Consolidated Financial Results for the Fiscal Year Ended September 30, 2024 〔Japanese GAAP〕

November 14, 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
Contact: Director, General Manager: Kenya Wakabayashi (TEL) 03-5798-3955
Scheduled date of Ordinary General Meeting of Shareholders: December 19, 2024 Scheduled date to commence dividend payments: December 20, 2024
Scheduled date to submit Annual Securities Report (Yukashoken Hokokusho): December 20, 2024
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, 2024 (from October 1, 2023 to September 30, 2024)

（1）Consolidated Operating Results （Percentages indicate year-on-year changes）

	Net Sales		EBITDA*		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	5,007	33.7	1,795	29.6	1,439	31.3	1,447	30.8	919	20.6
September 30, 2023	3,746	49.7	1,384	21.5	1,096	13.8	1,107	12.9	763	11.3

(Reference) Comprehensive income: Fiscal year ended September 30, 2024 920 Millions of Yen (20.7%) Fiscal year ended September 30, 2023: 763 Million of Yen (10.4%)

	Profit per share	Diluted profit per share	Return on Equity	Ordinary Profit to Total Assets	Operating Profit to Net Sales
Fiscal year ended	Yen	Yen	%	%	%
September 30, 2024	19.38	―	26.2	24.5	28.7
September 30, 2023	16.08	15.58	26.7	18.2	29.3

(Reference) Share of profit or loss of entities accounted for using equity method Fiscal year ended September 30, 2024: ―Millions of Yen Fiscal year ended September 30, 2023 ― Millions of Yen

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

（2）Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	6,175	3,834	62.1	80.81
September 30, 2023	5,653	3,174	56.2	66.88

（Reference）Shareholders' Equity As of September 30, 2024: 3,834 Million of Yen As of September 30, 2023: 3,174 Million of Yen

（3）Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2024	1,514	-343	-613	3,430
September 30, 2023	1,430	-842	-2,267	2,872

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, 2023	—	0.00	—	5.50	5.50	261	34.2	9.1
September 30, 2024	—	0.00	—	6.50	6.50	308	33.5	8.8
September 30, 2025 (Forecast)	—	0.00	—	7.50	7.50		32.4	

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

3. Forecast for the financial results for the fiscal year ending September 30, 2025 (from October 1, 2024 to September 30, 2025)

（% indicates YoY change from the previous corresponding term）

	Net Sales		EBITDA*		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Profit Per Share
2nd Quarter	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
（Cumulative）	2,650	8.3	880	4.2	700	4.6	700	3.7	490	7.0	10.32
Full year	5,600	11.8	2,000	11.4	1,600	11.2	1,600	10.5	1,100	19.6	23.18

* 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）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, 2024	48,132,000 Shares	As of September 30, 2023	48,132,000 Shares
② Total number of treasury shares at the end of the period:	As of September 30, 2024	674,706 Shares	As of September 30, 2023	659,906 Shares
③ Average number of shares during the period	Fiscal year ended September 30, 2024	47,462,681 Shares	Fiscal year ended September 30, 2023	47,466,925 Shares

(For Reference) Overview of Unconsolidated Financial Results

1. Unconsolidated Financial results for the fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

（1）Unconsolidated operating results （Percentages indicate year-on-year changes）

	Net Sales		EBITDA*		Operating Profit		Ordinary Profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	3,370	18.3	1,599	13.8	1,368	15.5	1,393	15.9	992	17.1
September 30, 2023	2,849	26.6	1,405	26.6	1,184	25.7	1,202	26.8	847	27.9

	Profit per share	Diluted profit per share
Fiscal year ended	Yen	Yen
September 30, 2024	20.91	—
September 30, 2023	17.86	17.31

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

（2）Unconsolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	5,757	3,975	69.0	83.78
September 30, 2023	5,038	3,244	64.4	68.34

（Reference）Shareholders' Equity As of September 30, 2024: 3,975 Million of Yen As of September 30, 2023: 3,244 Million of Yen

2. Forecast for the unconsolidated financial results for the fiscal year ending September 30, 2025(from October 1, 2024 to September 30, 2025)

（% 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）	1,750	12.6	680	4.7	470	5.2	9.90
Full year	3,720	10.4	1,540	10.5	1,100	10.8	23.18

* 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 18, 2024. 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, 2024

Explanation of Operating Results

Consolidated operating results for the current fiscal year were as follows: net sales of 5,007,468 thousand yen (up 1,261,008 thousand yen (33.7%) year on year), operating income of 1,439,155 thousand yen (up 343,075 thousand yen (31.3%) year on year), ordinary income of 1,447,993 thousand yen (up 340,981 thousand yen (30.8%) year on year), net income attributable to owners of the parent of 919,989 thousand yen (up 156,888 thousand yen (20.6%) year on year).

Starting from the first quarter of the consolidated fiscal year, the "healthy lifespan extension service" in the reportable segment "cloud platform business" is a business that utilizes physical stores, and its monetary significance is increasing. As the scale is expected to continue to expand, in order to display information about the service more clearly, a new reportable segment has been established and its name listed as "healthy lifespan extension business."
Accordingly, the name of the previous "cloud platform business" has been changed to "medical and nursing care cloud platform business" to reflect the actual situation.

(Medical and nursing care cloud platform business)

ⅰ Kanamic Cloud Service

Kanamic Cloud Service is mainly a stock business, and as a result of continuously acquiring new customers based on the stock portion of existing customers, sales revenue was 2,852,786,000 yen (an increase of 450,640,000 yen, or 18.8%, compared to the previous consolidated fiscal year).

ⅱ Platform Services

With regard to this service, the stable revenue base is provided by website construction services requested by major nursing care businesses and the commissioned production, operation and management of websites for nursing care businesses through the Public Interest Incorporated Foundation Nursing Care Labor Stability Center. In addition, the Internet advertising service that provides nursing care-related information and the human resources matching service in the nursing care industry performed well, resulting in sales of 423,710,000 yen (an increase of 123,243,000 yen, or 41.0%, compared to the previous consolidated fiscal year).

ⅲ Other Services

The Company secured Sales were 88,108 thousand yen (down 58,705 thousand yen, or 40.0%, from the previous consolidated fiscal year) due to the acceptance of customized development contracts for large clients.

As a result, sales were 3,364,605,000 yen (up 515,380,000 yen, or 18.1%, from the previous consolidated fiscal year), and due to increases in cost of sales, such as personnel expenses for platform services, and selling, general and administrative expenses, segment profit was 1,369,120,000 yen (up 187,540,000 yen, or 15.9%, from the previous consolidated fiscal year).

(Healthy lifespan Extension business)

ⅰ Healthy lifespan Extension Services

In the healthy This service involves the operation and franchise development of 24-hour fitness gyms, and the provision of services that contribute to extending healthy lifespans through these real stores. As a result of a steady increase in users of existing stores and an increase in the number of stores through new openings, sales reached 1,130,863,000 yen (an increase of 285,134,000 yen, or 33.7%, compared to the previous consolidated fiscal year).

(Solutions Development Business)

ⅰ Solution Services

This service represents the results of web service planning and development by Ruby Co., Ltd., which has been included in the scope of consolidation since the fourth quarter of the previous fiscal year. The deemed acquisition date of this company was August 31, 2023, so the company's performance has been consolidated since the fourth quarter of the previous fiscal year. As a result of the favorable performance of web service planning and development, sales were 511,998,000 yen. This segment only has the above one service, and segment profit, calculated by deducting cost of sales and selling, general and administrative expenses from sales of solution services, was 46,788,000 yen

2. Consolidated Financial Statements and Principal Notes

(1) Consolidated balance sheets

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	2,872,526	3,430,050
Accounts receivable - trade	183,489	223,727
Contract assets	—	25,951
Merchandise	7,260	463
Work in process	2,163	6,239
Supplies	400	499
Prepaid expenses	76,483	74,730
Current portion of long-term loans receivable	1,250	1,236
Other	98,619	105,144
Allowance for doubtful accounts	△8,393	△8,641
Total current assets	3,233,800	3,859,400
Non-current assets		
Property, plant and equipment		
Buildings, net	631,848	576,287
Vehicles, net	13,418	7,584
Tools, furniture and fixtures, net	327,943	303,423
Leased assets, net	19,995	17,596
Construction in progress	7,238	1,250
Total property, plant and equipment	1,000,444	906,141
Intangible assets		
Software	572,768	622,292
Goodwill	524,996	470,030
Other	76	76
Total intangible assets	1,097,841	1,092,399
Investments and other assets		
Shares of subsidiaries and associates	3,740	—
Investments in capital	500	500
Long-term loans receivable	25,888	24,798
Distressed receivables	2,215	2,212
Long-term prepaid expenses	16,688	6,375
Deferred tax assets	48,534	56,129
Leasehold and guarantee deposits	201,272	209,435
Insurance funds	24,299	20,384
Other	49	—
Allowance for doubtful accounts	△2,215	△2,212
Total investments and other assets	320,972	317,622
Total non-current assets	2,419,258	2,316,164
Total assets	5,653,058	6,175,564

(Thousands of yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	50,790	87,490
Current portion of bonds payable	60,000	50,000
Current portion of long-term borrowings	280,956	280,518
Lease liabilities	7,482	3,742
Accounts payable - other	136,796	108,357
Accrued expenses	74,436	80,128
Income taxes payable	207,026	253,401
Accrued consumption taxes	97,792	106,997
Contract liabilities	368,273	483,674
Deposits received	30,721	19,679
Provision for bonuses	55,938	61,223
Asset retirement obligations	16,000	16,000
Other	19,646	27,545
Total current liabilities	1,405,859	1,578,757
Non-current liabilities		
Bonds payable	65,000	15,000
Long-term borrowings	859,524	580,437
Lease liabilities	6,060	2,318
Deferred tax liabilities	58,410	75,090
Asset retirement obligations	82,454	88,348
Other	800	800
Total non-current liabilities	1,072,249	761,993
Total liabilities	2,478,109	2,340,750
Net assets		
Shareholders' equity		
Share capital	192,060	192,060
Capital surplus	132,060	132,060
Retained earnings	3,247,776	3,906,669
Treasury shares	△404,938	△404,938
Total shareholders' equity	3,166,957	3,825,850
Accumulated other comprehensive income		
Foreign currency translation adjustment	7,991	8,963
Total accumulated other comprehensive income	7,991	8,963
Total net assets	3,174,949	3,834,813
Total liabilities and net assets	5,653,058	6,175,564

（2）Consolidated statements of income and comprehensive income

（Consolidated statements of income）

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Net sales	3,746,460	5,007,468
Cost of sales	1,152,134	1,935,167
Gross profit	2,594,325	3,072,301
Selling, general and administrative expenses	1,498,245	1,633,145
Operating profit	1,096,080	1,439,155
Non-operating income		
Interest income	360	738
Interest on securities	466	—
Surrender value of insurance policies	—	6,548
Gain on sale of goods	6,492	4,445
Commission income	8,311	8,924
Miscellaneous income	1,349	3,061
Total non-operating income	16,980	23,717
Non-operating expenses		
Interest expenses	4,408	6,419
Foreign exchange losses	1,255	1,184
Loss on retirement of non-current assets	276	1,264
Loss on cancellation of leases	—	5,572
Miscellaneous losses	108	440
Total non-operating expenses	6,048	14,880
Ordinary profit	1,107,012	1,447,993
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		
Office relocation expenses	—	7,522
Impairment losses	—	96,730
Loss on redemption of bonds	25,400	—
Total extraordinary losses	25,400	104,253
Profit before income taxes	1,104,234	1,352,452
Income taxes - current	335,250	423,377
Income taxes - deferred	5,882	9,085
Total income taxes	341,133	432,462
Profit	763,100	919,989
Profit attributable to owners of parent	763,100	919,989

（Consolidated statements of comprehensive income）

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Profit	763,100	919,989
Other comprehensive income		
Foreign currency translation adjustment	137	971
Total other comprehensive income	137	971
Comprehensive income	763,238	920,961
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	763,238	920,961
Comprehensive income attributable to non-controlling interests	—	—

（3）Consolidated statements of changes in net assets

Previous 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

Current Fiscal Year（from October 1, 2023 to September 30, 2024）

(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	3,247,776	△404,938	3,166,957
Changes during period					
Dividends of surplus			△261,096		△261,096
Profit attributable to owners of parent			919,989		919,989
Disposal of treasury shares					－
Transfer from retained earnings to capital surplus					－
Net changes in items other than shareholders' equity					－
Total changes during period	－	－	658,893	－	658,893
Balance at end of period	192,060	132,060	3,906,669	△404,938	3,825,850

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	7,991	7,991	－	3,174,949
Changes during period				
Dividends of surplus		－		△261,096
Profit attributable to owners of parent		－		919,989
Disposal of treasury shares		－		－
Transfer from retained earnings to capital surplus		－		－
Net changes in items other than shareholders' equity	971	971		971
Total changes during period	971	971	－	659,864
Balance at end of period	8,963	8,963	－	3,834,813

（4）Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,104,234	1,352,452
Depreciation	267,722	300,926
Impairment losses	—	96,730
Amortization of goodwill	21,044	54,966
Loss on redemption of bonds	25,400	—
Increase (decrease) in allowance for doubtful accounts	△7,843	245
Interest income	△360	△738
Interest income on securities	△466	—
Interest expenses	4,408	6,419
Relocation expenses	—	7,522
Loss (gain) on sale of non-current assets	△22,622	△2,814
Loss on retirement of non-current assets	276	1,264
Loss (gain) on sale of shares of subsidiaries and associates	—	△5,897
Decrease (increase) in accounts receivable - trade, and contract assets	36,261	△66,019
Decrease (increase) in inventories	16,681	△4,174
Increase (decrease) in trade payables	△28,978	36,553
Increase (decrease) in contract liabilities	256,532	115,400
Increase (decrease) in provision for bonuses	3,683	5,242
Other, net	84,542	1,154
Subtotal	1,760,514	1,899,234
Interest received	222	467
Interest paid	△5,256	△6,323
Income taxes paid	△325,390	△382,580
Income taxes refund	—	3,268
Net cash provided by (used in) operating activities	1,430,090	1,514,066
Cash flows from investing activities		
Purchase of property, plant and equipment	△417,625	△131,812
Proceeds from sale of property, plant and equipment	89,392	4,323
Purchase of intangible assets	△223,339	△228,916
Proceeds from sale of shares of subsidiaries and associates	—	9,637
Payments of leasehold and guarantee deposits	△28,529	△10,505
Proceeds from refund of leasehold and guarantee deposits	77	1,590
Long-term loan advances	△27,000	—
Proceeds from collection of long-term loans receivable	—	1,375
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△230,689	—
Purchase of insurance funds	△1,533	△1,653
Proceeds from cancellation of insurance funds	—	12,116
Other, net	△3,000	—
Net cash provided by (used in) investing activities	△842,249	△343,844

(Thousands of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	300,000	60,000
Repayments of long-term borrowings	△255,243	△339,525
Redemption of bonds	△130,000	△60,000
Cash flows from financing activities		
Proceeds from long-term borrowings	300,000	60,000
Redemption of bonds with share acquisition rights	△2,028,000	―
Repayments of lease liabilities	△7,211	△13,054
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	△2,267,283	△613,676
Effect of exchange rate change on cash and cash equivalents	△762	979
Net increase (decrease) in cash and cash equivalents	△1,680,204	557,524
Cash and cash equivalents at beginning of period	4,552,730	2,872,526
Cash and cash equivalents at end of period	2,872,526	3,430,050