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

August 8, 2024

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
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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, 2024 (From October 1, 2023 to June 30, 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	
Third Quarter ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	3,652	37.3	1,283	26.4	1,020	26.6	1,026	26.1	699	26.3
June 30, 2023	2,660	63.5	1,015	36.5	805	29.0	814	30.3	553	31.7

(Reference) Comprehensive income: Third Quarter ended June 30, 2024: 704 million yen (27.4%) Third Quarter ended June 30, 2023: 552 million yen (30.3%)

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

	Basic profit per share	Basic diluted profit per share
Third Quarter ended	Yen	Yen
June 30, 2024	14.74	-
June 30, 2023	11.66	11.19

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
Third Quarter ended June 30, 2024	5,639	3,618	64.2
Fiscal year ended September 30, 2023	5,653	3,174	56.2

(Reference) Shareholder's equity: Third Quarter ended June 30, 2024: 3,618 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, 2024 (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):	Third quarter ended June 30, 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 :	Third quarter ended June 30, 2024	673,706 Shares	Fiscal Year ended September 30, 2023	659,906 Shares
③ Average number of shares during the 9 month period (quarter-to-date)	Third quarter ended June 30, 2024	47,464,489 Shares	Third quarter ended June 30, 2023	47,465,182 Shares

* 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, 2024

Explanation of Operating Results

Consolidated operating results for the third quarter of the current fiscal year were as follows: net sales of 3,652,346 thousand yen (up 991,521 thousand yen or 37.3% year on year), operating income of 1,020,345 thousand yen (up 214,412 thousand yen or 26.6% year on year), ordinary income of 1,026,747 thousand yen (up 212,659 thousand yen or 26.1% year-on-year), net income attributable to owners of the parent of 699,404 thousand yen (up 145,797 thousand yen or 26.3% 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 acquisition of new customers, net sales for the Kanamic Cloud Service came in at 2,000,900 thousand yen (up 246,906 thousand yen or 14.1% year on year).

ⅱ Platform Services

Platform Services include the production, operation, and management of websites of elderly 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 315,349 thousand yen (up 120,602 thousand yen or 61.9% year on year).

ⅲ Other Services

This was affected by the consignment of customised development for a large customer, which was recorded in the previous financial year, net sales for Other Services came in at 73,963 thousand yen (down 49,306 thousand yen or 40.0% year on year).

As a result, segment sales were 2,390,213 thousand yen (up 318,202 thousand yen, or 15.4% year on year), and segment income was 972,179 thousand yen (up 125,990 thousand yen or 14.9% year on year) despite 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 stores. As a result of steady increase in the number of users at existing stores and new store openings, net sales amounted to 862,554 thousand yen (up 273,741 thousand yen or 46.5% 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. Although there was a temporary increase in costs due to the opening of new branches for future business expansion and an increase in head office staff, segment profit was 39,372 thousand yen (up 75,034 thousand yen year on year; segment loss for the same period last year was 35,661 thousand yen) as sales exceeded these costs.

（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 399,578 thousand yen as a result of good progress in 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 40,208 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 June 30, 2024
Assets		
Current assets		
Cash and deposits	2,872,526	2,764,048
Accounts receivable - trade	183,489	230,718
Merchandise	7,260	5,993
Work in process	2,163	1,166
Supplies	400	441
Prepaid expenses	76,483	70,614
Current portion of long-term loans receivable	1,250	1,234
Other	98,619	125,065
Allowance for doubtful accounts	-8,393	-10,098
Total current assets	3,233,800	3,189,185
Non-current assets		
Property, plant and equipment		
Buildings, net	631,848	679,115
Vehicles, net	13,418	8,599
Tools, furniture and fixtures, net	327,943	326,401
Leased assets, net	19,995	18,195
Construction in progress	7,238	－
Total property, plant and equipment	1,000,444	1,032,313
Intangible assets		
Software	572,768	621,928
Goodwill	524,996	483,771
Other	76	76
Total intangible assets	1,097,841	1,105,777
Investments and other assets		
Shares of subsidiaries and associates	3,740	－
Investments in capital	500	500
Long-term loans receivable	25,888	25,108
Distressed receivables	2,215	2,126
Long-term prepaid expenses	16,688	8,599
Deferred tax assets	48,534	58,599
Leasehold and guarantee deposits	201,272	199,754
Insurance funds	24,299	20,016
Other	49	－
Allowance for doubtful accounts	-2,215	-2,126
Total investments and other assets	320,972	312,577
Total non-current assets	2,419,258	2,450,668
Total assets	5,653,058	5,639,853

(Thousands of yen)

	As of September 30, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	50,790	86,160
Current portion of bonds payable	60,000	50,000
Current portion of long-term borrowings	280,956	283,998
Lease liabilities	7,482	5,190
Accounts payable - other	136,796	112,061
Accrued expenses	74,436	72,307
Income taxes payable	207,026	174,564
Accrued consumption taxes	97,792	81,811
Contract liabilities	368,273	171,576
Deposits received	30,721	23,322
Provision for bonuses	55,938	80,286
Asset retirement obligations	16,000	16,000
Other	19,646	23,143
Total current liabilities	1,405,859	1,180,422
Non-current liabilities		
Bonds payable	65,000	30,000
Long-term borrowings	859,524	650,247
Lease liabilities	6,060	2,766
Deferred tax liabilities	58,410	69,318
Asset retirement obligations	82,454	88,188
Other	800	800
Total non-current liabilities	1,072,249	841,320
Total liabilities	2,478,109	2,021,743
Net assets		
Shareholders' equity		
Share capital	192,060	192,060
Capital surplus	132,060	132,060
Retained earnings	3,247,776	3,686,084
Treasury shares	-404,938	-404,938
Total shareholders' equity	3,166,957	3,605,265
Accumulated other comprehensive income		
Foreign currency translation adjustment	7,991	12,844
Total accumulated other comprehensive income	7,991	12,844
Total net assets	3,174,949	3,618,110
Total liabilities and net assets	5,653,058	5,639,853

（２）Quarterly Consolidated Statement of Income and Comprehensive Income

（Quarterly Consolidated Statement of Income）

（Nine months ended June 30, 2024）

(Thousands of yen)

	Nine months ended June 30, 2023	Nine months ended June 30, 2024
Net sales	2,660,824	3,652,346
Cost of sales	760,193	1,400,358
Gross profit	1,900,630	2,251,987
Selling, general and administrative expenses	1,094,698	1,231,642
Operating profit	805,932	1,020,345
Non-operating income		
Interest income	157	383
Interest on securities	466	－
Gain on sale of goods	5,258	3,240
Commission income	4,476	6,528
Surrender value of insurance policies	－	6,548
Miscellaneous income	2,087	2,021
Total non-operating income	12,447	18,722
Non-operating expenses		
Interest expenses	3,110	4,865
Foreign exchange losses	1,073	1,006
Loss on retirement of non-current assets	－	716
Loss on cancellation of leases	－	5,572
Miscellaneous losses	107	159
Total non-operating expenses	4,291	12,319
Ordinary profit	814,088	1,026,747
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
Extraordinary losses		
Loss on redemption of bonds	25,400	－
Total extraordinary losses	25,400	－
Profit before income taxes	811,310	1,035,459
Income taxes - current	259,930	335,211
Income taxes - deferred	-2,227	843
Total income taxes	257,703	336,055
Profit	553,607	699,404
Profit attributable to owners of parent	553,607	699,404

(Quarterly Consolidated Statement of Comprehensive Income)

(Nine months ended June 30, 2024)

(Thousands of yen)

	Nine months ended June 30, 2023	Nine months ended June 30, 2024
Profit	553,607	699,404
Other comprehensive income		
Foreign currency translation adjustment	-777	4,853
Total other comprehensive income	-777	4,853
Comprehensive income	552,830	704,257
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	552,830	704,257
Comprehensive income attributable to non-controlling interests	—	—