



Consolidated Financial Results for the Fiscal Year Ended September 30, 2023 [Japanese GAAP]

November 14, 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 of Ordinary General Meeting of Shareholders: Scheduled date to commence dividend payments:
 December 22, 2023 December 25, 2023
 Scheduled date to submit Annual Securities Report (Yukashoken Hokokusho): December 25, 2023
 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, 2023 (from October 1, 2022 to September 30, 2023)

(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, 2023	3,746	49.7	1,384	21.5	1,096	13.8	1,107	12.9	763	11.3
September 30, 2022	2,502	20.3	1,139	16.6	962	14.4	980	18.2	685	18.3

(Reference) Comprehensive income: Fiscal year ended September 30, 2023: 763 Millions of Yen (10.4%)
 Fiscal year ended September 30, 2022: 691 Million of Yen (18.9%)

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, 2023	16.08	15.58	26.7	18.2	29.3
September 30, 2022	14.45	13.74	30.5	18.0	38.5

(Reference) Share of profit or loss of entities accounted for using equity method: Fiscal year ended September 30, 2023: — Millions of Yen
 Fiscal year ended September 30, 2022: — Millions of Yen

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

(2) Consolidated Financial Position

As of	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
September 30, 2023	5,653	3,174	56.2	66.88
September 30, 2022	6,506	2,548	39.1	53.62

(Reference) Shareholders' Equity: As of September 30, 2023: 3,174 Million of Yen
 As of September 30, 2022: 2,544 Million 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, 2023	1,430	-842	-2,267	2,872
September 30, 2022	803	-457	448	4,552

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, 2022	—	0.00	—	3.00	3.00	142	20.8	6.3
September 30, 2023	—	0.00	—	5.50	5.50	261	34.2	9.1
September 30, 2024 (Forecast)	—	0.00	—	6.50	6.50		30.8	

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

3. Forecast for the financial results for the fiscal year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

(% 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	%	Yen
2nd Quarter (Cumulative)	2,350	35.3	780	12.3	600	7.3	600	6.2	420	3.5	8.85
Full year	5,100	36.1	1,780	28.5	1,400	27.7	1,400	26.5	1,000	31.0	21.07

* 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
new company: Ruby Development 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 : None
 - ② Changes in accounting policies other than ① : None
 - ③ Changes in accounting estimates : None
 - ④ Restatements : None

(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, 2023	48,132,000 Shares	As of September 30, 2022	48,132,000 Shares
② Total number of treasury shares at the end of the period:	As of September 30, 2023	659,906 Shares	As of September 30, 2022	676,906 Shares
③ Average number of shares during the period	Fiscal year ended September 30, 2023	47,466,925 Shares	Fiscal year ended September 30, 2022	47,445,240 Shares

(For Reference) Overview of Unconsolidated Financial Results

1. Unconsolidated Financial results for the fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(1) Unconsolidated operating results

(Percentages indicate year-on-year changes)

Fiscal year ended	Net Sales		EBITDA*		Operating Profit		Ordinary Profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2023	2,849	26.6	1,405	26.6	1,184	25.7	1,202	26.8	847	27.9
September 30, 2022	2,251	8.2	1,110	12.6	942	11.4	948	13.6	662	13.3

Fiscal year ended	Profit per share	Diluted profit per share
	Yen	Yen
September 30, 2023	17.86	17.31
September 30, 2022	13.97	13.28

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

(2) Unconsolidated financial position

As of	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Millions of yen	Millions of yen	%	Yen
September 30, 2023	5,038	3,244	64.4	68.34
September 30, 2022	5,873	2,533	43.1	53.30

(Reference) Shareholders' Equity As of September 30, 2023:
3,244 Million of Yen

As of September 30, 2022:
2,529 Million of Yen

2. Forecast for the unconsolidated financial results for the fiscal year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

(% 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)	1,550	14.6	650	15.8	460	18.6	9.69
Full year	3,300	15.8	1,400	16.5	1,000	17.9	21.07

* 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 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.

(Obtaining Financial Results Supplementary and Briefing Material)

The Company plans to hold a Financial Results Briefing for securities analysts and institutional investors on November 17, 2023. Shortly following the briefing, the materials will be published on the Company's website.

1. Qualitative Information on Financial Results for the Fiscal year ended September 30, 2023

Explanation of Operating Results

Consolidated operating results for the current fiscal year were as follows: net sales of 3,746,460 thousand yen (up 1,243,684 thousand yen (49.7%) year on year), operating income of 1,096,080 thousand yen (up 133,313 thousand yen (13.8%) year on year), ordinary income of 1,107,012 thousand yen (up 126,186 thousand yen (12.9%) year on year), net income attributable to owners of the parent of 763,100 thousand yen (up 77,584 thousand yen (11.3%) year on year).

With the acquisition of all shares of Ruby Development Co., Ltd. and its inclusion as a consolidated subsidiary in the current fiscal year,

Ltd. was newly added to the solution development business in addition to the existing cloud platform business for the purpose of building information sharing platforms and healthcare platforms in the medical, nursing care, and health fields.

Operating results by segment are as follows.

(Cloud Platform Business)

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 2,402,146 thousand yen (up 320,516 thousand yen (15.4%) 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 300,467 thousand yen (up 182,953 thousand yen (155.7%) 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 fiscal year 2022. 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 came in at 845,729 thousand yen (up 594,770 thousand yen (237.0%) year on year).

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 146,813 thousand yen (up 94,139 thousand yen (178.7%) year on year).

Net sales totaled 3,695,156 thousand yen (up 1,192,380 thousand yen (47.6%) year on year), and Segment income was 1,089,626 thousand yen (up 126,859 thousand yen (13.2%) year on year) due to an increase in cost of sales and selling, general and administrative expenses, including personnel expenses for platform services and store operation expenses for healthy lifespan extension services.

(Solutions Development Business)

i Solution Services

Solution Services include web service planning and development performance of Ruby Development Corporation, which has been included in the scope of consolidation since the current fiscal year. Since the deemed acquisition date of this company is August 31, 2023, the business results of this company have been consolidated from the fourth quarter of this consolidated fiscal year, resulting in net sales of 51,304 thousand yen.

The segment income was 6,453 thousand yen after deducting the cost of sales and selling, general and administrative expenses of the company.

2. Consolidated Financial Statements and Principal Notes

(1) Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	4,552,730	2,872,526
Accounts receivable - trade	165,564	183,489
Merchandise	16,031	7,260
Work in process	19,097	2,163
Supplies	37	400
Prepaid expenses	71,255	76,483
Current portion of long-term loans receivable	—	1,250
Other	67,067	98,619
Allowance for doubtful accounts	-17,390	-8,393
Total current assets	4,874,395	3,233,800
Non-current assets		
Property, plant and equipment		
Buildings, net	462,512	631,848
Vehicles, net	6,688	13,418
Tools, furniture and fixtures, net	238,059	327,943
Leased assets, net	22,394	19,995
Construction in progress	—	7,238
Total property, plant and equipment	729,655	1,000,444
Intangible assets		
Software	498,704	572,768
Goodwill	168,556	524,996
Other	76	76
Total intangible assets	667,337	1,097,841
Investments and other assets		
Shares of subsidiaries and associates	—	3,740
Investments in capital	500	500
Long-term loans receivable	—	25,888
Distressed receivables	1,062	2,215
Long-term prepaid expenses	11,441	16,688
Deferred tax assets	38,484	48,534
Leasehold and guarantee deposits	167,071	201,272
Insurance funds	17,437	24,299
Other	—	49
Allowance for doubtful accounts	-1,062	-2,215
Total investments and other assets	234,934	320,972
Total non-current assets	1,631,927	2,419,258
Total assets	6,506,323	5,653,058

(Thousands of yen)

	As of September 30, 2022	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	49,420	50,790
Current portion of bonds payable	80,000	60,000
Current portion of long-term borrowings	200,442	280,956
Lease liabilities	7,211	7,482
Accounts payable - other	97,653	136,796
Accrued expenses	35,479	74,436
Income taxes payable	189,080	207,026
Accrued consumption taxes	64,502	97,792
Contract liabilities	111,711	368,273
Deposits received	12,793	30,721
Provision for bonuses	38,053	55,938
Asset retirement obligations	16,000	16,000
Other	13,602	19,646
Total current liabilities	915,949	1,405,859
Non-current liabilities		
Bonds payable	175,000	65,000
Bonds with share acquisition rights	2,003,066	—
Long-term borrowings	740,861	859,524
Lease liabilities	13,542	6,060
Deferred tax liabilities	46,800	58,410
Asset retirement obligations	61,436	82,454
Other	800	800
Total non-current liabilities	3,041,507	1,072,249
Total liabilities	3,957,456	2,478,109
Net assets		
Shareholders' equity		
Share capital	192,060	192,060
Capital surplus	132,060	132,060
Retained earnings	2,627,799	3,247,776
Treasury shares	-415,370	-404,938
Total shareholders' equity	2,536,548	3,166,957
Accumulated other comprehensive income		
Foreign currency translation adjustment	7,853	7,991
Total accumulated other comprehensive income	7,853	7,991
Share acquisition rights	4,464	—
Total net assets	2,548,866	3,174,949
Total liabilities and net assets	6,506,323	5,653,058

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Net sales	2,502,775	3,746,460
Cost of sales	402,860	1,152,134
Gross profit	2,099,915	2,594,325
Selling, general and administrative expenses	1,137,148	1,498,245
Operating profit	962,766	1,096,080
Non-operating income		
Interest income	167	360
Interest on securities	800	466
Gain on sale of securities	781	—
Surrender value of insurance policies	8,700	—
Insurance claim income	2,858	—
Gain on sale of goods	2,422	6,492
Commission income	2,127	8,311
Miscellaneous income	2,982	1,349
Total non-operating income	20,839	16,980
Non-operating expenses		
Interest expenses	1,732	4,408
Foreign exchange losses	747	1,255
Miscellaneous losses	301	384
Total non-operating expenses	2,780	6,048
Ordinary profit	980,825	1,107,012
Extraordinary income		
Gain on sale of non-current assets	2,000	22,622
Total extraordinary income	2,000	22,622
Extraordinary losses		
Loss on redemption of bonds	—	25,400
Total extraordinary losses	—	25,400
Profit before income taxes	982,826	1,104,234
Income taxes - current	301,879	335,250
Income taxes - deferred	-4,569	5,882
Total income taxes	297,310	341,133
Profit	685,516	763,100
Profit attributable to owners of parent	685,516	763,100

(Consolidated statements of comprehensive income)

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Profit	685,516	763,100
Other comprehensive income		
Foreign currency translation adjustment	6,058	137
Total other comprehensive income	6,058	137
Comprehensive income	691,574	763,238
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	691,574	763,238
Comprehensive income attributable to non- controlling interests	—	—

(3) Consolidated statements of changes in net assets

Previous 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
Disposal of treasury shares		-4,971		21,573	16,602
Transfer from retained earnings to capital surplus		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
Disposal of treasury shares		-		16,602
Transfer from retained earnings to capital surplus		-		-
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

Current Fiscal Year (from October 1, 2022 to September 30, 2023)

(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	2,627,799	-415,370	2,536,548
Changes during period					
Dividends of surplus			-142,365		-142,365
Profit attributable to owners of parent			763,100		763,100
Disposal of treasury shares		-758		10,431	9,673
Transfer from retained earnings to capital surplus		758	-758		-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	619,976	10,431	630,408
Balance at end of period	192,060	132,060	3,247,776	-404,938	3,166,957

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	7,853	7,853	4,464	2,548,866
Changes during period				
Dividends of surplus		-		-142,365
Profit attributable to owners of parent		-		763,100
Disposal of treasury shares		-		9,673
Transfer from retained earnings to capital surplus		-		-
Net changes in items other than shareholders' equity	137	137	-4,464	-4,326
Total changes during period	137	137	-4,464	626,082
Balance at end of period	7,991	7,991	-	3,174,949

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	982,826	1,104,234
Depreciation	173,511	267,722
Amortization of goodwill	3,623	21,044
Loss on redemption of bonds	—	25,400
Increase (decrease) in allowance for doubtful accounts	1,608	-7,843
Interest income	-167	-360
Interest income on securities	-800	-466
Loss (gain) on sale of securities	-781	—
Surrender value of insurance policies	-8,700	—
Insurance claim income	-2,858	—
Interest expenses	1,732	4,408
Loss (gain) on sale of non-current assets	-2,000	-22,622
Decrease (increase) in trade receivables	-58,005	36,261
Decrease (increase) in inventories	-18,883	16,681
Increase (decrease) in trade payables	12,267	-28,978
Increase (decrease) in contract liabilities	-38,861	256,532
Increase (decrease) in provision for bonuses	5,945	3,683
Other, net	17,953	84,818
Subtotal	1,068,410	1,760,514
Interest received	167	222
Interest paid	-2,051	-5,256
Income taxes paid	-266,115	-325,390
Proceeds from insurance income	2,858	—
Net cash provided by (used in) operating activities	803,269	1,430,090
Cash flows from investing activities		
Purchase of property, plant and equipment	-73,849	-417,625
Proceeds from sale of property, plant and equipment	5,111	89,392
Purchase of intangible assets	-250,508	-223,339
Proceeds from sale of investment securities	2,000	—
Payments of leasehold and guarantee deposits	-67	-28,529
Proceeds from refund of leasehold and guarantee deposits	129	77
Long-term loan advances	—	-27,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-152,406	-230,689
Purchase of insurance funds	-1,473	-1,533
Proceeds from cancellation of insurance funds	13,858	—
Other, net	—	-3,000
Net cash provided by (used in) investing activities	-457,205	-842,249

(Thousands of yen)

	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023
Cash flows from financing activities		
Repayments of short-term borrowings	-10,000	—
Proceeds from long-term borrowings	900,000	300,000
Repayments of long-term borrowings	-255,714	-255,243
Redemption of bonds	-25,000	-130,000
Redemption of bonds with share acquisition rights	—	-2,028,000
Repayments of lease liabilities	-1,761	-7,211
Payments for retirement by purchase of share acquisition rights	—	-4,464
Dividends paid	-118,552	-142,365
Net cash provided by (used in) financing activities	488,971	-2,267,283
Effect of exchange rate change on cash and cash equivalents	6,914	-762
Net increase (decrease) in cash and cash equivalents	841,949	-1,680,204
Cash and cash equivalents at beginning of period	3,710,780	4,552,730
Cash and cash equivalents at end of period	4,552,730	2,872,526