

Earnings Results Briefing for the  
Second Quarter, FY2022  
And Corporate Profile

May 17, 2022

株式会社カナミックネットワーク

Kanamic Network Co., Ltd



Company Profile



Earnings



TOPICS



Growth Strategy / M&A

# 1. Company Profile



# 1-1. Company Profile

Company Name

Kanamic Network Co., Ltd

Transitioned to TSE Prime Market on April 4, 2022

Date of Establishment

October 20th, 2000

Paid in Capital

JPY 324,120,000

Stock Listing

TSE Prime Market (Ticker: 3939)



Ticker: 3939

Location



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

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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

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

## 2. Earnings



**KANAMIC NETWORK**

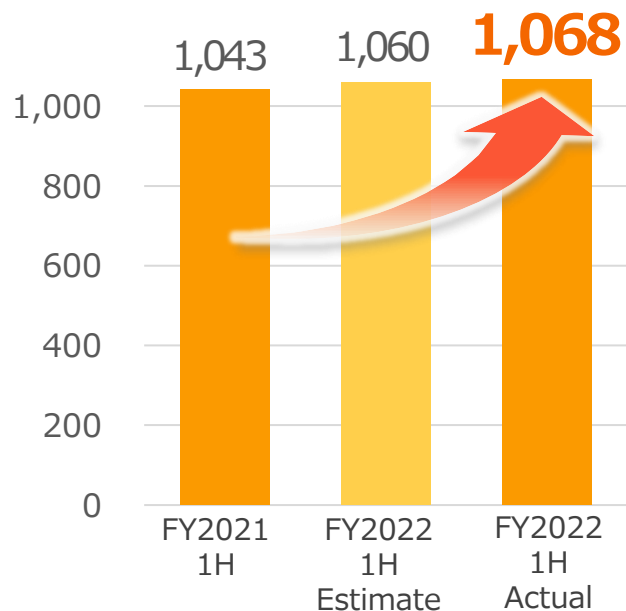
# 2-1. FY 2022, 1H Results

Targets for 1H Were Met

## Net Sales

YoY  
102.4%

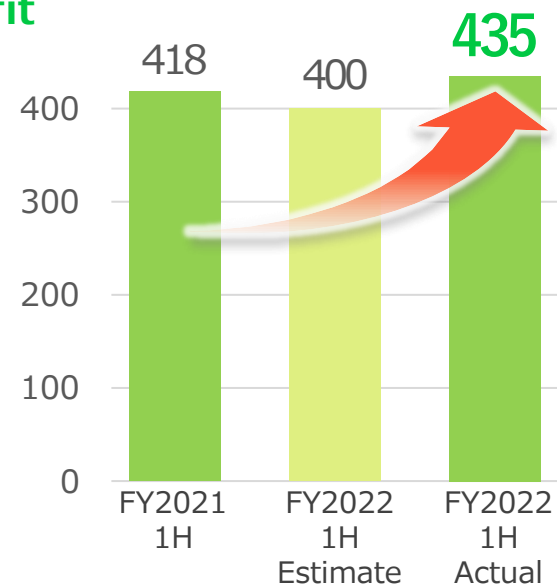
OB  
100.8%



## Operating Profit

YoY  
103.9%

OB  
108.8%



	YoY	FY 2022, 1H			Difference	
	Actual	Estimate	Actual	Margin (%)	YoY (%)	Achievement Rate (%)
<b>Net Sales</b>	1,043	1,060	1,068	100.0	102.4	100.8
<b>Operating Profit</b>	418	400	435	40.7	103.9	108.8
<b>Ordinary Profit</b>	423	400	435	40.7	102.9	108.8
<b>Profit</b>	295	275	299	28.0	101.4	108.9
<b>EBITDA</b>	482	–	511	–	106.0	–
<b>Profit Per Share</b>		5.80	6.31			

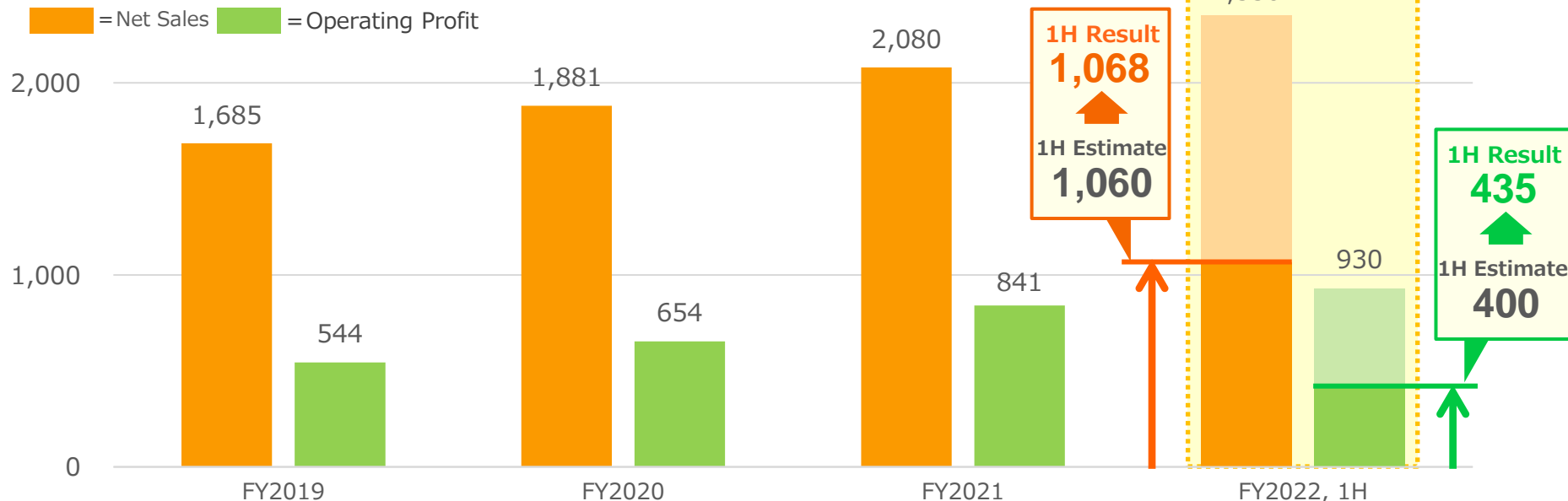
(Unit : million JPY, %)

\*EBITDA was calculated as follows: Operating Profit+ (Depreciation + Amortization of Goodwill)

# 2-2. FY 2022, 1H Progress

## Targets for 1H Were Met

\*A contract with a major elderly care service provider has been secured with implementation scheduled for FY 2023. Ahead of this, preparatory investments will be made during FY 2022.



	FY2019	FY2020	FY2021	FY2022			
				Full-Year Estimate	1Q Result	2Q Result	1H Result
<b>Net Sales</b>	1,685	1,881	2,080	2,350	519	549	1,068
<b>Operating Profit</b>	544	654	841	930	203	231	435
<b>Ordinary Profit</b>	543	676	829	930	203	231	435
<b>Profit</b>	357	472	579	640	139	159	299
<b>EBITDA</b>	674	789	977	1,130	241	270	511

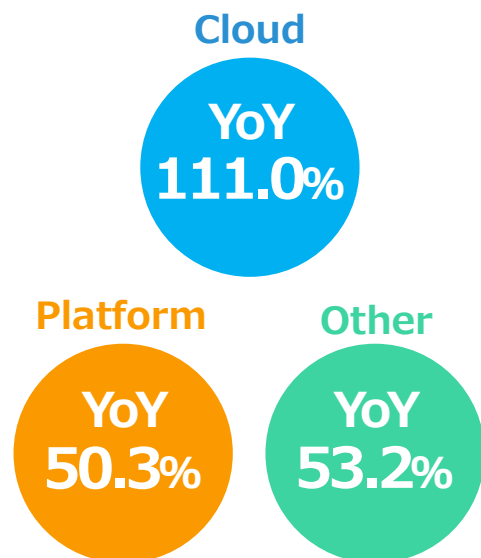
\*The Company changed to consolidated accounting from FY2020, so results from FY2019 and earlier are standalone figures. (Unit: million JPY)

\*EBITDA was calculated as follows: Operating Profit + (Depreciation + Amortization of Goodwill)

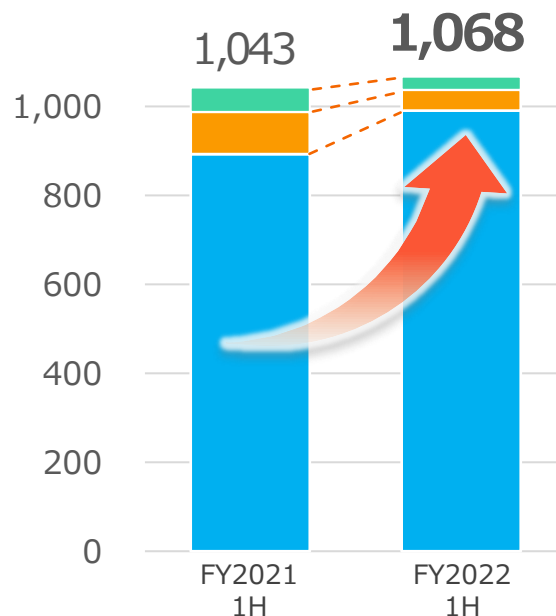


## 2-3. FY2022, 1H Results (by product)

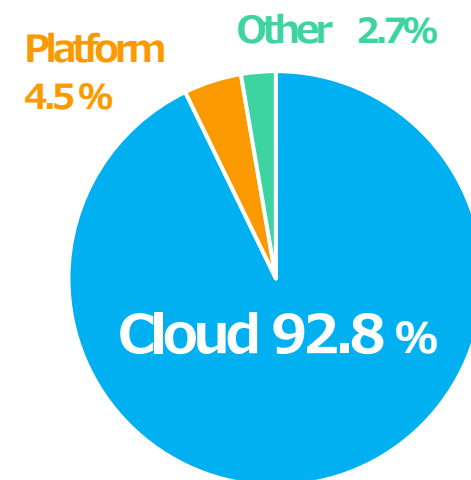
■ Net Sales (YOY, %)



■ Net Sales



■ Composition of Net Sales



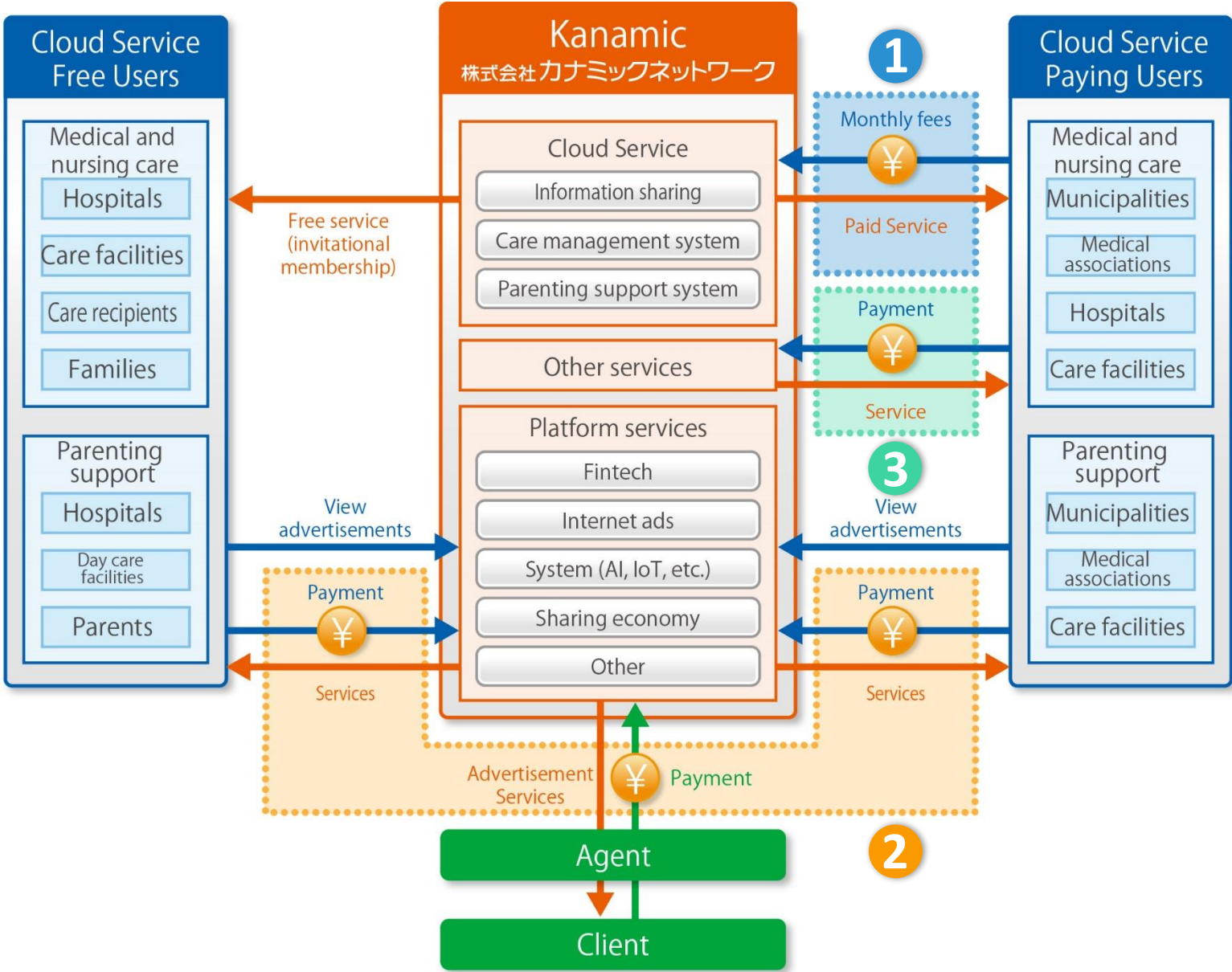
(Unit : million JPY, %)

	FY2021 1H		FY2022 1H		YoY	
	Net Sales	Composition Ratio (%)	Net Sales	Composition Ratio (%)	Change	(%)
Cloud	893	85.6	991	92.8	98	111.0
Platform	95	9.1	47	4.5	-47	50.3
Other	55	5.3	29	2.7	-25	53.2
<b>Total</b>	<b>1,043</b>	<b>100.0</b>	<b>1,068</b>	<b>100.0</b>	<b>25</b>	<b>102.4</b>

\* 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 services provided through the Group's information sharing platform, such as the sale of products intended for use against COVID-19. Unfortunately, competition within the COVID-19 countermeasure products space has intensified and sales of these products greatly decreased, causing net sales for Platform Services to come in at 47,842 thousand yen (down 47,247 thousand yen (49.7%) year on year).

\* With regards to Other Services, The Company secured a contract to undertake customization related development work for a large customer, but due to the length of the development period, this revenue was not recorded to net sales for the six months ended March 31, 2022, and net sales for Other Services came in at 29,306 thousand yen (down 25,795 thousand yen (46.8%) year on year).

# 2-4. Medical and Nursing Care Cloud Service Overview



The Company is a single segment business but sales by service are disclosed.

## FY 2022, 1H

1

### Cloud

Net Sales : JPY 991mm  
(Weighting (%) : 92.8%)  
(YoY(%) : 111.0%)

2

### Platform

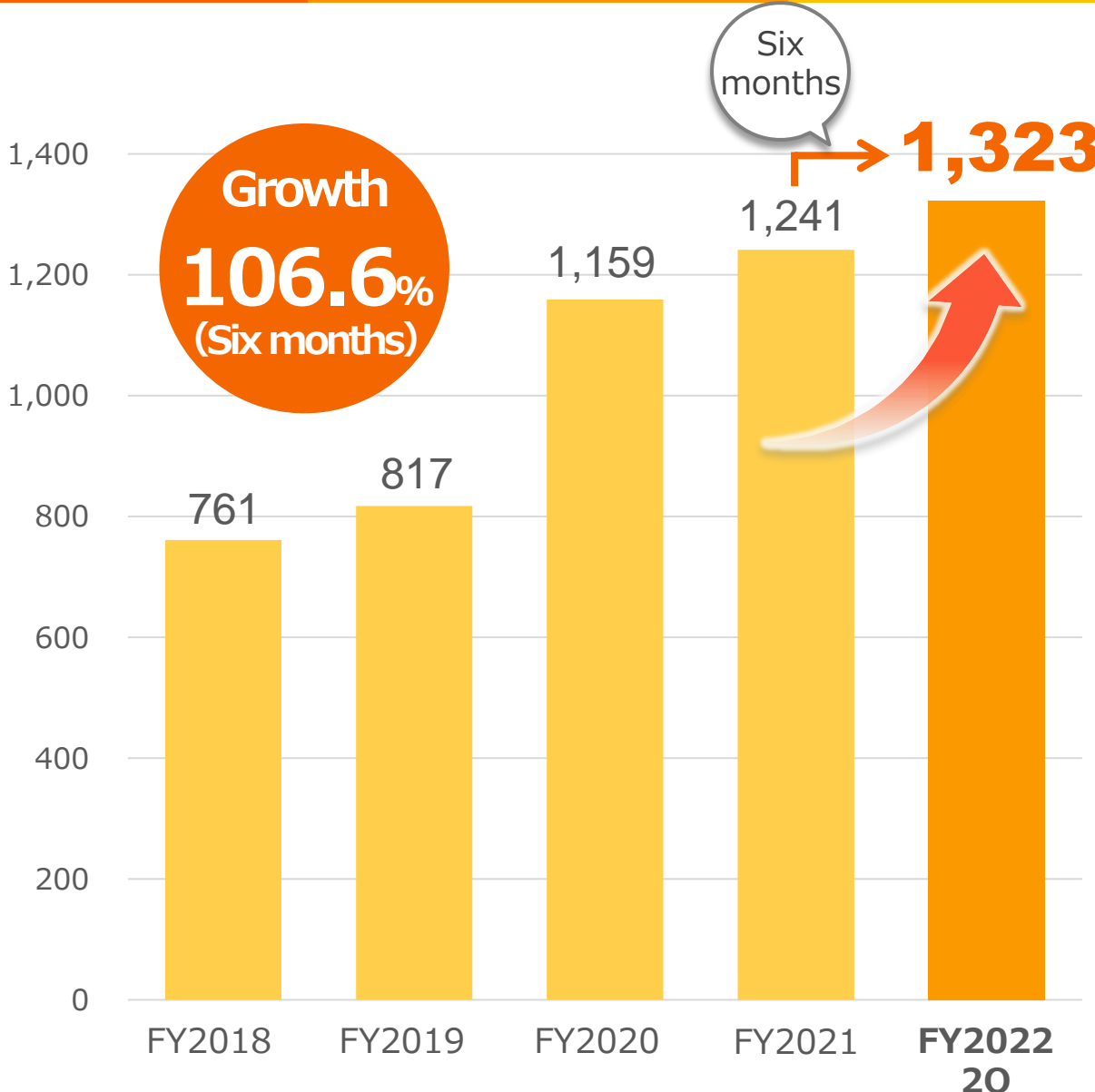
Net Sales : JPY 47mm  
(Weighting (%) : 4.5%)  
(YoY(%) : 50.3%)

3

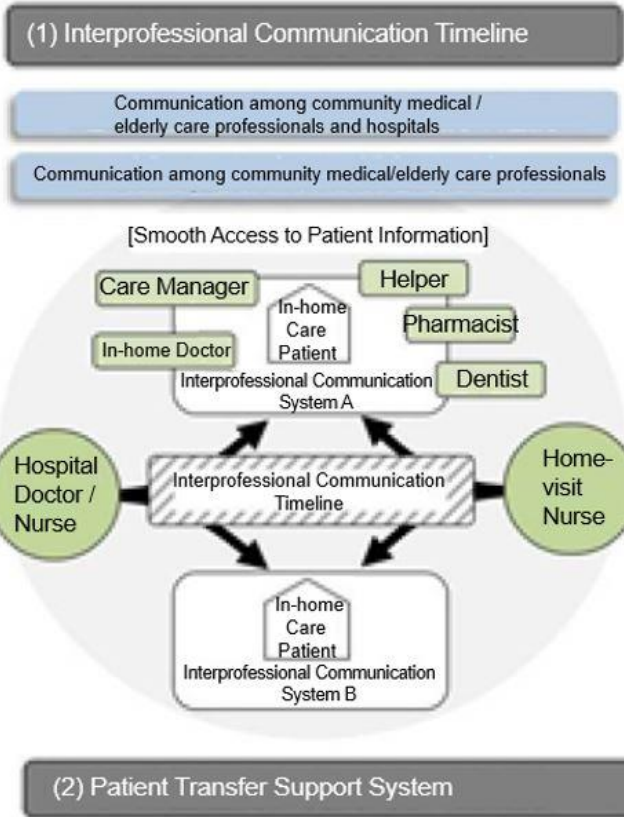
### Other

Net Sales : JPY 29mm  
(Weighting (%) : 2.7%)  
(YoY(%) : 53.2%)

# 2-5. Number of Regions Using Our Cloud Products

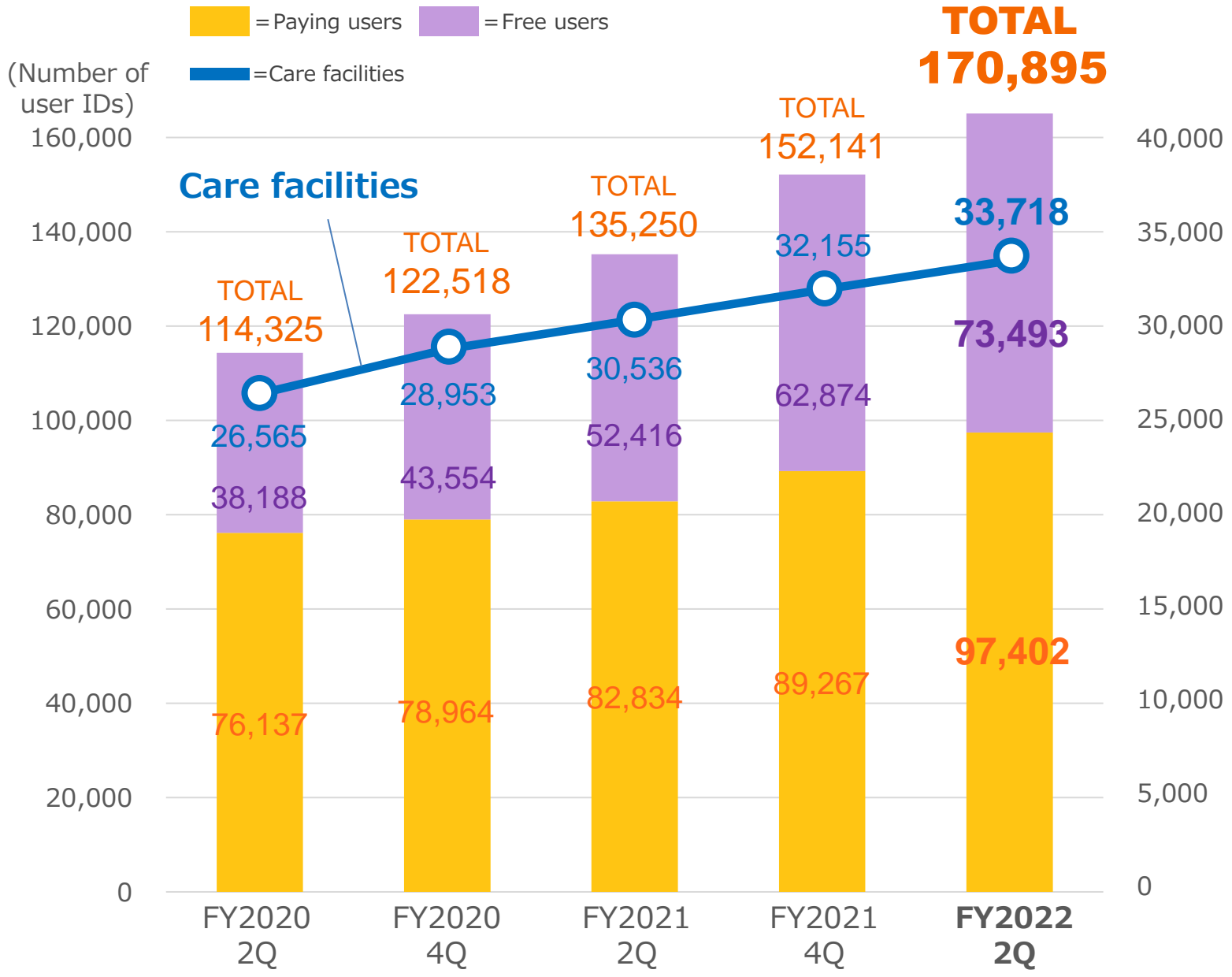


**Contracted for Portal Site for All Regions of Tokyo**



\*One region consist of an area with a population of 30,000 people, roughly the size of a junior high school district as defined within the community comprehensive care framework envisioned by the Ministry of Health, Labour and Welfare

# 2-6. User Growth & Number of Care Facilities



**FY2022 1H**

Six months

**Growth 112%**

**TOTAL**

**Growth 117%**

**Free Users**

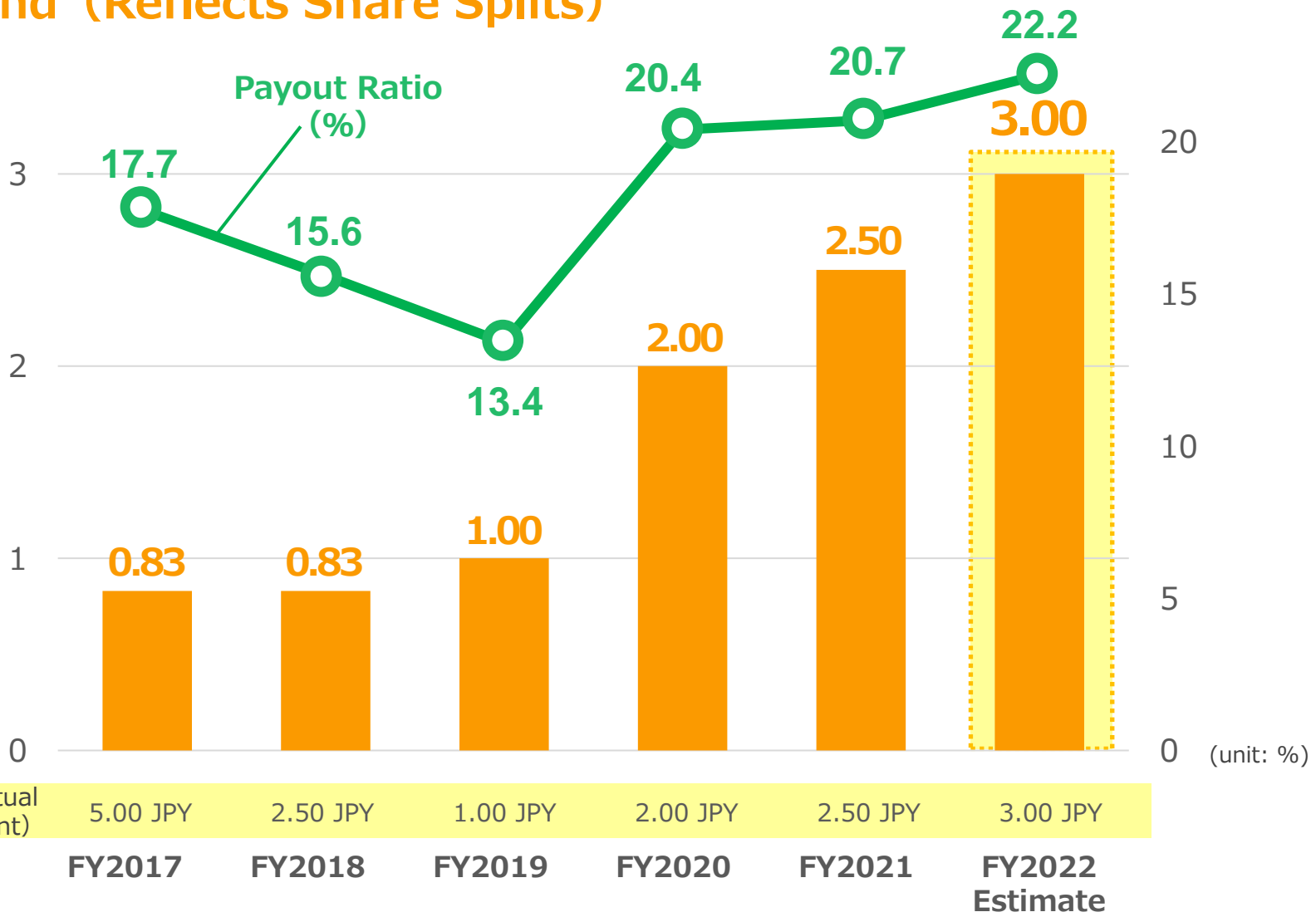
**Growth 109%**

**Paying Users**

# 2-7. Dividends

From FY 2020, the target dividend payout ratio has been 20% or better

## ■ Dividend (Reflects Share Splits)



Reference : Actual Dividend Amount)

# 2-8. Shareholder Benefits Program

To increase the attractiveness of our shares, and attract more shareholders Kanamic Network has implemented a lottery style shareholder benefit program

## Benefit ①

Shareholders recorded in Registry of Shareholders as of September 30<sup>th</sup> of each year who hold 100 or more shares

200,000 JPY worth of JCB Gift Cards presented to 10 shareholders by lottery

## Benefit ②

Shareholders who have held 100 or more shares continuously for 1 year or longer (recorded in the company's year end/interval Registry of Shareholders with the same shareholder number for at least 3 consecutive times)

200,000 JPY worth of JCB Gift Cards presented to 3 shareholders by lottery

W  
チャンス

The lottery will be impartially conducted at a lottery event, which follows the Ordinary General Shareholders' meeting, and in the presence of Mitsubishi UFJ Trust and Banking Corporation, the Company's shareholder registry administrator. The lottery results will be announced by posting successful shareholders' shareholder numbers on the company website. We plan to send the JCB Gift Cards during the 2<sup>nd</sup> third of January each year.

\*Please note that in cases where all shares are disposed, subsequently purchased shares will be assigned a different shareholder number.

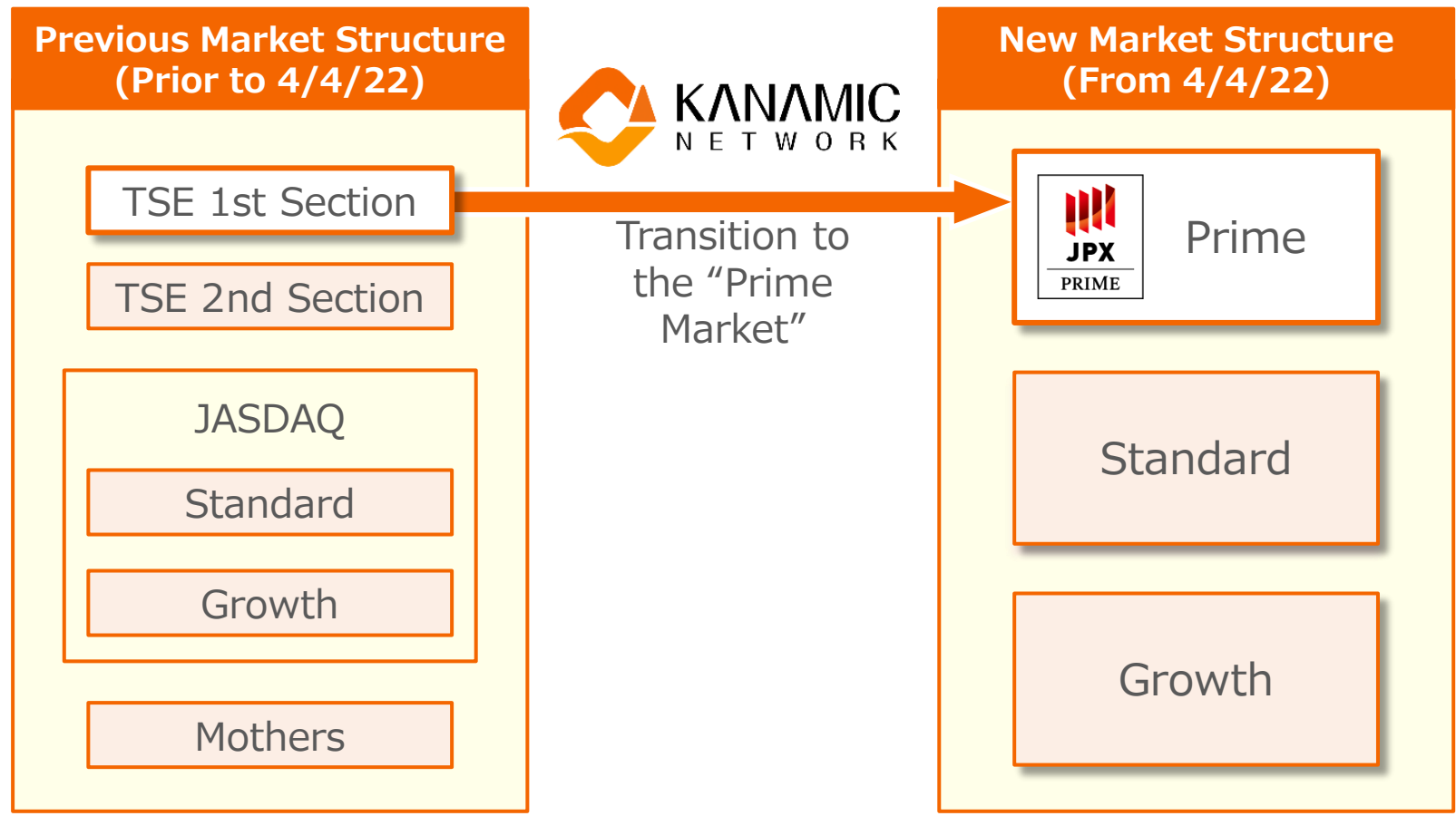
\*For this fiscal year, the program is implemented for shareholders who are recorded or listed in the Registry of Shareholders as of September 30, 2022 and hold 100 or more shares and ② is applicable for shareholders recorded or listed in the Registry of Shareholders with the same shareholder number for all of the following reference dates: September 30, 2021, March 31, 2022, and September 30, 2022.

# 3.Topics

# 3-1. Transition to TSE's Prime Market

Announced April 4, 2022

## Transition to the "Prime Market"



Accompanying the reorganization of the TSE's market into the new market segments, Kanamic has transitioned to the "Prime Market".



Announced March 9, 2022

### Kanamic Network Recognized under the “2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program”

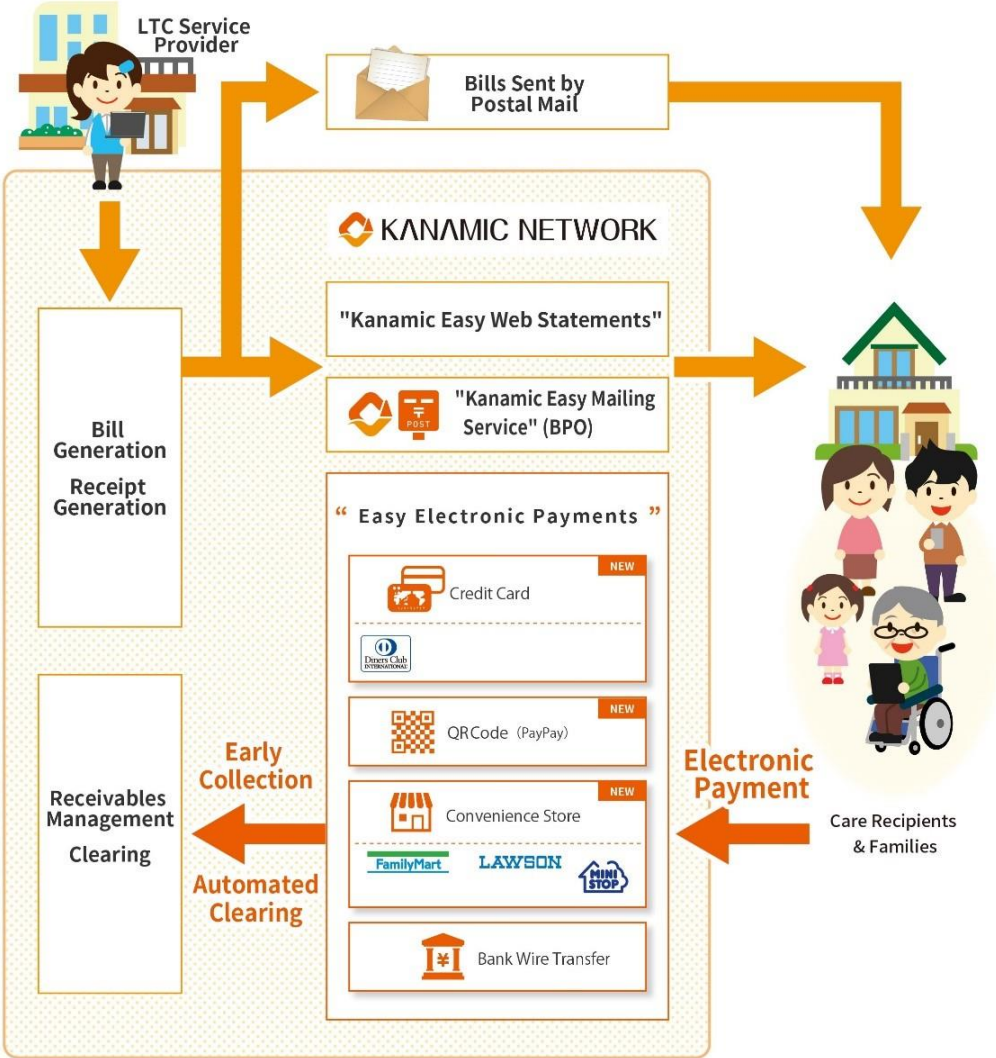


Through this award, the Ministry of Economy, Trade and Industry (METI), the Ministry of Health, Labour and Welfare (MHLW), and Nippon Kenko Kaigi jointly recognize outstanding large enterprises, SMEs and other organizations engaging in strategic efforts to advance employee health and productivity.

# 3-3. Digitally Transforming the Long-Term Care Industry

Announced March 8, 2022

## Kanamic Releases “Easy Electronic Payments by Kanamic”



With “Easy Electronic Payments by Kanamic”, bills to long-term care service recipients that were created with The Company's Cloud Service (including those transmitted over the internet via "Kanamic Easy Web Statements"), can be paid not only through the previous method of bank wire transfer, but now also through fintech solutions including credit card payments, QR Code Payment (PayPay App), and convenience store payments.

This results in a reduction of operational burdens and allows for quicker collection of payments within the long-term care industry. To compliment this, the Kanamic Cloud Service’s accounts receivables management tool facilitates the reduction of human errors via its automated clearing functionality.

## 4. Growth Strategy / M&A



KANAMIC NETWORK

# 4-1. Kanamic's Growth Strategy

## ■ The Growth Blueprint

We will expand on our "Contents", "Reach", and "Platform" in line with our corporate purpose and values as we continue to grow existing businesses organically and pursue new business opportunities. We are also actively pursuing M&A opportunities as a method of strengthening and expanding our business.

### 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**

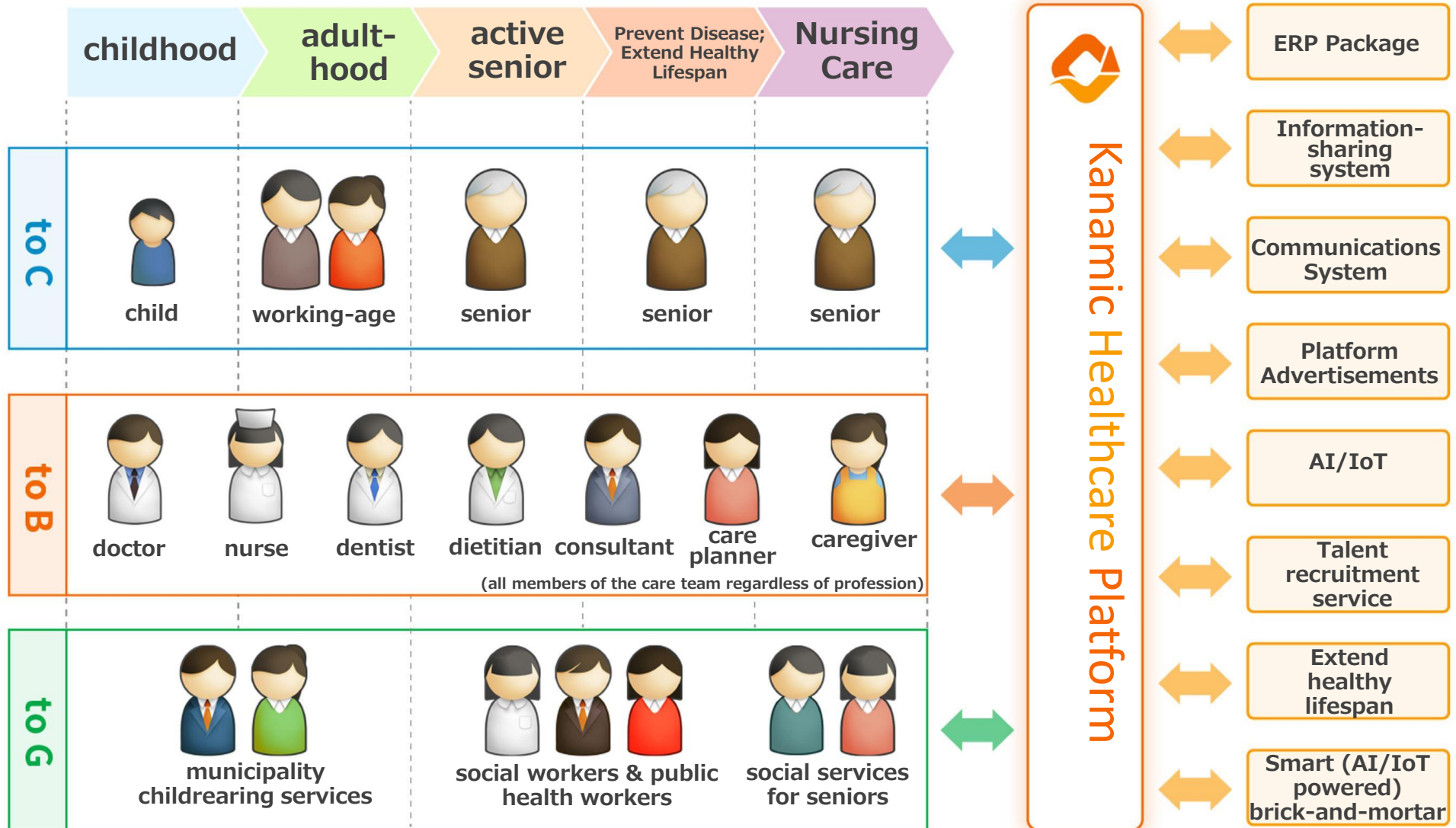
**Healthcare Platform for  
Adding Value to People AND Businesses**

**Platform**

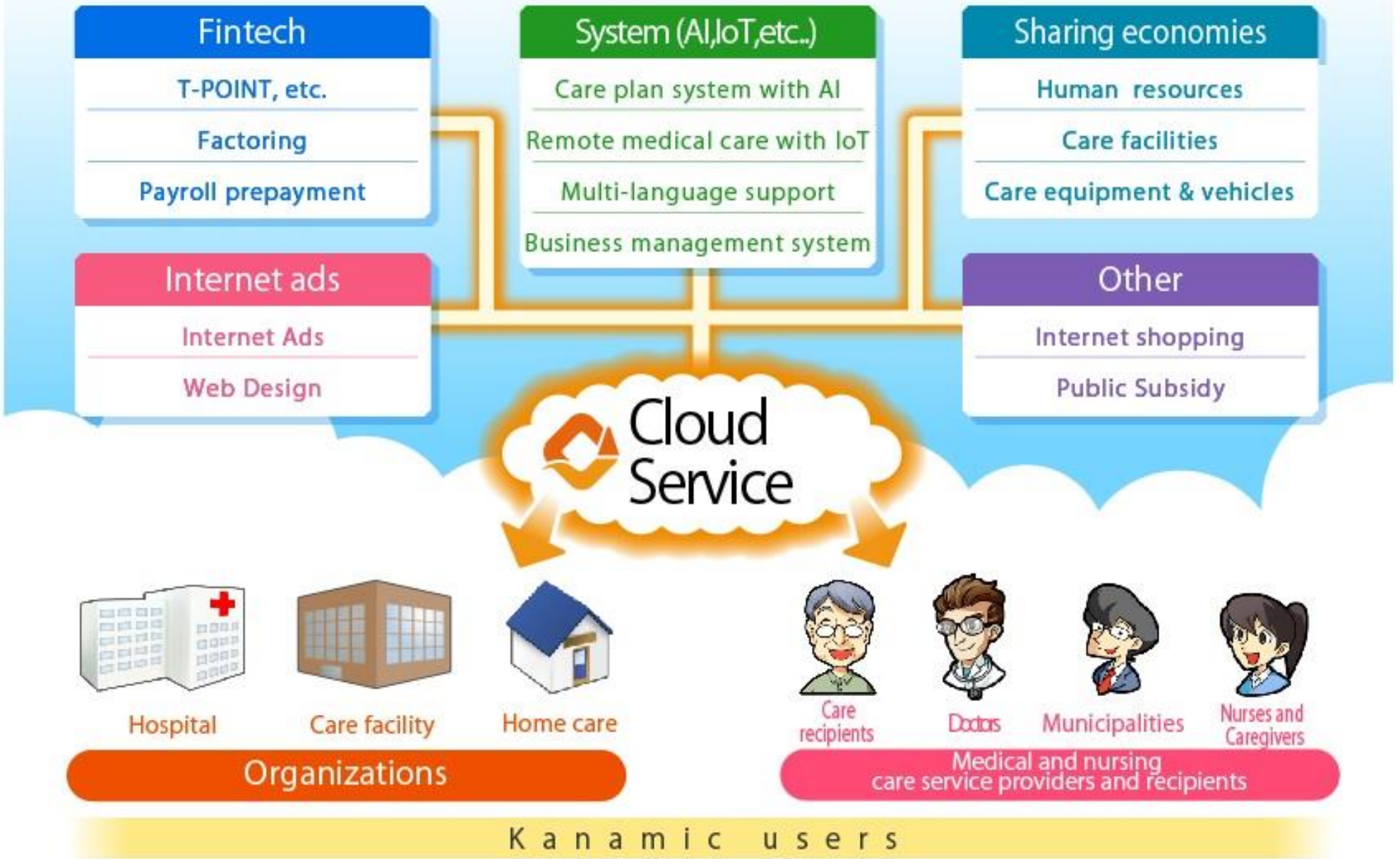
# 4-2. Kanamic's Growth Strategy

## ■ “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



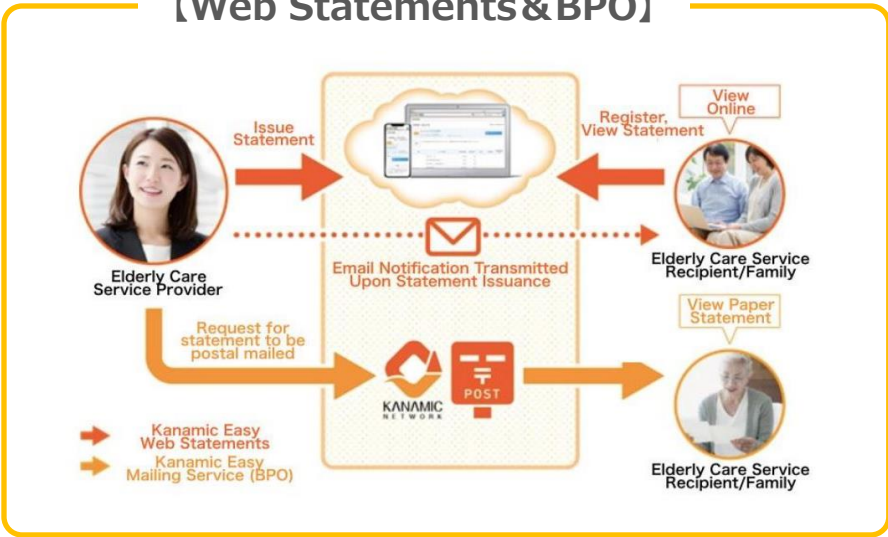
# 4-3. Growth Strategy / Platform Strategy



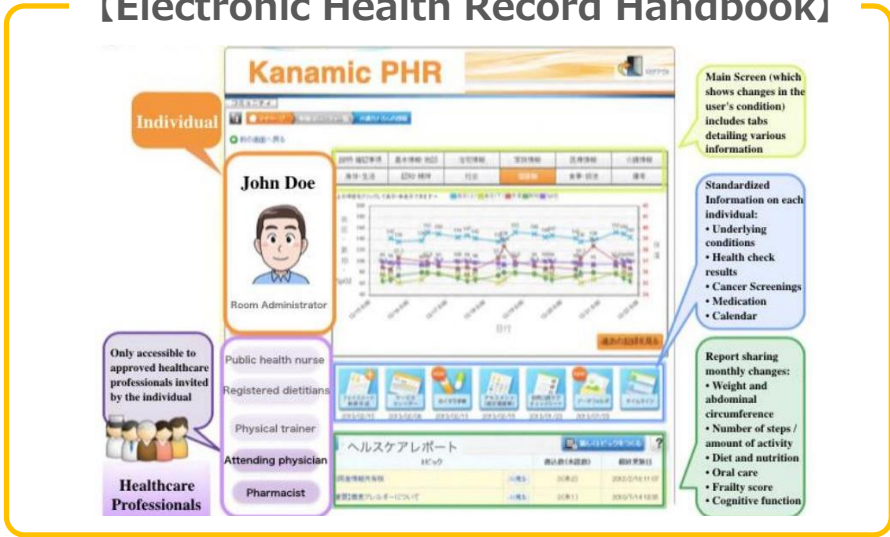
# 4-4. New Service Areas

■ Kanamic has begun expanding into new service areas where it can capitalize on healthcare/LTC expertise

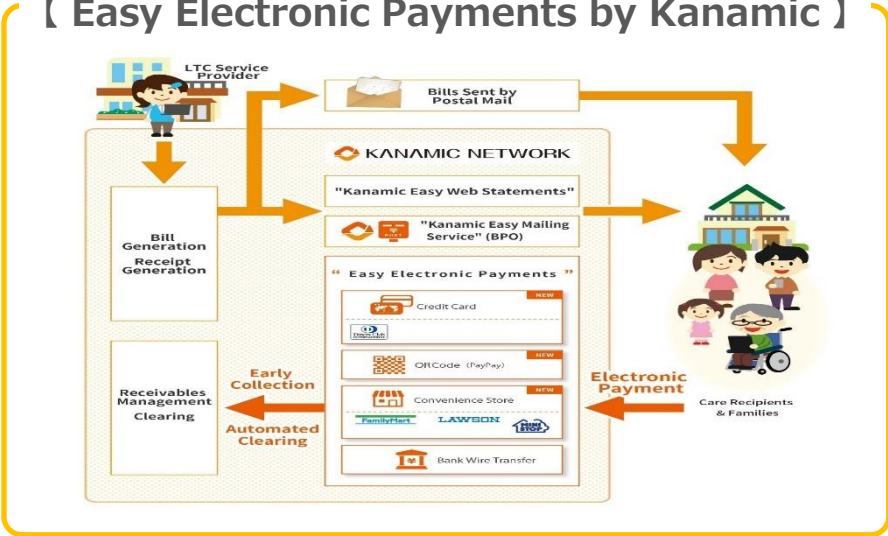
## [Web Statements & BPO]



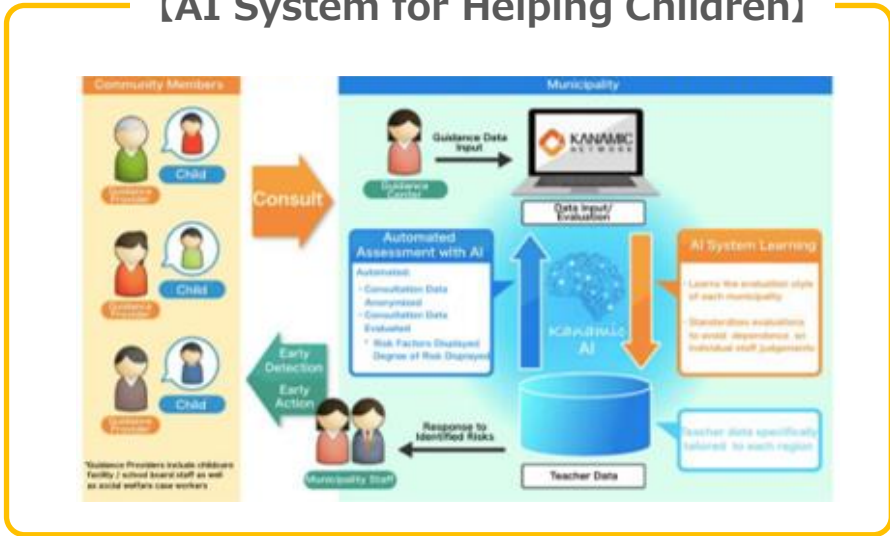
## [Electronic Health Record Handbook]



## [ Easy Electronic Payments by Kanamic ]



## [AI System for Helping Children]



# 4-5. Acquisition of Urban Fit, a Fitness Gym Business Aimed at Extending the “Healthy-lifespan”

Brand Name:

Announced May 10, 2022

## 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.





# 4-6. 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

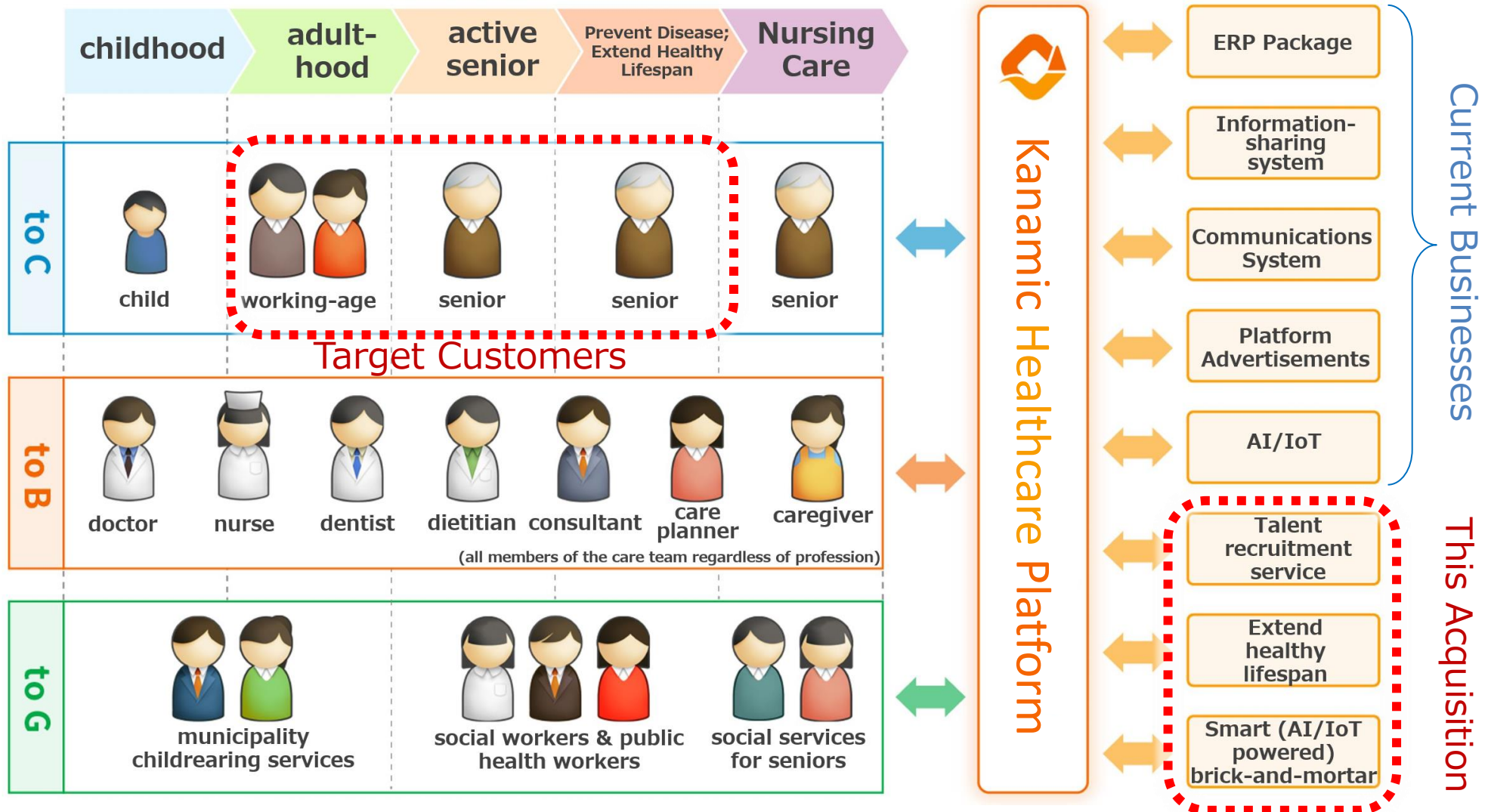
2030

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

# 4-7. Kanamic's Business Areas

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

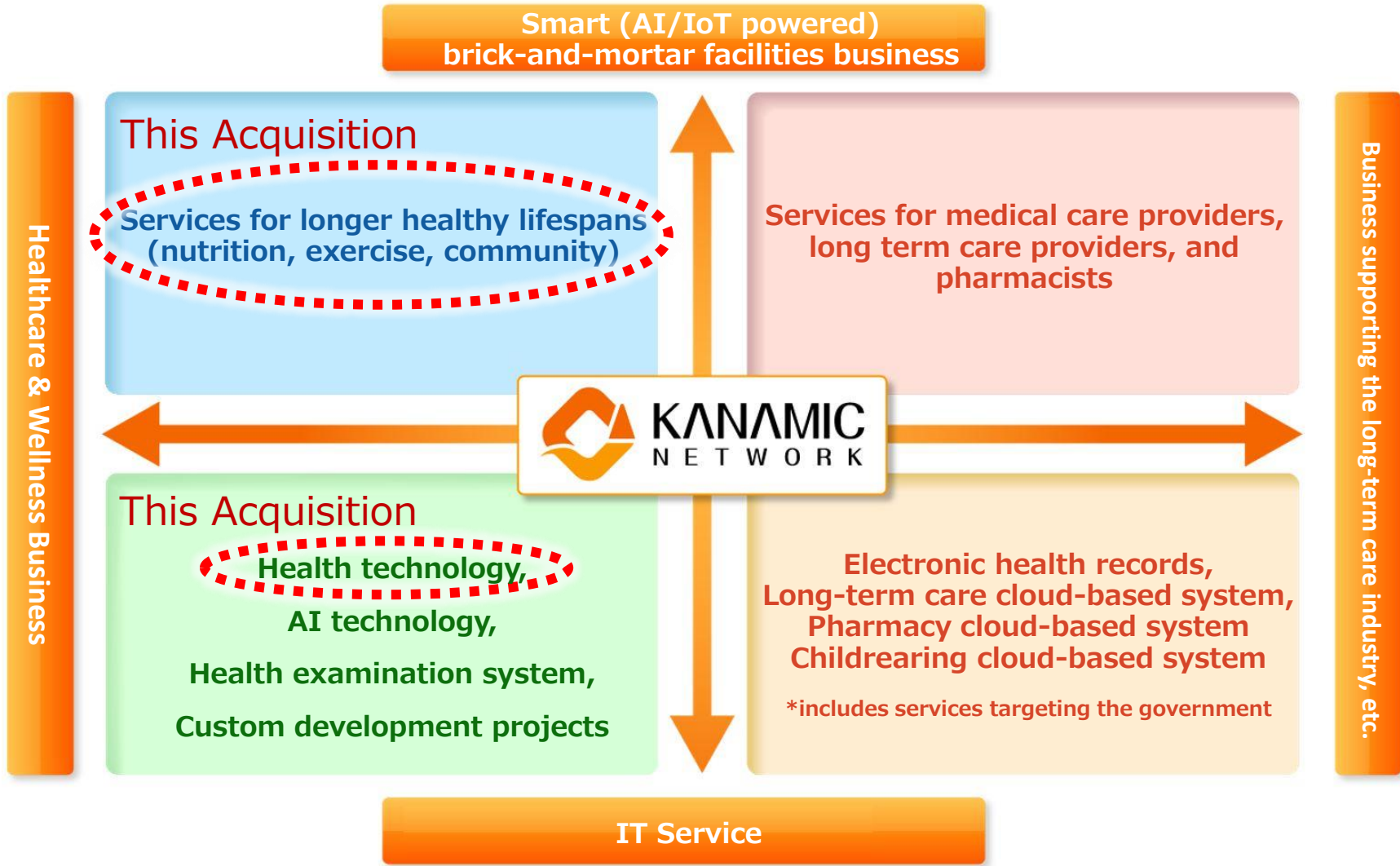
Developing PHR-based health management solutions for people of all biological ages and constructing a healthcare platform for use around the world



# 4-8. 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.



# 4-9. 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



# 4-10. 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

# 4-11. 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.



# 4-12. Group structure and business synergies

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

**Synergies with business to be acquired**

- 24-hour Fitness
- + Extend "healthy-life-span" and decrease chance of needing nursing care later in life
- Coordination with healthcare providers
- Digital Transformation (DT) for Wellness (App)
- Speed up facility expansion (Franchise / Global)

Business to "extend healthy-lifespans"  
Provide experience with operating brick-and-mortar Businesses

Management Resources  
Provide IT / DT experience

**KANAMIC NETWORK**

**[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

**BtoB** **BtoC**

**BtoG**

**Business Synergies**

**[Primary Business]**  
• Operation of Urban FIT24 (24-hour fitness gyms) / Franchise Business

**[Strengths]**

- Quality
- Price
- Equipment
- 24-hour fitness

**[Clients]**

- Consumers

**BtoC**

**URBAN FIT24**  
24-HOUR FITNESS GYM

**[Primary Business]**  
• Develop net-based systems specialized in the medical care, long-term care, and childcare industries

**[Strengths]**

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

**[Clients]**

- Kanamic Network Group

**KANAMIC NETWORK**  
Kanamic (Dalian China) Technology Co., Ltd.

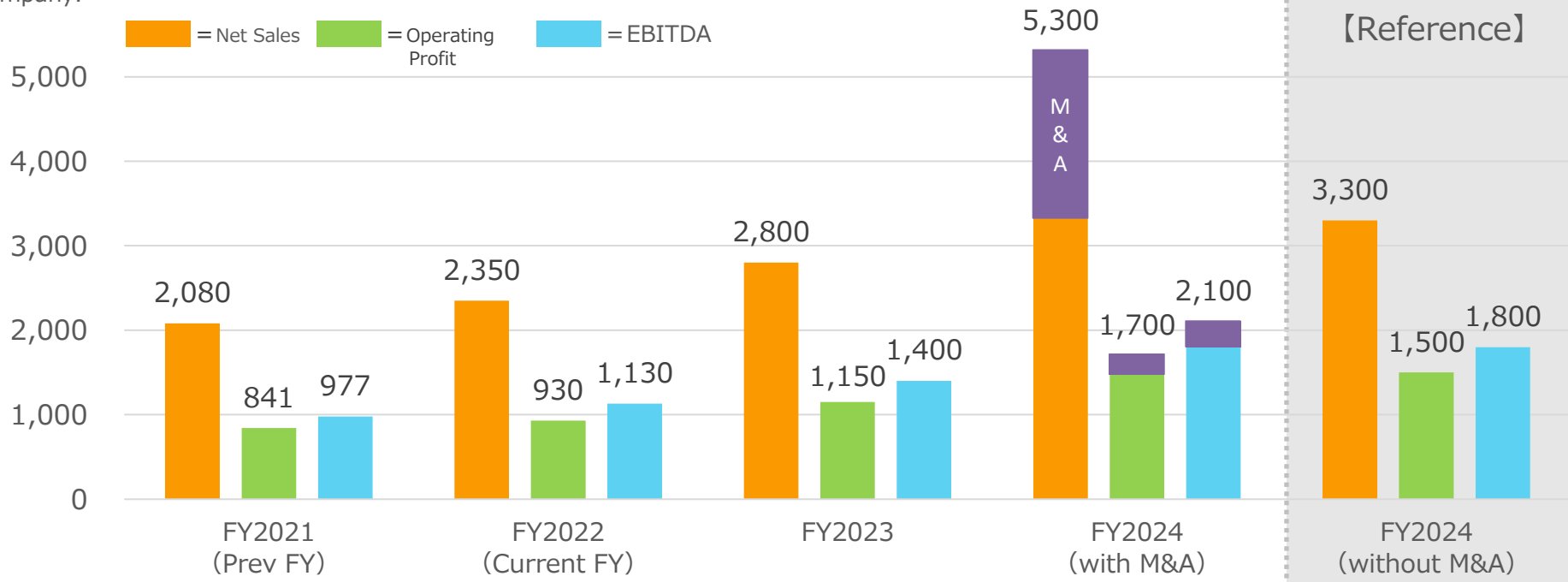
**BtoB**

Provide Technical Prowess in Systems Development

# 4-13. 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%



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