



Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending September 30, 2023 [Japanese GAAP]

August 8, 2023

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 to submit quarterly securities report: August 9, 2023 Scheduled date to commence dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: Yes
 Quarterly financial results briefing: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of Fiscal Year ending September 30, 2023 (From October 1, 2022 to June 30, 2023)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate year-on-year changes from the previous corresponding period)

	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	%
Third Quarter ended June 30, 2023	2,660	63.5	1,015	36.5	805	29.0	814	30.3	553	31.7
June 30, 2022	1,627	4.7	744	1.3	624	-2.0	624	-2.7	420	-5.8

(Reference) Comprehensive income: Third Quarter ended June 30, 2023: 552 million yen (30.3%) Third Quarter ended June 30, 2022: 424 million yen (-5.4%)

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

	Basic profit per share		Basic diluted profit per share	
	Yen		Yen	
Third Quarter ended June 30, 2023	11.66		11.19	
June 30, 2022	8.86		8.42	

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
Third Quarter ended June 30, 2023	4,764	2,964	62.2
Fiscal year ended September 30, 2022	6,506	2,548	39.1

(Reference) Shareholder's equity: Third Quarter ended June 30, 2023: 2,964 million yen Fiscal year ended September 30, 2022: 2,544 million yen

2. Dividends

	Annual cash dividends per share				
	First Quarter End	Second Quarter End	Third Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended September 30, 2022	—	0.00	—	3.00	3.00
Fiscal Year ending September 30, 2023	—	0.00	—		
Fiscal Year ending September 30, 2023 (forecast)				5.50	5.50

(Note) Revisions in dividend forecast subsequent to most recent announcement: None

3. Forecast for the 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 fiscal year)

	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	%	Yen
Full Year	3,600	43.8	1,400	22.8	1,150	19.4	1,150	17.2	800	16.7	16.86

(Note) Changes in consolidated financial results forecasts subsequent to most recent announcement: No

* 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): None

(2) Special accounting methods adopted for the preparation of quarterly consolidated financial statements: None

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

- | | |
|--|------|
| ① Changes in accounting policies due to the revision of accounting standards : | None |
| ② Changes in accounting policies other than ① : | None |
| ③ Changes in accounting estimates : | None |
| ④ Restatements : | None |

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

① Total number of issued shares at the end of the period (including treasury shares):	Third quarter ended June 30, 2023	48,132,000 Shares	Fiscal Year ended September 30, 2022	48,132,000 Shares
② Total number of treasury shares at the end of the period :	Third quarter ended June 30, 2023	659,906 Shares	Fiscal Year ended September 30, 2022	676,906 Shares
③ Average number of shares during the 9 month period (quarter-to-date)	Third quarter ended June 30, 2023	47,465,182 Shares	Third quarter ended June 30, 2022	47,441,794 Shares

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

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

The statements regarding forecast 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.

1. Qualitative Information on Financial Results for the Third quarter ended June 30, 2023

Explanation of Operating Results

Consolidated operating results for the third quarter of the current fiscal year were as follows: net sales of 2,660,824 thousand yen (up 1,032,921 thousand yen or 63.5% year-on-year), operating income of 805,932 thousand yen (up 180,955 thousand yen or 29.0% year-on-year), ordinary income of 814,088 thousand yen (up 189,278 thousand yen or 30.3% year-on-year), net income attributable to owners of the parent of 553,607 thousand yen (up 133,365 thousand yen or 31.7% year-on-year).

Since the Group operates a single-segment business for the purpose of building information-sharing platforms and healthcare platforms in the medical, nursing care, and health fields and related operations, segment information is not presented; however, net sales by individual service are as follows.

i Kanamic Cloud Service

The Kanamic Cloud Service is mainly a recurring revenue business. As a result of recurring revenue from existing customers combined with continued acquisition of new customers, net sales for the Kanamic Cloud Service came in at 1,753,993 thousands yen (up 245,915 thousand yen (16.3%) year on year).

ii Platform Services

Platform Services include the production, operation, and management of websites of long-term care providers through directly solicited contracts as well as through the Care Work Foundation. These website services provide a stable base income. Platform Services also include an advertising service and human resource services for medical / elderly care provider. Fortunately, sales of these products increased, causing net sales for Platform Services to come in at 194,746 thousands yen (up 114,376 thousand yen (142.3%) year on year).

iii Healthy lifespan Extension Services

In the healthy lifespan extension service, the results are those of the fitness gym operation and franchise business of Urban Fit Corporation, which has been included in the scope of consolidation since the end of the third quarter of the previous fiscal year. Since the deemed acquisition date of Urban Fit Corporation is June 30, 2022, the results of this company have been consolidated from the fourth quarter of the previous fiscal year. As a result of strong sales in the fitness gym management business and the franchise business, net sales amounted to 588,813 thousands yen.

iv Other Services

The Company secured a contract to undertake customization related development work for a large customer, and net sales for Other Services came in at 123,270 thousands yen (up 83,815 thousands yen (212.4%) year on year).

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of September 30, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	4,552,730	2,333,507
Accounts receivable - trade	165,564	256,756
Merchandise	16,031	9,654
Work in process	19,097	830
Other	138,361	163,988
Allowance for doubtful accounts	-17,390	-20,332
Total current assets	4,874,395	2,744,405
Non-current assets		
Property, plant and equipment		
Buildings, net	462,512	632,013
Vehicles, net	6,688	13,096
Tools, furniture and fixtures, net	238,059	340,359
Leased assets, net	22,394	20,595
Construction in progress	-	1,438
Total property, plant and equipment	729,655	1,007,503
Intangible assets		
Software	498,704	557,272
Goodwill	168,556	154,961
Other	76	76
Total intangible assets	667,337	712,310
Investments and other assets		
Other	235,997	301,573
Allowance for doubtful accounts	-1,062	-1,062
Total investments and other assets	234,934	300,511
Total non-current assets	1,631,927	2,020,325
Total assets	6,506,323	4,764,730

(Thousands of yen)

	As of September 30, 2022	As of June 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	49,420	13,710
Current portion of bonds payable	80,000	60,000
Current portion of long-term borrowings	200,442	190,440
Income taxes payable	189,080	123,242
Provision for bonuses	38,053	50,372
Asset retirement obligations	16,000	16,000
Other	342,953	580,134
Total current liabilities	915,949	1,033,900
Non-current liabilities		
Bonds payable	175,000	80,000
Bonds with share acquisition rights	2,003,066	—
Long-term borrowings	740,861	548,700
Asset retirement obligations	61,436	79,317
Other	61,142	58,272
Total non-current liabilities	3,041,507	766,290
Total liabilities	3,957,456	1,800,190
Net assets		
Shareholders' equity		
Share capital	192,060	192,060
Capital surplus	132,060	132,060
Retained earnings	2,627,799	3,038,282
Treasury shares	-415,370	-404,938
Total shareholders' equity	2,536,548	2,957,463
Accumulated other comprehensive income		
Foreign currency translation adjustment	7,853	7,076
Total accumulated other comprehensive income	7,853	7,076
Share acquisition rights	4,464	—
Total net assets	2,548,866	2,964,540
Total liabilities and net assets	6,506,323	4,764,730

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
(Quarterly Consolidated Statement of Income)
(Nine months ended June 30, 2023)

(Thousands of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Net sales	1,627,903	2,660,824
Cost of sales	205,633	760,193
Gross profit	1,422,269	1,900,630
Selling, general and administrative expenses	797,292	1,094,698
Operating profit	624,977	805,932
Non-operating income		
Interest income	109	157
Interest on securities	599	466
Gain on sale of goods	643	5,258
Commission income	—	4,476
Miscellaneous income	26	2,087
Total non-operating income	1,379	12,447
Non-operating expenses		
Interest expenses	—	3,110
Foreign exchange losses	1,475	1,073
Miscellaneous losses	71	107
Total non-operating expenses	1,547	4,291
Ordinary profit	624,809	814,088
Extraordinary income		
Gain on sale of non-current assets	—	22,622
Total extraordinary income	—	22,622
Extraordinary losses		
Loss on redemption of bonds	—	25,400
Total extraordinary losses	—	25,400
Profit before income taxes	624,809	811,310
Income taxes - current	207,537	259,930
Income taxes - deferred	-2,969	-2,227
Total income taxes	204,567	257,703
Profit	420,241	553,607
Profit attributable to owners of parent	420,241	553,607

(Quarterly Consolidated Statement of Comprehensive Income)
(Nine months ended June 30, 2023)

(Thousands of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Profit	420,241	553,607
Other comprehensive income		
Foreign currency translation adjustment	4,104	-777
Total other comprehensive income	4,104	-777
Comprehensive income	424,345	552,830
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	424,345	552,830
Comprehensive income attributable to non-controlling interests	—	—