



May 10, 2022

To Whom it May Concern:

Company Name: Kanamic Network Co., Ltd.  
Representative: President & Representative  
Director, Takuma Yamamoto  
(Securities Code: 3939, TSE First Section)  
Contact Point: General Manager, Administration  
Department, Kenya Wakabayashi  
(TEL. 03-5798-3955)

### **Notice of the Acquisition of Shares (Conversion into a Subsidiary) of Urban Fit Co., Ltd.**

At the meeting of its Board of Directors held on May 10, 2022, Kanamic Network Co., LTD (hereinafter: “the Company”) resolved to acquire the shares of Urban Fit Co., Ltd. and enter into a share purchase agreement to convert Urban Fit Co., Ltd. to a wholly owned subsidiary of the Company.

#### 1. Purpose of the acquisition

As a health-technology firm specializing in providing core-systems cloud services and platform-based auxiliary services to the medical care, long-term care, and childcare industries, the Group is continuously working to expand its IT service offerings, strengthen service quality / technical capabilities, and enhance customer satisfaction. Along these lines, the Company has decided that in order to realize further growth and development of the business going forward, it will be important to pursue business opportunities that are highly connected to the healthcare industry, thereby carving out new sources of added-value. The Group’s growth strategy going forward is to actively pursue M&A opportunities and expand its business portfolio to cover fields ranging from healthcare to insurance and business types ranging from brick-and-mortar to IT services.

The company being acquired this time around, Urban Fit Co., Ltd.’s primary business is the operation of 24-hour fitness gyms centered in the Osaka area as well as the development of a network of franchise gyms. Urban Fit Co., Ltd. has 14 locations (8 directly-operated and 6 franchise locations). Furthermore, Urban Fit Co., Ltd. plans to expand into the Tokyo area via its franchises within the year and is on the trajectory to expand beyond the Kansai region and develop a presence on the national-scale.

Urban Fit Co., Ltd.’s fitness gym businesses (its direct management business and its franchise business) align with the Company’s objective of acquiring brick-and-mortar facilities which provide services that increase peoples’ “healthy-life spans”. The Group judged that this acquisition will provide a major driving force in delivering high-added-value services as a healthcare / health technology company.

The Group is actively pursuing M&A opportunities in order to strengthen and expand its “Contents”, “Reach”, and “Platform” in line with its corporate vision of “helping people and communities with a cloud service for all stages of life”. As the Group continue to grow existing businesses organically and pursue new business opportunities, it will embrace M&A as a method of realizing its vision and achieving sustainable growth.

#### 2. Method of Acquiring Shares

##### (1) Transfer of 100% of outstanding shares of Urban Fit Co., Ltd. to the Company

On May 20, 2022, the Company will acquire all outstanding shares of Urban Fit Co., Ltd., and Urban Fit Co., Ltd. will become a consolidated subsidiary of the Company.

Payment for the shares of Urban Fit Co., Ltd. will be made in cash, that cash being appropriated from the Company’s own funds.

- (2) Relationship between the payment for the shares of Urban Fit Co., Ltd. and the funds detailed in the Company's July 15, 2021 press release titled "Announcement regarding the issuance of convertible bonds maturing 2026 and the issuance of moving strike warrants":

The Company intends that fund raised through the procurement described in the press release referenced above be used to fund M&A activities. However, these procured funds will be used for large-scale M&A purchases. Contrarily, the funds used to purchase Urban Fit Co., Ltd. will be appropriated solely from the Company's own funds.

### 3. Outline of the company to become a subsidiary

(1) Company name	Urban Fit Co., Ltd.		
(2) Location	1-2-1 Dojimahama, Kita-ku, Osaka Shin-Daibiru 15th floor		
(3) Representative	Eisuke Uchijima, Representative Director		
(4) Business description	Fitness Gym Business		
(5) Capital	40,000,000 yen		
(6) Date of establishment	November 19, 2015		
(7) Major Shareholders and Ownership Percentages thereof	Eisuke Uchijima (Representative Director of the subsidiary): 75.0% Minoru Toyoda (Executive Managing Director of the subsidiary): 25.0%		
(8) Relationship to the Company	Capital ties	None	
	Personnel Relationship	None	
	Business Relationship	None	
	Applicable relationships with related parties	None	
(9) Operating results and financial position over the last 3 years (unit: thousands of yen unless otherwise stated)			
	FY 09/2019	FY 09/2020	FY 09/2021
Net assets	68,695	101,072	72,760
Total assets	393,715	549,398	700,999
Net assets per share	17,174 yen	25,268 yen	18,190 yen
Net sales	396,132	399,914	504,068
EBITDA	99,524	66,390	23,626
Operating Profit	61,072	36,965	-27,225
Ordinary Profit	60,136	42,753	-27,176
Profit	44,122	32,377	-28,312
Profit per share	11,031 yen	8,094 yen	-7,078 yen
Dividend per share	-yen	-yen	-yen

### 4. Overview of the counterparty to the share acquisition

The counterparties to the share acquisition are the two individuals listed in 3. (7), and there is no capital, personnel, or business relationship between the counterparties and the Company. Nor is there any such relationship between their related parties.

5. Number of shares to be acquired and status of share ownership before and after acquisition

( 1 ) Number of shares held before change	0 shares (Percentage of ownership: 0%) (Voting rights: 0)
( 2 ) Number of shares to be acquired	4000 shares (Percentage of ownership: 100%) (Voting rights: 4,000)
( 3 ) Number of shares owned after acquisition	4000 shares (Percentage of ownership: 100%) (Voting rights: 4,000)
*The acquisition price is not disclosed because this information is subject to a non-disclosure agreement with the counterparties to the acquisition. However, to ensure fairness and appropriateness, the acquisition price was agreed upon with the counterparties based upon a valuation conducted by an independent third party. That said, the acquisition price is an amount less than 15% of the net assets of the Company at the end of the previous fiscal year.	

6. Timeline for the acquisition of shares (tentative)

Board of Directors Resolution	May 10, 2022
Share Purchase Agreement	May 10, 2022
Acquisition of Shares	May 20, 2022 (tentative)

7. Future outlook

The effect of this share acquisition on the Company’s consolidated financial results for the current fiscal year is expected to be minor. However, the Company will promptly make an announcement should any matter requiring disclosure arise.

Explanatory materials (titled “Acquisition of Urban Fit Co., Ltd. as Wholly Owned Subsidiary”) are attached to the following page of this document.

# Acquisition of Urban Fit Co., Ltd. as Wholly Owned Subsidiary

Kanamic Network Co., Ltd

株式会社カナミックネットワーク

May 10, 2022

Ticker : 3939

# 1. Company Profile

Company Name

Kanamic Network Co., Ltd

Date of Establishment

October 20th, 2000

Paid in Capital

JPY 324,120,000

Stock Listing

TSE Prime Market (Ticker: 3939)

Location



Ticker: 3939

Business Area

Provision of core-systems cloud services and platform-based auxiliary services to the medical care, long-term care, and childcare industries

# 人生を抱きしめるクラウド

子育てにはじまり、介護まで。  
人の幸せを支える、クラウド技術があります。

“Cloud technology for all stages of life”

## Purpose & Values

---

We strive to contribute to people and society through “cloud technology for all stages of life”.

Going forward, we will capitalize on opportunities for bringing Digital Transformation (DT) to aging populations in Japan and the rest of the world with our cloud platform. In doing so we seek to contribute to the development of a more sustainable and healthier future for humanity.

## Origin of our name

---

“**Kaigo**” (Japanese for “elderly care”) + “**Dynamic**” + “**Network**”

# 3. Kanamic Vision 2030

## Phase1: User Acquisition (BtoB, BtoG)

- Cloud service (healthcare / elderly care / childcare)

## Phase2: Expansion of Platform Services (BtoB, BtoBtoC)

- Internet Ads
- Web Statements/BPO
- Talent Recruitment / Dispatch
- System Engineering Service (SES)
- Sharing economy
- Fintech
- AI/IoT
- Physical Product Sales
- IT Lab

## Phase3: Branding (BtoC)

- Healthcare related
- Pharmacy related
- Elderly care related
- Data Business
  - Pharmaceutical-related
  - Talent Recruitment
- Business related to prolonging the healthy lifespan
  - ※Nutrition/exercise/community
  - ※Business targeting active seniors

Here 

## Phase4: Global Expansion

- ICT for healthcare / elderly care
- Business related to prolonging the healthy lifespan  
Improve the lives of seniors around the world with "Kaigo" (Japanese-style elderly care)

2020

2025

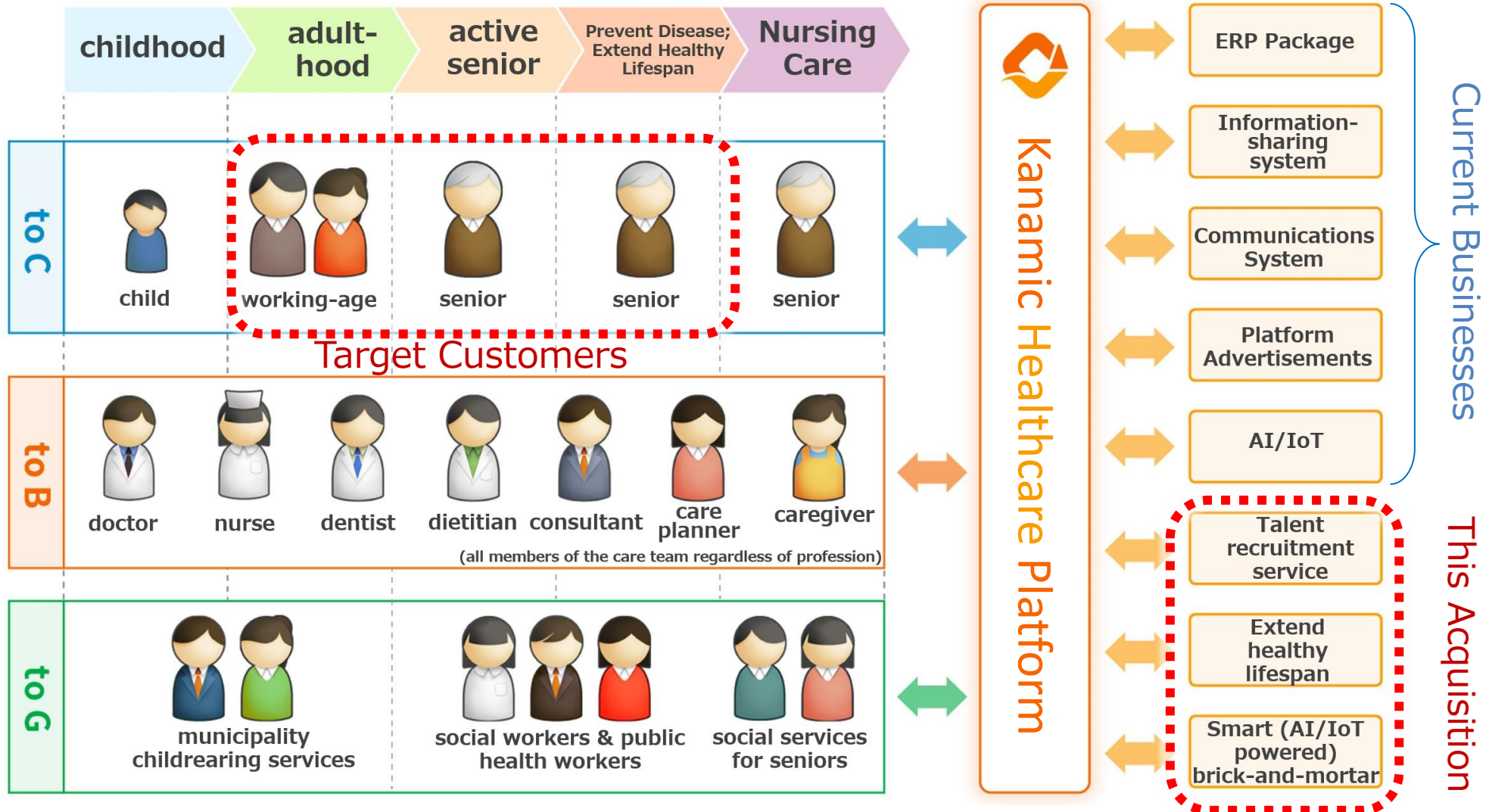
2030

- Japan
- Global
- Increased attention to wellness due to pandemic
- Increased usage of social security numbers in Japan; Implementation of "science-based elderly care" ; Digital transformation of LTC industry
- Seniors as a percentage of Japan population surpasses 30%
- Baby boomers (as defined in Japan) all now older than 75 y/o
- Seniors as a percentage of population surpasses 20% for western nations
- Global non-communicable disease (NCD) deaths rise to 55 million by 2030
- Japanese boomers all now older than 80
- Seniors as percentage of population for Asian countries (ex Japan) reaches 15-20%

# 4. Kanamic's Business Areas

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

Developing PHR-based health management solutions for people of all biological ages and constructing a healthcare platform for use around the world

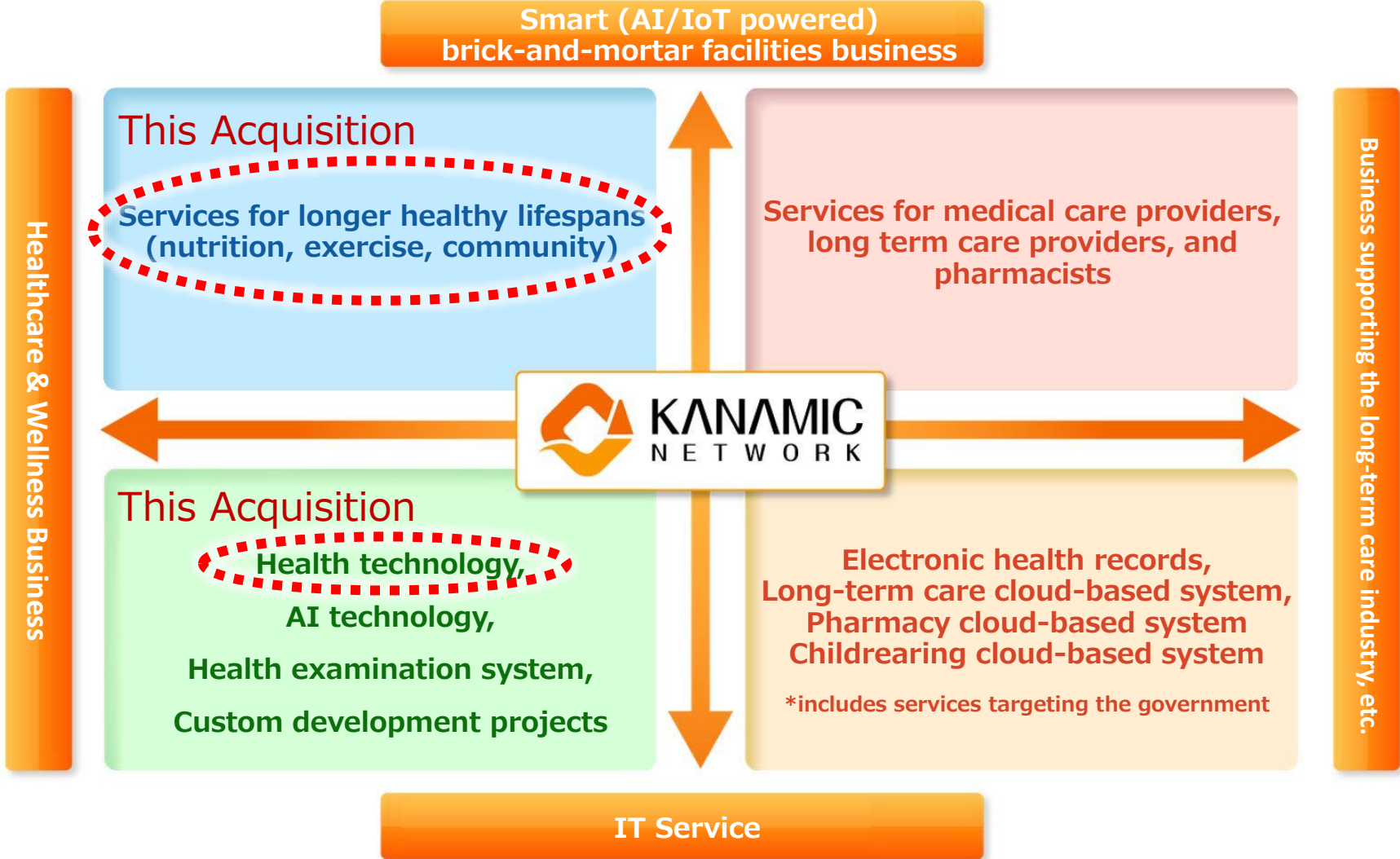




# 5. Expansion Into New Business Areas via this Acquisition

## Expansion into brick-and-mortar businesses to increase the “healthy lifespan”

Until now, we have focused on cloud solutions catered to the medical and long-term care industries, but going forward, we will also develop a wellness business focused on disease prevention. As we enter the “age of the centenarians”, we aim to contribute to society by providing services that help extend the "healthy-lifespan" of people.



# 6. Concept behind Kanamic's Business Aimed at Extending the "Healthy-lifespan"

Brand Name:

## URBAN FIT24



Slogan:

### Shaping Active and Healthy Bodies and Minds

URBAN FIT isn't just about losing weight.

URBAN FIT provides a high-quality environment at a reasonable price and delivers the maximum fitness experience to all of its members. URBAN FIT allows members to build healthy bodies for health lives.

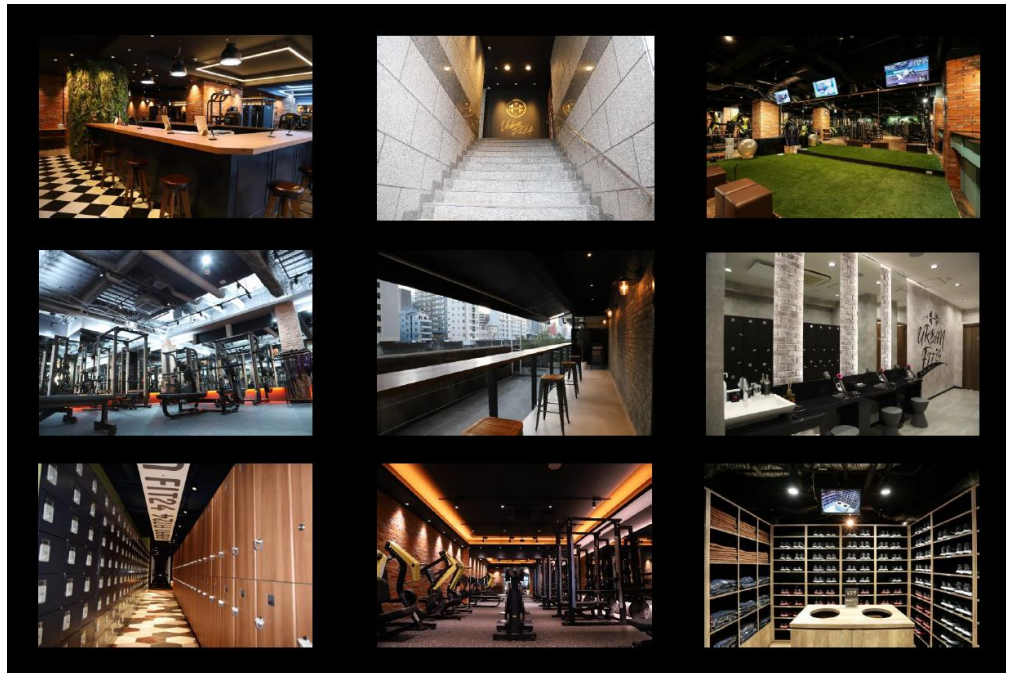


# 7. Overview of Company to be Acquired

The main business of the target company, Urban Fit Co., Ltd., is the operation of "URBAN FIT24", a brand of 24-hour fitness gyms which features 14 locations (including franchises), mainly in Osaka. Urban Fit Co., Ltd. also conducts sales of the well-known training apparel, "Gorilla Wear".



Name	Urban Fit Co., Ltd.
Location	1-2-1 Dojimahama, Kita-ku, Osaka Shin-Daibiru 15th floor
Representative	Eisuke Uchijima
Date of Establishment	November 19, 2015
Capital	40,000,000 yen
Business Description	Operation of 24-hour fitness gyms *14 locations (8 directly-operated and 6 franchise locations)
Number of employees	93 (As of March 31, 2022) *Includes full-time, temporary, and part-time employees
Primary customers	Individuals and corporations
Primary suppliers	TECHNOGYM Japan, SECOM



# 8. Overview of Company to be Acquired (Locations)

Highly convenient locations, mainly in Osaka (Plans to expand nationwide from 2022)

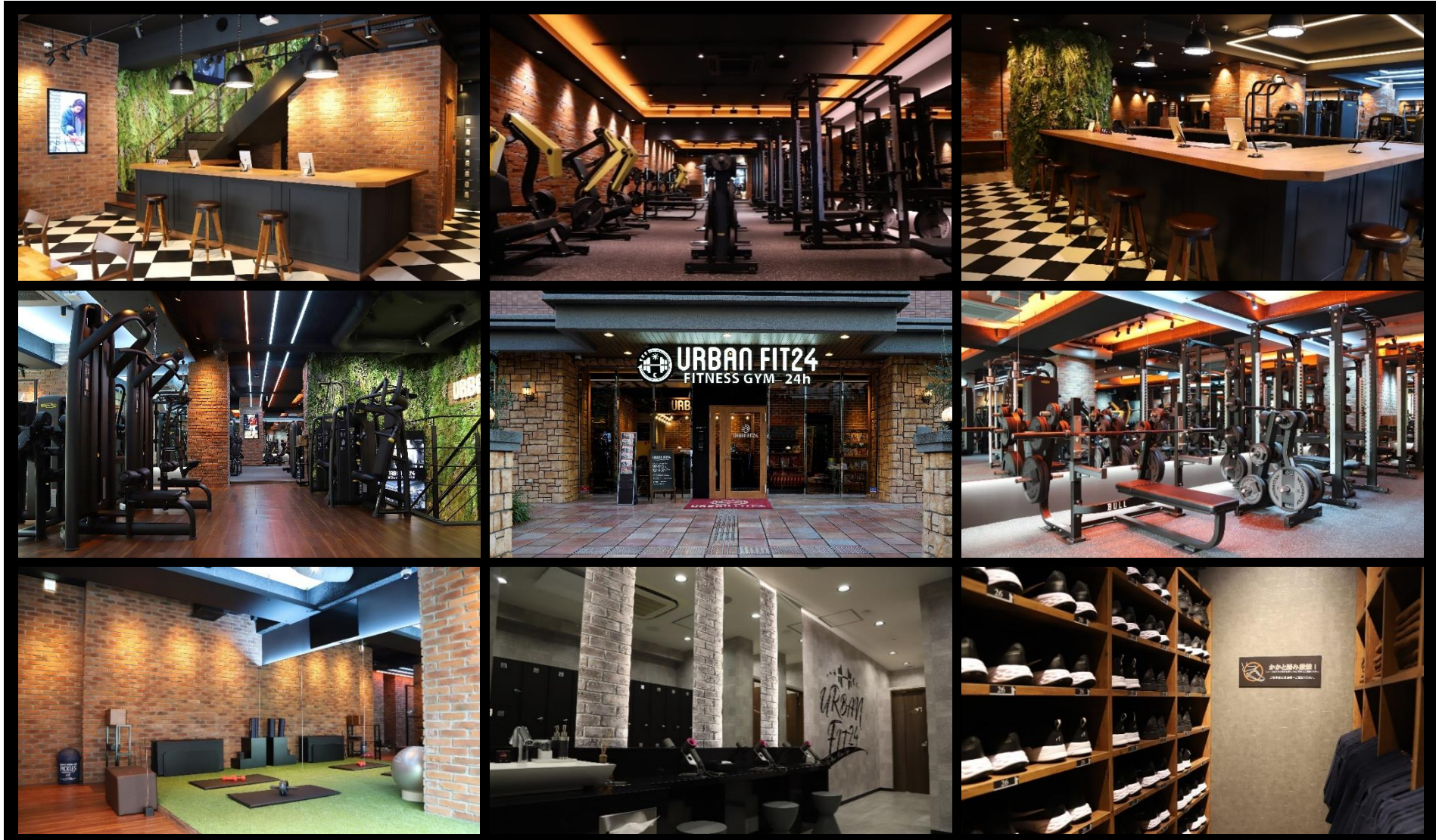


Name:	Urban Fit Co., Ltd.
March 2016	[Osaka] Urban Fit 24 Nagahoribashi store opened
March 2017	[Osaka] Urban Fit 24 Umeda store opened
March 2018	[Osaka] Urban Fit 24 Namba store opened
May 2018	[Osaka] Urban Fit 24 Takatsuki store opened (FC store)
March 2019	[Osaka] Urban Fit 24 Tenmanbashi store opened
March 2019	[Osaka] Urban Fit 24 Hirakata store opened (FC store)
March 2020	[Osaka] Urban Fit 24 Nishiyodogawa store opened (FC store)
September 2020	[Osaka] Urban Fit 24 Shigino store opened (FC store)
January 2021	[Osaka] Urban Fit 24 Minamihorie store opened
March 2021	[Osaka] Urban Fit 24 Higashi Mikuni store opened
April 2021	[Osaka] Urban Fit 24 Aeon Town Ibaraki Ota store opened (FC store)
May 2021	[Osaka] Urban Fit 24 Imazato store opened
February 2022	[Osaka] Urban Fit 24 Noda Hanshin store opened
April 2022	[Hyogo] Urban Fit 24 Tachibana store opened (FC store)
2022 (planned)	[Tokyo] Urban Fit 24 Morishita store scheduled to open (1 <sup>st</sup> Tokyo FC store)
2022 (planned)	[Chiba] Urban Fit 24 Funabashi store scheduled to open (Tokyo FC store)
2023 (planned)	[Osaka] Urban Fit 24 Fukushima store scheduled to open

# 9. Overview of Company to be Acquired (Facility Features)

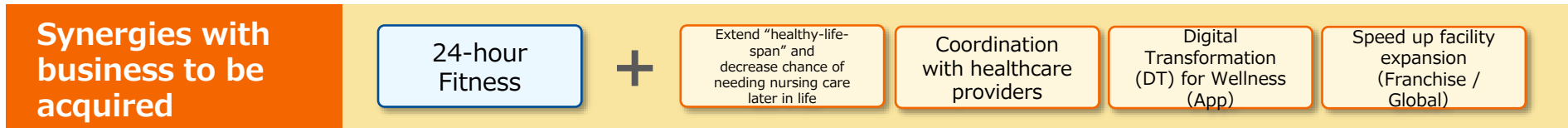
URBAN FIT24 gyms feature a high-quality environment complete with fitness equipment provided by Italian firm Technogym. Various rental services allow members to go to the gym emptyhanded.

URBAN FIT24 keeps customers highly satisfied 24-hours a day.



# 10. Group structure and business synergies

Capitalize on each group company's strengths to advance Kanamic's corporate mission of "Developing a global healthcare platform"



Business to "extend healthy-lifespans"

Provide experience with operating brick-and-mortar Businesses

Management Resources

Provide IT / DT experience



**[Primary Business]**

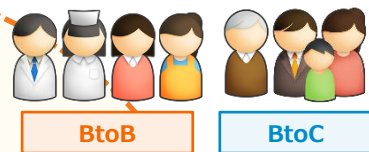
Provision of core-systems cloud services and platform-based auxiliary services to the medical care, long-term care, and childcare industries

**[Strengths]**

- Strong network of municipal governments, medical associations, and clinics
- Strong network of long-term care facilities and home-visit-care providers
- Technical prowess in developing cloud systems/ICT

**[Clients]**

- Municipalities/ Medical Associations
- Medical providers / long-term care providers



**[Primary Business]**

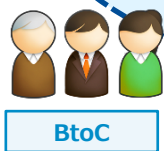
• Operation of Urban FIT24 (24-hour fitness gyms) / Franchise Business

**[Strengths]**

- Quality
- Price
- Equipment
- 24-hour fitness

**[Clients]**

- Consumers



**[Primary Business]**

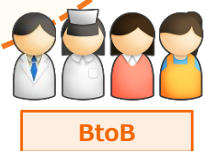
• Develop net-based systems specialized in the medical care, long-term care, and childcare industries

**[Clients]**

- Kanamic Network Group

**[Strengths]**

- Systems Development
- Capitalize on China's high-quality talent pool

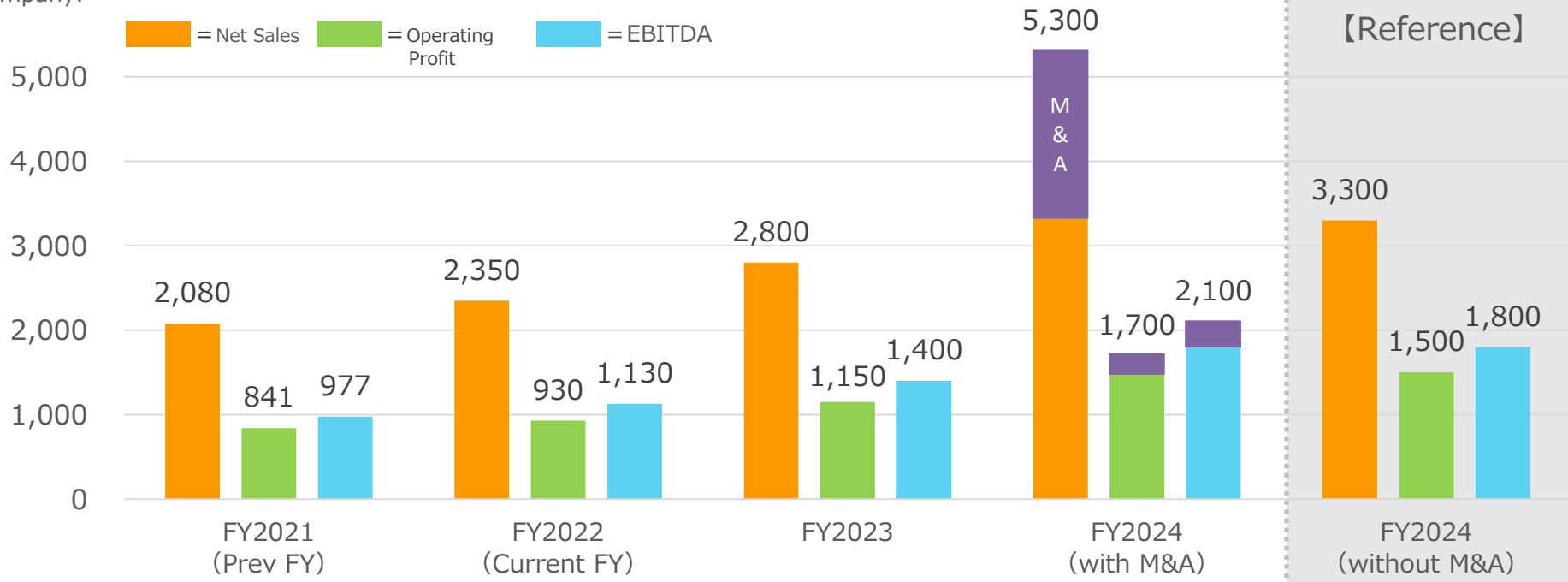


Provide Technical Prowess in Systems Development

# 11. Financial Targets

## ■ 3-year growth targets (FY 2022 – FY 2024)

The effect of the acquisition of the shares of Urban Fit Co., Ltd. on the Company's consolidated financial results for FY 2022 is expected to be minor. However, this acquisition aligns with the Group's medium-term management plan (FY 2022-2024) which calls for expansion into brick-and-mortar businesses via M&A as part of the Group's vision to engage in business that extends the "healthy-lifespan". The Group has judged, moreover, that this acquisition will provide a major driving force in delivering high-added-value services as a healthcare / health technology company.



(Unit: 1 million yen)

	FY2021 (Prev FY)		FY2022 (Current FY)		FY2023		FY2024 (with M&A)		FY2024 (without M&A)	
	Actual	YoY	Target	YoY	Target	YoY	Target	YoY	Target	YoY
<b>Net Sales</b>	<b>2,080</b>	110.6%	<b>2,350</b>	112.9%	<b>2,800</b>	119.1%	<b>5,300</b>	189.3%	<b>3,300</b>	117.9%
<b>Operating Profit</b>	<b>841</b>	128.6%	<b>930</b>	110.5%	<b>1,150</b>	123.7%	<b>1,700</b>	147.8%	<b>1,500</b>	130.4%
<b>EBITDA</b>	<b>977</b>	123.8%	<b>1,130</b>	115.6%	<b>1,400</b>	123.9%	<b>2,100</b>	150.0%	<b>1,800</b>	128.6%