	—	740,861
Lease liabilities	—	13,542
Deferred tax liabilities	—	46,800
Asset retirement obligations	11,314	61,436
Other	800	800
Total non-current liabilities	2,015,981	3,041,507
Total liabilities	2,435,814	3,957,456
Net assets		
Shareholders' equity		
Share capital	192,060	192,060
Capital surplus	132,060	132,060
Retained earnings	2,065,807	2,627,799
Treasury shares	-436,943	-415,370
Total shareholders' equity	1,952,983	2,536,548
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,795	7,853
Total accumulated other comprehensive income	1,795	7,853
Share acquisition rights	4,464	4,464
Total net assets	1,959,242	2,548,866
Total liabilities and net assets	4,395,056	6,506,323

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated statements of income)

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Net sales	2,080,776	2,502,775
Cost of sales	292,749	402,860
Gross profit	1,788,026	2,099,915
Selling, general and administrative expenses	946,221	1,137,148
Operating profit	841,805	962,766
Non-operating income		
Interest income	78	167
Interest on securities	133	800
Gain on sale of securities	—	781
Foreign exchange gains	2,336	—
Subsidy income	1,599	—
Surrender value of insurance policies	—	8,700
Insurance claim income	—	2,858
Gain on sale of goods	541	2,422
Commission income	—	2,127
Miscellaneous income	567	2,982
Total non-operating income	5,255	20,839
Non-operating expenses		
Interest expenses	—	1,732
Foreign exchange losses	—	747
Financing expenses	16,920	—
Miscellaneous losses	199	301
Total non-operating expenses	17,120	2,780
Ordinary profit	829,941	980,825
Extraordinary income		
Gain on sale of non-current assets	728	2,000
Total extraordinary income	728	2,000
Profit before income taxes	830,670	982,826
Income taxes - current	249,891	301,879
Income taxes - deferred	1,195	-4,569
Total income taxes	251,087	297,310
Profit	579,583	685,516
Profit attributable to owners of parent	579,583	685,516

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Profit	579,583	685,516
Other comprehensive income		
Foreign currency translation adjustment	2,074	6,058
Total other comprehensive income	2,074	6,058
Comprehensive income	581,657	691,574
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	581,657	691,574
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets

Previous Fiscal Year (from October 1, 2020 to September 30, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	192,060	132,060	1,582,485	-478	1,906,127
Changes during period					
Dividends of surplus			-96,261		-96,261
Profit attributable to owners of parent			579,583		579,583
Purchase of treasury shares				-436,465	-436,465
Disposal of treasury shares					-
Transfer from retained earnings to capital surplus					-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	483,321	-436,465	46,856
Balance at end of period	192,060	132,060	2,065,807	-436,943	1,952,983

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	-278	-278	-	1,905,848
Changes during period				
Dividends of surplus		-		-96,261
Profit attributable to owners of parent		-		579,583
Purchase of treasury shares		-		-436,465
Disposal of treasury shares		-		-
Transfer of loss on disposal of treasury shares		-		-
Net changes in items other than shareholders' equity	2,074	2,074	4,464	6,538
Total changes during period	2,074	2,074	4,464	53,394
Balance at end of period	1,795	1,795	4,464	1,959,242

Current Fiscal Year (from October 1, 2021 to September 30, 2022)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	192,060	132,060	2,065,807	-436,943	1,952,983
Changes during period					
Dividends of surplus			-118,552		-118,552
Profit attributable to owners of parent			685,516		685,516
Purchase of treasury shares					-
Disposal of treasury shares		-4,971		21,573	16,602
Transfer of loss on disposal of treasury shares		4,971	-4,971		-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	561,992	21,573	583,565
Balance at end of period	192,060	132,060	2,627,799	-415,370	2,536,548

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	1,795	1,795	4,464	1,959,242
Changes during period				
Dividends of surplus		-		-118,552
Profit attributable to owners of parent		-		685,516
Purchase of treasury shares		-		-
Disposal of treasury shares		-		16,602
Transfer of loss on disposal of treasury shares		-		-
Net changes in items other than shareholders' equity	6,058	6,058		6,058
Total changes during period	6,058	6,058	-	589,624
Balance at end of period	7,853	7,853	4,464	2,548,866

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	830,670	982,826
Depreciation	135,665	173,511
Amortization of goodwill	—	3,623
Increase (decrease) in allowance for doubtful accounts	3,094	1,608
Interest income	-78	-167
Interest income on securities	-133	-800
Loss (gain) on sale of securities	—	-781
Subsidy income	-1,599	—
Surrender value of insurance policies	—	-8,700
Insurance claim income	—	-2,858
Interest expenses	—	1,732
Loss (gain) on sale of non-current assets	-728	-2,000
Decrease (increase) in trade receivables	-11,327	-58,005
Decrease (increase) in inventories	6,370	-18,883
Increase (decrease) in trade payables	-14,097	12,267
Increase (decrease) in provision for bonuses	-1,243	5,945
Other, net	36,535	-20,908
Subtotal	983,126	1,068,410
Interest received	78	167
Interest paid	—	-2,051
Income taxes paid	-228,049	-266,115
Subsidies received	1,599	—
Proceeds from insurance income	—	2,858
Net cash provided by (used in) operating activities	756,754	803,269
Cash flows from investing activities		
Purchase of property, plant and equipment	-54,216	-73,849
Proceeds from sale of property, plant and equipment	7,690	5,111
Purchase of intangible assets	-168,243	-250,508
Proceeds from sale of investment securities	—	2,000
Payments of leasehold and guarantee deposits	-54	△67
Proceeds from refund of leasehold and guarantee deposits	265	129
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	-152,406
Purchase of insurance funds	-1,473	-1,473
Proceeds from cancellation of insurance funds	—	13,858
Net cash provided by (used in) investing activities	-216,032	-457,205
Cash flows from financing activities		
Repayments of short-term borrowings	—	-10,000
Proceeds from long-term borrowings	—	900,000
Repayments of long-term borrowings	—	-255,714
Redemption of bonds	—	-25,000
Repayments of lease liabilities	—	-1,761
Proceeds from issuance of bonds with share acquisition rights	1,987,375	—
Proceeds from issuance of share acquisition rights	4,168	—
Purchase of treasury shares	-436,640	—
Dividends paid	-96,261	-118,552
Net cash provided by (used in) financing activities	1,458,641	488,971
Effect of exchange rate change on cash and cash equivalents	4,886	6,914
Net increase (decrease) in cash and cash equivalents	2,004,250	841,949
Cash and cash equivalents at beginning of period	1,706,530	3,710,780
Cash and cash equivalents at end of period	3,710,780	4,552,730