Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending September 30, 2024〔Japanese GAAP〕

May 9, 2024

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Stock Code: 3939 URL: http://www.kanamic.net/
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Scheduled date to submit quarterly securities report: May 10, 2024
Scheduled date to commence dividend payments: —
Availability of supplementary briefing material on quarterly financial results: Yes
Quarterly financial results briefing: Yes (for securities analysts and institutional investors)

（Figures are rounded down to the nearest million yen）

1. Consolidated Financial Results for the Second Quarter of Fiscal Year ending September 30, 2024 (From October 1, 2023 to March 31, 2024)

(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	
Second Quarter ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	2,446	40.8	844	21.5	668	19.6	675	19.5	458	12.9
March 31, 2023	1,736	62.6	694	35.7	559	28.6	565	29.9	405	35.5

(Reference) Comprehensive income: Second Quarter ended March 31, 2024: 460 million yen (13.9%) Second Quarter ended March 31, 2023: 404 million yen (34.1%)

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

	Basic profit per share	Basic diluted profit per share
Second Quarter ended	Yen	Yen
March 31, 2024	9.65	—
March 31, 2023	8.55	8.09

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
Second Quarter ended March 31, 2024	5,606	3,374	60.2
Fiscal year ended September 30, 2023	5,653	3,174	56.2

(Reference) Shareholder's equity: Second Quarter ended March 31, 2024: 3,374 million yen Fiscal year ended September 30, 2023: 3,174 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, 2023	—	0.00	—	5.50	5.50
Fiscal Year ending September 30, 2024	—	0.00			
Fiscal Year ending September 30, 2023 (forecast)			—	6.50	6.50

(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, 2024 (from October 1, 2023 to September 30, 2024)

（% 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	5,100	36.1	1,780	28.5	1,400	27.7	1,400	26.5	1,000	31.0	21.07

(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):	Second quarter ended March 31, 2024	48,132,000 Shares	Fiscal Year ended September 30, 2023	48,132,000 Shares
② Total number of treasury shares at the end of the period :	Second quarter ended March 31, 2024	673,706 Shares	Fiscal Year ended September 30, 2023	659,906 Shares
③ Average number of shares during the 6 month period (quarter-to-date)	Second quarter ended March 31, 2024	47,467,570 Shares	Second quarter ended March 31, 2023	47,461,726 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.

（Obtaining Financial Results Supplementary and Briefing Material）

The Company plans to hold a financial results briefing for securities analysts and institutional investors on Monday, May 13, 2024. The materials will be published on the Company's website.

1. Qualitative Information on Financial Results for the Second quarter ended March 31, 2024

Explanation of Operating Results

Consolidated operating results for the first quarter of the current fiscal year were as follows: net sales of 2,446,366 thousand yen (up 709,396 thousand yen or 40.8% year-on-year), operating income of 668,991 thousand yen (up 109,691 thousand yen or 19.6% year-on-year), ordinary income of 675,282 thousand yen (up 110,108 thousand yen or 19.5% year-on-year), net income attributable to owners of the parent of 458,071 thousand yen (up 52,343 thousand yen or 12.9% year-on-year).

Effective from the first quarter of the current fiscal year, the "Healthy Lifespan Extension Service" of the "Cloud Platform Business" reportable segment has become a new reportable segment to clearly present information related to this service due to its increased monetary importance as a business utilizing real stores and expected expansion in scale in the future. Therefore, it has been renamed as a new reportable segment, "Healthy Lifespan Extension Business," in order to clearly present information on this service. In line with this change, the name of the former "Cloud Platform Business" has been changed to "Medical and Nursing Care Cloud Platform Business" to better reflect the actual situation.

（Medical and Nursing Care 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 1,275,395 thousand yen (up 126,104 thousand yen or 11.0% 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 212,663 thousand yen (up 110,985 thousand yen or 109.2% year on year).

ⅲ Other Services

For this service, sales were less than the same period of the previous year, at 64,164 thousand yen (down 37,446 yen or 36.9% year on year), due to the recording of customized development contracts for large customers in the previous consolidated fiscal year.

As a result, segment sales were 1,552,223 thousand yen (up 199,643 thousand yen, or 14.8% year on year), and segment income was 641,383 thousand yen (up 88,831 thousand yen or 16.1% year on year) due to an increase in cost of sales, including personnel expenses for platform services, and selling, general and administrative expenses.

（Healthy Lifespan Extension Business）

ⅰ Healthy Lifespan Extension Services

This service involves the operation and franchising of 24-hour fitness gyms and the provision of services that contribute to extending healthy lifespans through these real stores. As a result, net sales amounted to 612,789 thousand yen (up 228,399 thousand yen or 59.4% year-on-year).

Since this segment includes only one service mentioned above, segment sales are equal to the sales of the Healthy Lifespan Extension Services. In addition, segment income increased 4,659 thousand yen, or 46.4%, year on year to 14,696 thousand yen due to sales that exceeded the one-time increase in costs incurred by opening new stores and increasing headquarter personnel for the purpose of future business scale expansion.

（Solutions Development Business）

ⅰ Solution Services

For this service, the results are those of web service planning and development at Ruby Development Corporation, which has been included in the scope of consolidation since the fourth quarter of the previous consolidated fiscal year. Since the deemed acquisition date of the said company is August 31, 2023, the business results of the said company have been consolidated from the previous consolidated fourth quarter, and sales amounted to 281,354 thousand yen as a result of strong sales of web service planning and development.

This segment includes only the one service mentioned above, and segment profit after deducting cost of sales and selling, general and administrative expenses from net sales of solution services amounted to 33,978 thousand yen.

2. Quarterly Consolidated Financial Statements and Primary Notes

（1）Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	2,872,526	2,685,522
Accounts receivable - trade	183,489	313,879
Merchandise	7,260	6,260
Work in process	2,163	442
Supplies	400	1,712
Prepaid expenses	76,483	77,728
Current portion of long-term loans receivable	1,250	1,233
Other	98,619	63,981
Allowance for doubtful accounts	-8,393	−9,798
Total current assets	3,233,800	3,140,961
Non-current assets		
Property, plant and equipment		
Buildings, net	631,848	689,533
Vehicles, net	13,418	9,614
Tools, furniture and fixtures, net	327,943	342,281
Leased assets, net	19,995	18,795
Construction in progress	7,238	—
Total property, plant and equipment	1,000,444	1,060,225
Intangible assets		
Software	572,768	601,476
Goodwill	524,996	497,513
Other	76	76
Total intangible assets	1,097,841	1,099,066
Investments and other assets		
Shares of subsidiaries and associates	3,740	—
Investments in capital	500	500
Long-term loans receivable	25,888	25,417
Distressed receivables	2,215	2,126
Long-term prepaid expenses	16,688	10,732
Deferred tax assets	48,534	50,572
Leasehold and guarantee deposits	201,272	199,721
Insurance funds	24,299	19,648
Other	49	24
Allowance for doubtful accounts	−2,215	−2,126
Total investments and other assets	320,972	306,615
Total non-current assets	2,419,258	2,465,906
Total assets	5,653,058	5,606,868

(Thousands of yen)

	As of September 30, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	50,790	114,709
Current portion of bonds payable	60,000	60,000
Current portion of long-term borrowings	280,956	285,738
Lease liabilities	7,482	6,625
Accounts payable - other	136,796	135,088
Accrued expenses	74,436	73,891
Income taxes payable	207,026	231,991
Accrued consumption taxes	97,792	65,062
Contract liabilities	368,273	234,529
Deposits received	30,721	22,625
Provision for bonuses	55,938	57,143
Asset retirement obligations	16,000	16,000
Other	19,646	16,759
Total current liabilities	1,405,859	1,320,164
Non-current liabilities		
Bonds payable	65,000	35,000
Long-term borrowings	859,524	719,724
Lease liabilities	6,060	3,211
Deferred tax liabilities	58,410	65,434
Asset retirement obligations	82,454	88,030
Other	800	800
Total non-current liabilities	1,072,249	912,199
Total liabilities	2,478,109	2,232,364
Net assets		
Shareholders' equity		
Share capital	192,060	192,060
Capital surplus	132,060	132,060
Retained earnings	3,247,776	3,444,750
Treasury shares	−404,938	−404,938
Total shareholders' equity	3,166,957	3,363,932
Accumulated other comprehensive income		
Foreign currency translation adjustment	7,991	10,571
Total accumulated other comprehensive income	7,991	10,571
Total net assets	3,174,949	3,374,504
Total liabilities and net assets	5,653,058	5,606,868

（2）Quarterly Consolidated Statement of Income and Comprehensive Income

（Quarterly Consolidated Statement of Income）

（Six months ended March 31, 2024）

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Net sales	1,736,970	2,446,366
Cost of sales	468,567	953,603
Gross profit	1,268,402	1,492,762
Selling, general and administrative expenses	709,102	823,771
Operating profit	559,300	668,991
Non-operating income		
Interest income	111	259
Interest on securities	399	—
Gain on sale of goods	3,739	2,502
Commission income	2,992	4,281
Surrender value of insurance policies	—	6,548
Miscellaneous income	1,383	1,249
Total non-operating income	8,626	14,841
Non-operating expenses		
Interest expenses	1,673	3,303
Foreign exchange losses	899	586
Loss on retirement of non-current assets	—	716
Loss on cancellation of leases	—	3,852
Miscellaneous losses	179	91
Total non-operating expenses	2,752	8,550
Ordinary profit	565,174	675,282
Extraordinary income		
Gain on sale of non-current assets	22,622	2,814
Gain on sale of shares of subsidiaries and associates	—	5,897
Total extraordinary income	22,622	8,712
Profit before income taxes	587,797	683,994
Income taxes - current	183,902	220,937
Income taxes - deferred	-1,832	4,986
Total income taxes	182,069	225,923
Profit	405,727	458,071
Profit attributable to owners of parent	405,727	458,071

（Quarterly Consolidated Statement of Comprehensive Income）

（Six months ended March 31, 2024）

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Profit	405,727	458,071
Other comprehensive income		
Foreign currency translation adjustment	−1,165	2,580
Total other comprehensive income	−1,165	2,580
Comprehensive income	404,561	460,651
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	404,561	460,651
Comprehensive income attributable to non-controlling interests	—	—

（3）Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	587,797	683,994
Depreciation	126,240	148,064
Amortization of goodwill	9,289	27,483
Increase (decrease) in allowance for doubtful accounts	3,337	1,315
Interest income	−111	−259
Interest income on securities	−399	—
Surrender value of insurance policies	—	−6,548
Interest expenses	1,673	3,303
Loss on cancellation of leases	—	3,852
Loss (gain) on sale of non-current assets	−22,622	−2,814
Loss on retirement of non-current assets	—	716
Loss (gain) on sale of shares of subsidiaries and associates	—	−5,897
Decrease (increase) in trade receivables	−183,263	−129,944
Decrease (increase) in inventories	17,369	409
Increase (decrease) in trade payables	−31,410	63,705
Increase (decrease) in contract liabilities	33,797	−133,743
Increase (decrease) in provision for bonuses	−3,020	1,139
Other, net	−21,493	-20,974
Subtotal	517,184	633,801
Interest received	111	122
Interest paid	-2,747	−3,240
Income taxes paid	−175,906	−195,470
Income taxes refund	—	3,268
Net cash provided by (used in) operating activities	338,642	438,481
Cash flows from investing activities		
Purchase of property, plant and equipment	−177,604	−119,060
Proceeds from sale of property, plant and equipment	89,392	4,202
Purchase of intangible assets	−129,719	−102,509
Payments of leasehold and guarantee deposits	−23,368	—
Proceeds from refund of leasehold and guarantee deposits	—	1,590
Proceeds from sale of shares of subsidiaries and associates	—	9,637
Proceeds from collection of long-term loans receivable	—	625
Purchase of insurance funds	−736	−916
Proceeds from cancellation of insurance funds	—	12,116
Net cash provided by (used in) investing activities	−242,036	−194,314
Cash flows from financing activities		
Proceeds from long-term borrowings	—	60,000
Repayments of long-term borrowings	−154,553	−195,018
Redemption of bonds	−100,000	-30,000
Repayments of lease liabilities	−3,572	−7,559
Payments for retirement by purchase of share acquisition rights	−4,464	—
Dividends paid	−142,365	−261,096
Net cash provided by (used in) financing activities	−404,954	−433,673
Effect of exchange rate change on cash and cash equivalents	−2,015	2,502
Net increase (decrease) in cash and cash equivalents	−310,364	−187,003
Cash and cash equivalents at beginning of period	4,552,730	2,872,526
Cash and cash equivalents at end of period	4,242,366	2,685,522