



# KANAMIC NETWORK

## Supplementary Materials for the Issuance (Finalized Terms of Issuance)

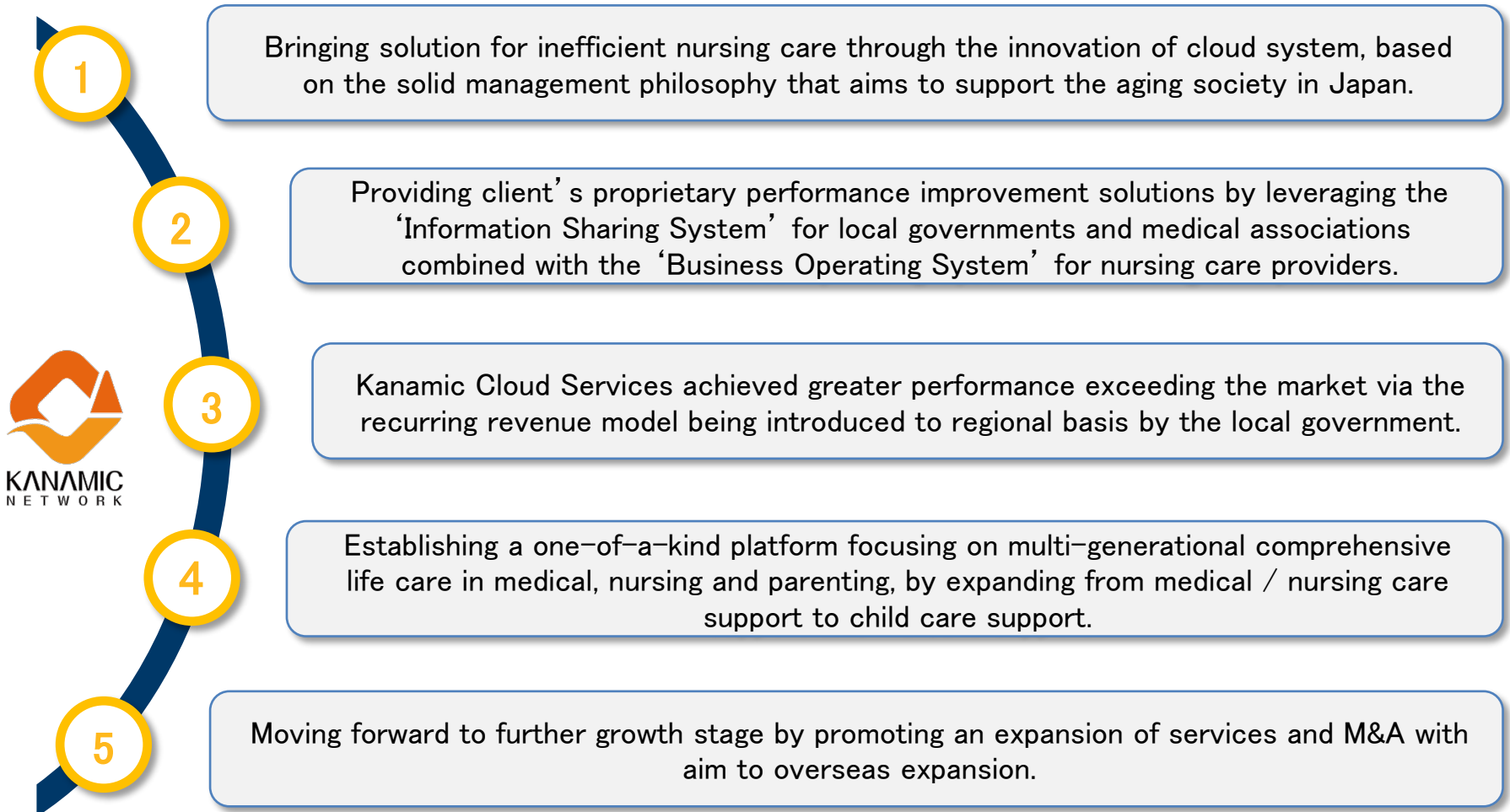
July 20, 2021    Stock Code : 3939

株式会社カナミックネットワーク

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## Kanamic Network (3939)

~ Strong business model that is sustainably scalable ~



# Features of financing method

~ Simultaneous issuance of convertible bonds and warrants, together with share buyback ~

## Benefits of convertible bonds (Immediate financing)

- 20 billion yen (**Immediate** financing)
- UoP: M&A funding for business expansion
- **Issuance over par (100.2)**
- **0% Interest Rate (Zero coupon)**
- Initial convertible price +135%
- Reset Convertible price at 1.5 years
- **Minimum exercise price after reset is fixed to the closing price of the resolution date**



## Benefits of warrants (Flexible financing)

- 3 billion yen (**Future** Financing)
- UoP: M&A funding for business expansion
- **Exercise controlled by the issuer (Suspension of exercise)**
- Fixed Dilution
- **Minimum exercise price is set to the closing price of the resolution date**
- **Possible to raise capital at higher share price in an ascending stock market**

Scheme that allows the benefit of both CBs and Warrants.  
CB brings the immediate financing to a certain extent and warrant makes it possible to exercise while observing the movement of the market



Additionally, **simultaneously implementing the Share Buyback** aims to care about the exiting shareholders, and to mitigate the short-term impact of the demand and supply of the market.

# Overview of the Convertible Bond and Warrant

	The 1 <sup>st</sup> Convertible Bond	The 3 <sup>rd</sup> Warrant
Procurement amount (est.)	2 billion yen	3 billion yen
Period	5 years	3 year
Issue price	100.2	-
Redemption price	100.0	-
Rate of interest	0.00%	-
Base price (※)	615 Yen	
Initial conversion price	830.3 Yen	-
Conversion/Exercise price adjustment	1 time adjustment in 1.5 years. However, it will not be below the min. price	7% discounts of prev. closing price. However, it will not be below the min. price
Conversion/Exercise price (min.)	Closing price on the resolution date (7/15)	Same price with share buyback price
Potential dilutive shares	2,408,767 – 3,252,032 Shares	4,800,000 Shares
Dilutive rate	5.00%~6.76%	9.97%
Rider clause	Put option (in 3 years) Soft call (120% in 2 years)	Suspension of exercise (Exercise control by the issuer)
Scheduled allotted	Credit Suisse	
Use of proceed	M&A for business growth	
<b>Share buyback (Result)</b>	436,465,500 Yen (709,700 Shares) ※Initial expected amount of share buyback 500 million Yen (813,000 Shares)	

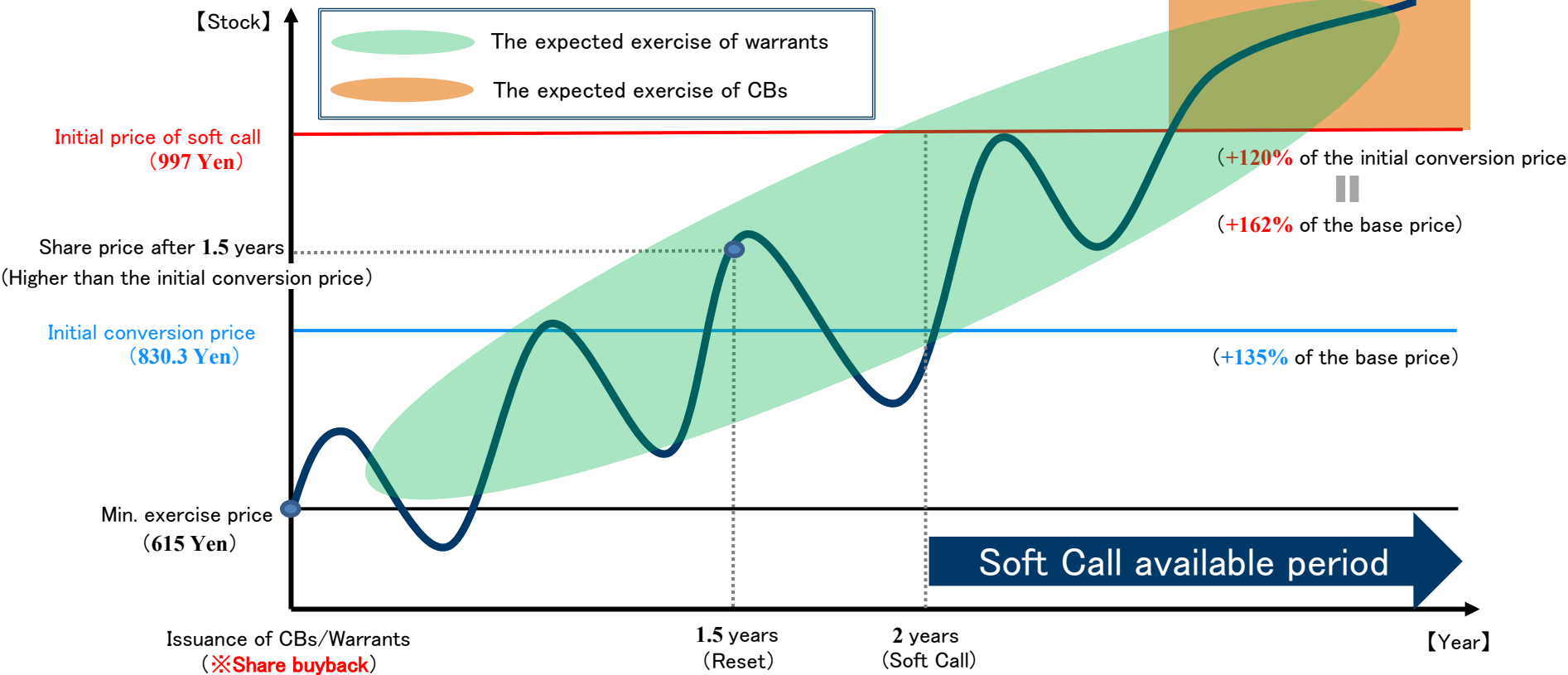
Note: The amount to be raised is the estimated amount as of the date of determination of the conditions. With respect to stock acquisition rights, the number of stock acquisition rights may increase or decrease depending on the subsequent revision or adjustment of the exercise price and the exercise status. The dilution ratio is calculated based on a stock holdings basis.

※As a result of adopting the higher of the closing price on the date of resolution or the closing price on the date of determination of conditions, the base price was determined to be 615 yen, the closing price on the date of resolution.

# ① Financing – Convertible bonds and Warrants

~Case in which **there is NO conversion price adjustment** after 1.5 years~

CBs are not likely to be exercised if the share price is not above the price of soft call (+162% of base price).  
 Warrants can be exercised aligned with the movement of market.



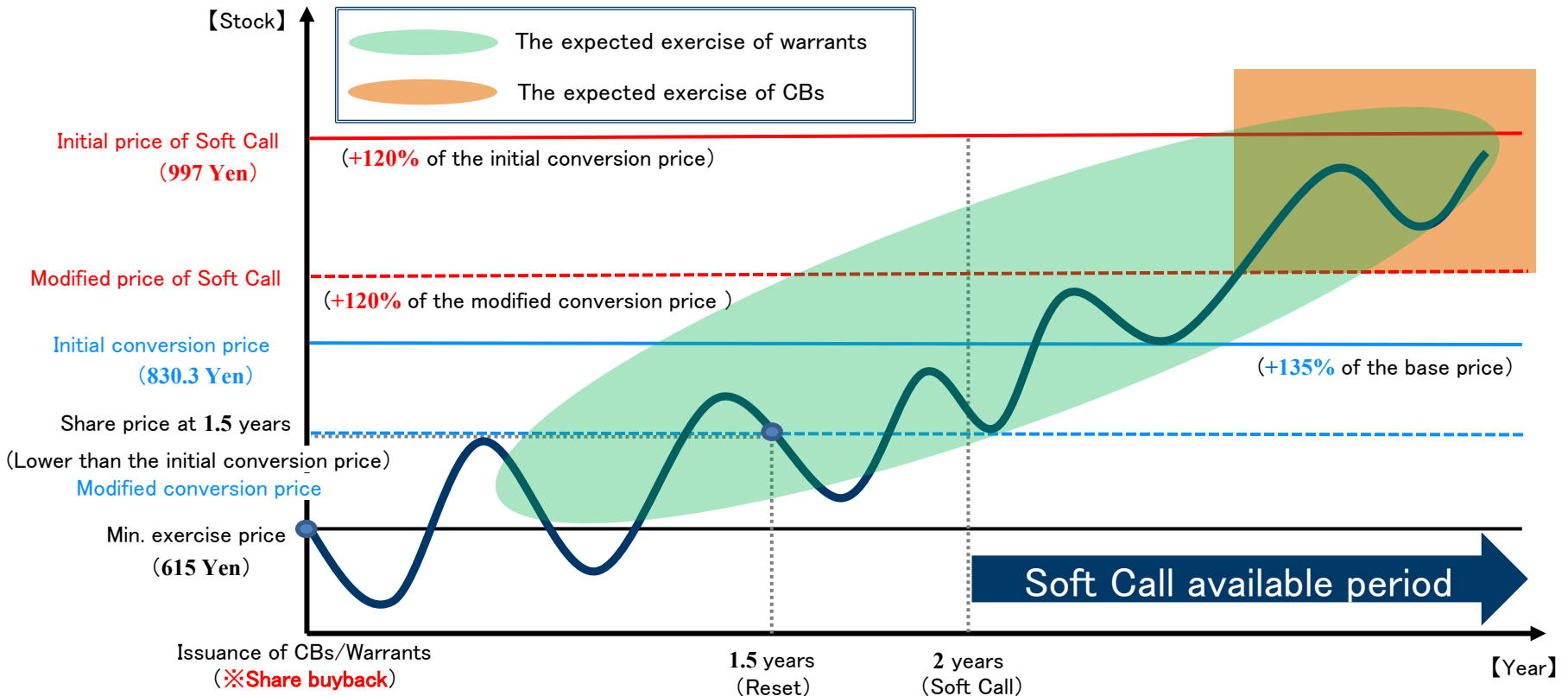
※Above stock price chart is only an image and is not a forecast or guarantee of the actual stock price of the company.  
 ※Conversion of CBs and the exercise of warrants will be conducted by the allottee based on market trends and other factors, and will not necessarily be converted or exercised in accordance with the above image.

## ② Financing – Convertible bonds and Warrants

~ Case in which **there is conversion price adjustment** at 1.5 years ~

The modified price of soft call will be reset to **+20% of modified convertible price**, where the share price should be above for promoting conversion.

Warrants can be exercised aligned with the movement of market.



※Above stock price chart is only an image and is not a forecast or guarantee of the actual stock price of the Company.

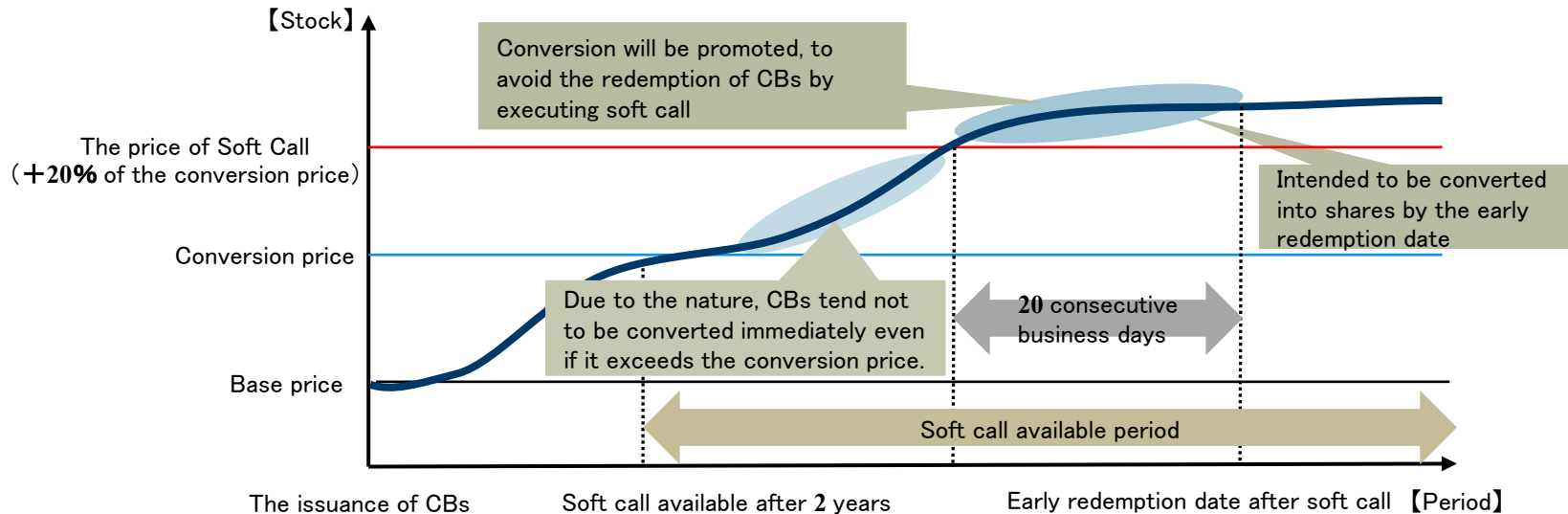
※Conversion of CBs and the exercise of warrants will be conducted by the allottee based on market trends and other factors, and will not necessarily be converted or exercised in accordance with the above image.

# Appendix : Explanation of rider clause of CB

## Soft Call

- The right for issuers to purchase CBs at par value, when the share price remains above the conversion price for a certain period of time.
- Since investors choose to convert based on economic rationality, they are in effect half-heartedly encouraging conversion.
- CBs can be redeemed early (soft call) at the company's discretion if the share price remains above the conversion price by 20% or more for 20 consecutive business days from 2023/8/4.

Diagram : Structure of Soft Call



## Put Option

- The right for investors to make early redemption requests to the issuers (normally, early redemption request at face value (100%) can be exercised on a specific date)
- Likelihood of CBs being exercised would be increased when the stock price is significantly below the conversion price



# Kanamic's M&A Strategy

## ■ The M&A Blueprint

Vision-driven M&A to strengthen and broaden our  
"Contents", "Reach", and "Platform",

### Kanamic's Purpose & Values:

**"Helping People and Communities with a Cloud Service for ALL  
Stages in Life"**

**PHR Solutions: Empower children, adults  
and seniors alike with Personal Health Data**

**Contents**

**For a GLOBAL Userbase  
(Japan and Abroad)**

**Reach**

**Healthcare Platform for  
Adding Value to People AND Businesses**

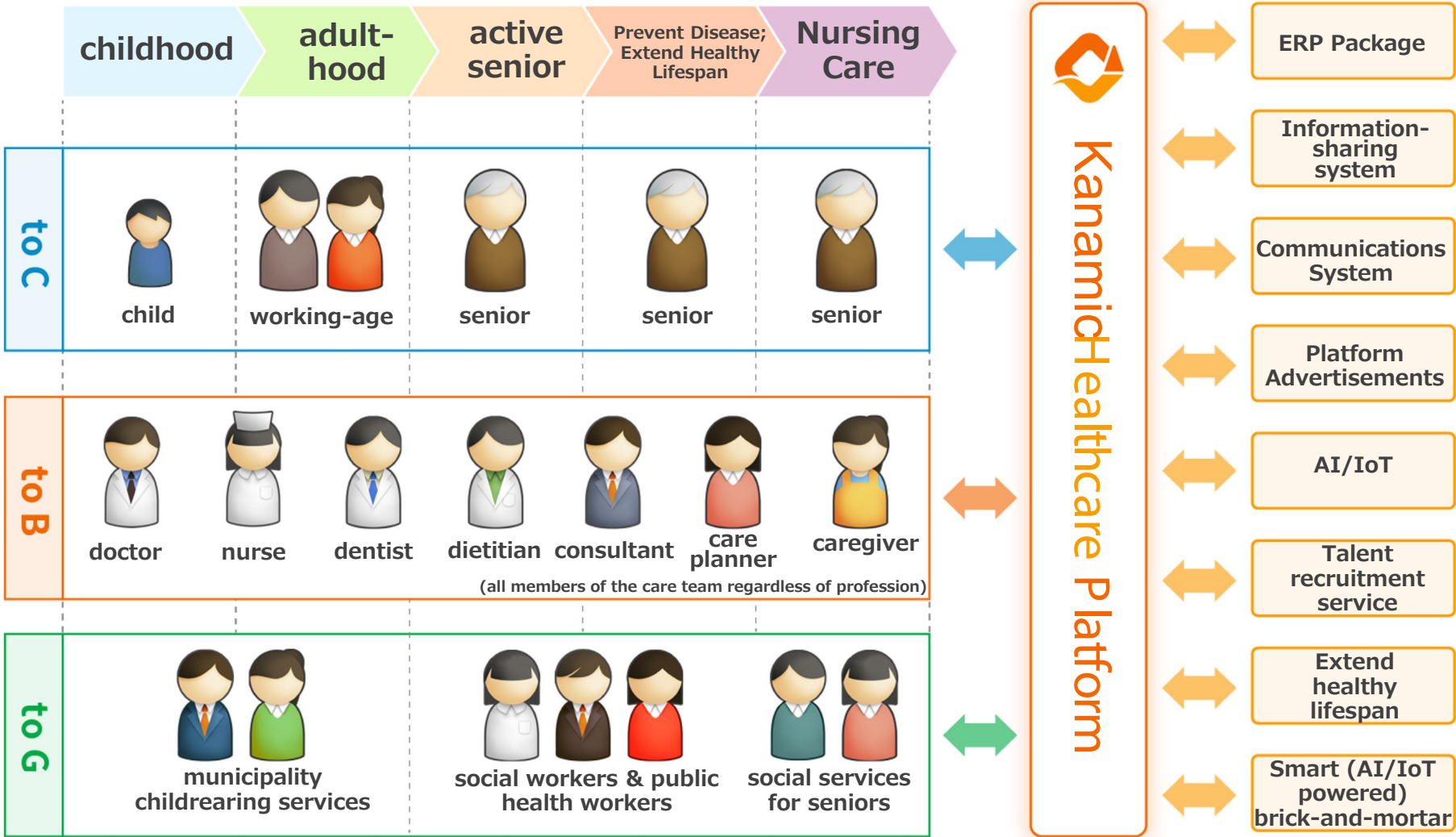
**Platform**



# Kanamic's M&A Strategy

## ■ “Helping People and Communities with a Cloud Service for ALL Stages in Life”

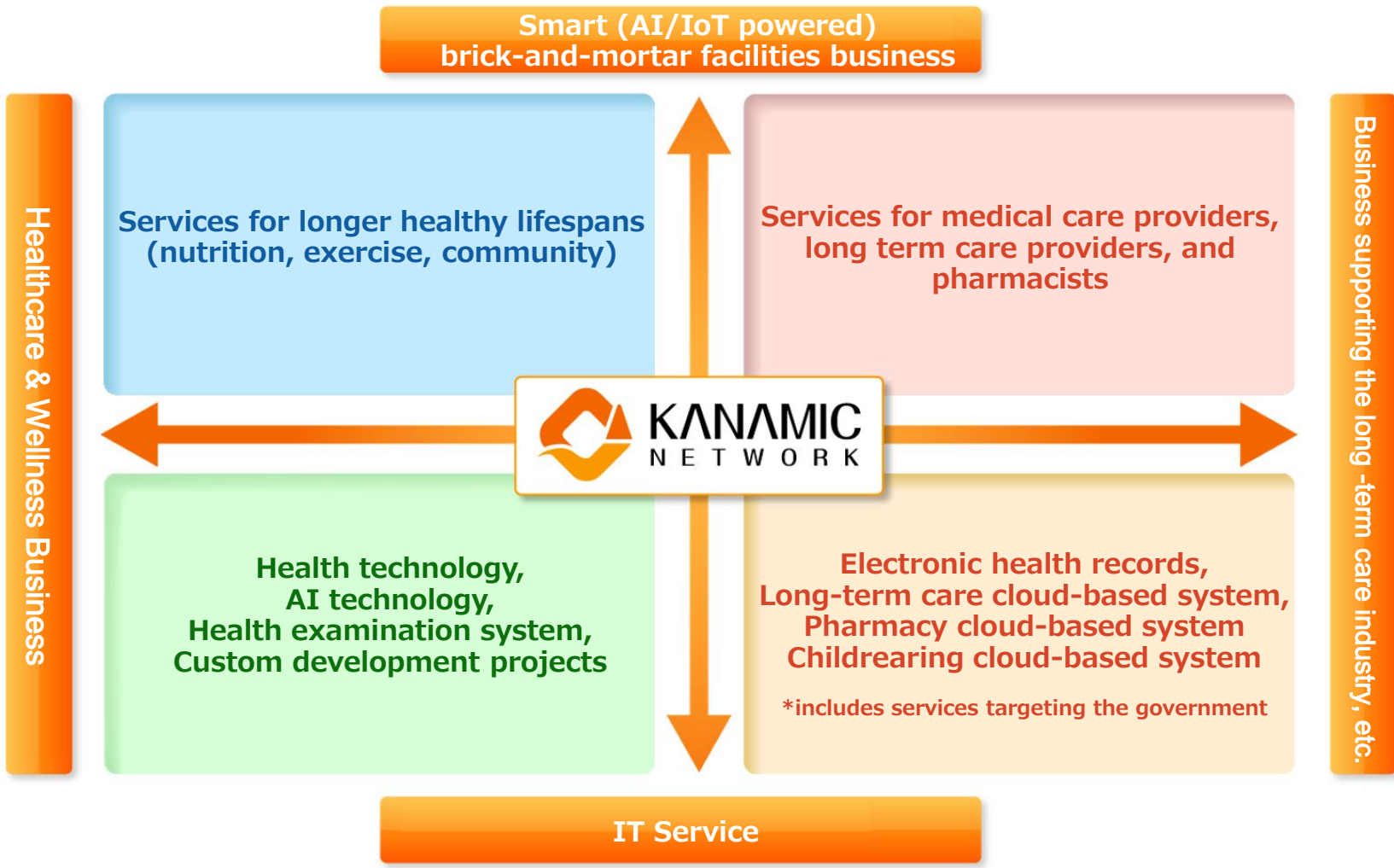
A global platform for helping people and businesses manage health data



# Kanamic's M&A Strategy

## ■ Targeting M&A (and capital/business alliance) candidates that fit Kanamic's purpose & values

- Identifying strategic synergies to accelerate the realization of the Kanamic PHR Platform;
- Smart (AI/IoT powered) brick-and-mortar facilities present opportunities for data gathering



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