

Earnings Results Briefing for the
Third Quarter, FY2023
And Corporate Profile

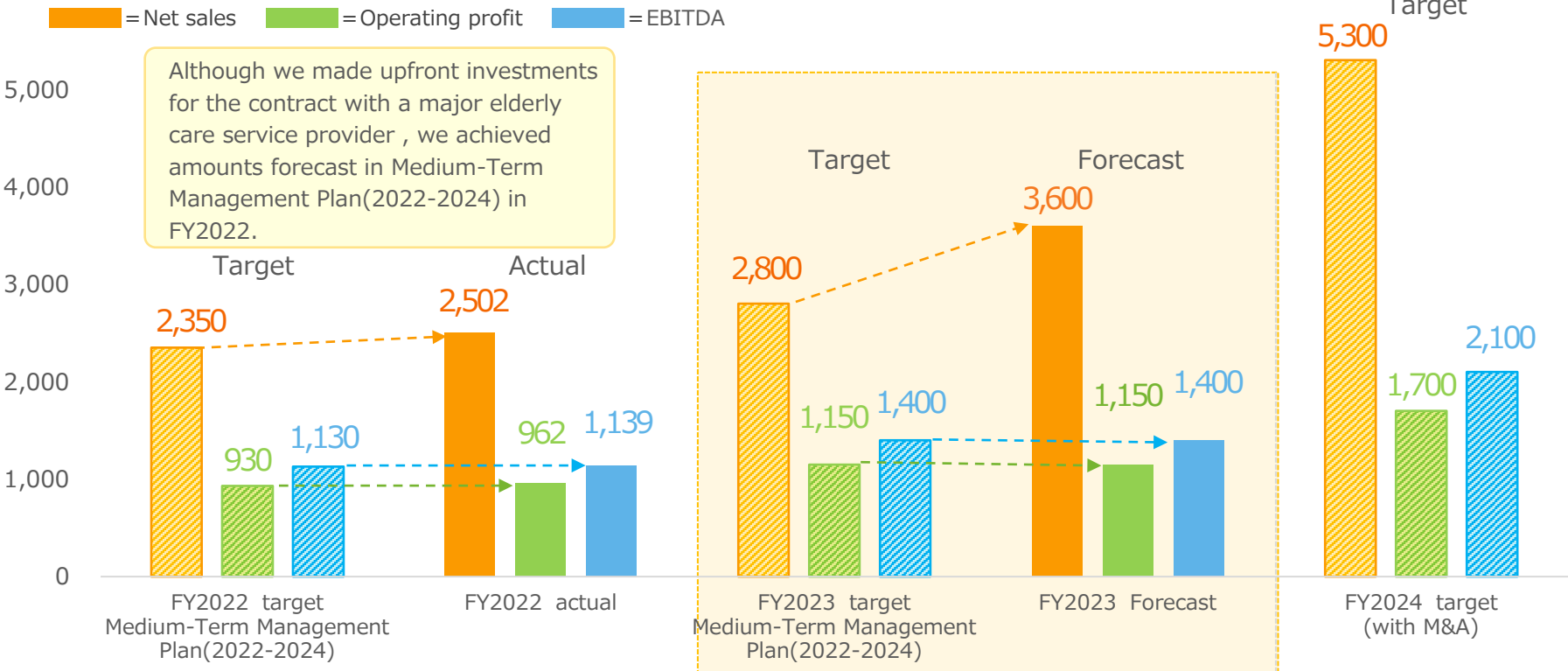
August 8, 2023 Securities Code: 3939

株式会社 **カナミックネットワーク**
KANAMIC NETWORK

1. Earnings



1-1. Progress with Medium-Term Management Plan



FY2022 1H
FY2023 (Current)
2024

	FY2022		FY2023		FY2024
	Target	Actual	Target	Forecast	Target (with M&A)
Net Sales	2,350	2,502	2,800	3,600	5,300
Operating Profit	930	962	1,150	1,150	1,700
EBITDA	1,130	1,139	1,400	1,400	2,100

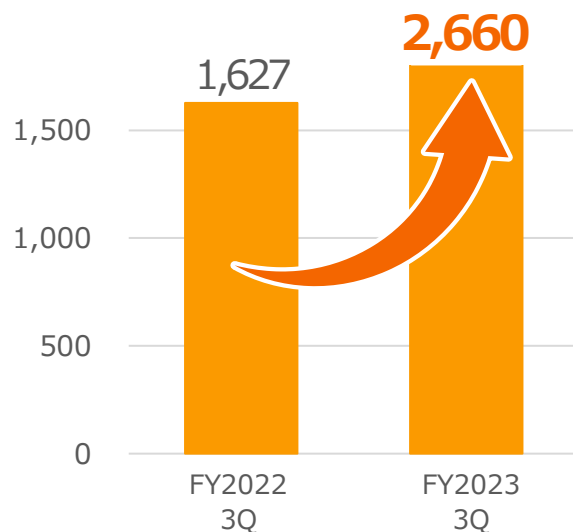
* For FY2023, we have left its profit forecast unchanged, despite higher sales, as it invests in the growth of Urban Fit. (Unit:1 million JPY)
 *EBITDA is operating profit plus amortization (depreciation and amortization of goodwill).

1-2.FY2023, 3Q Results

Significant YoY increase in sales and profit

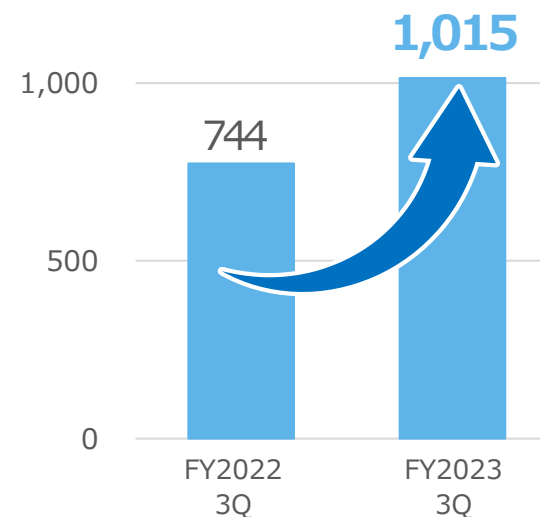
Net Sales

YoY
163.5%



EBITDA

YoY
136.5%

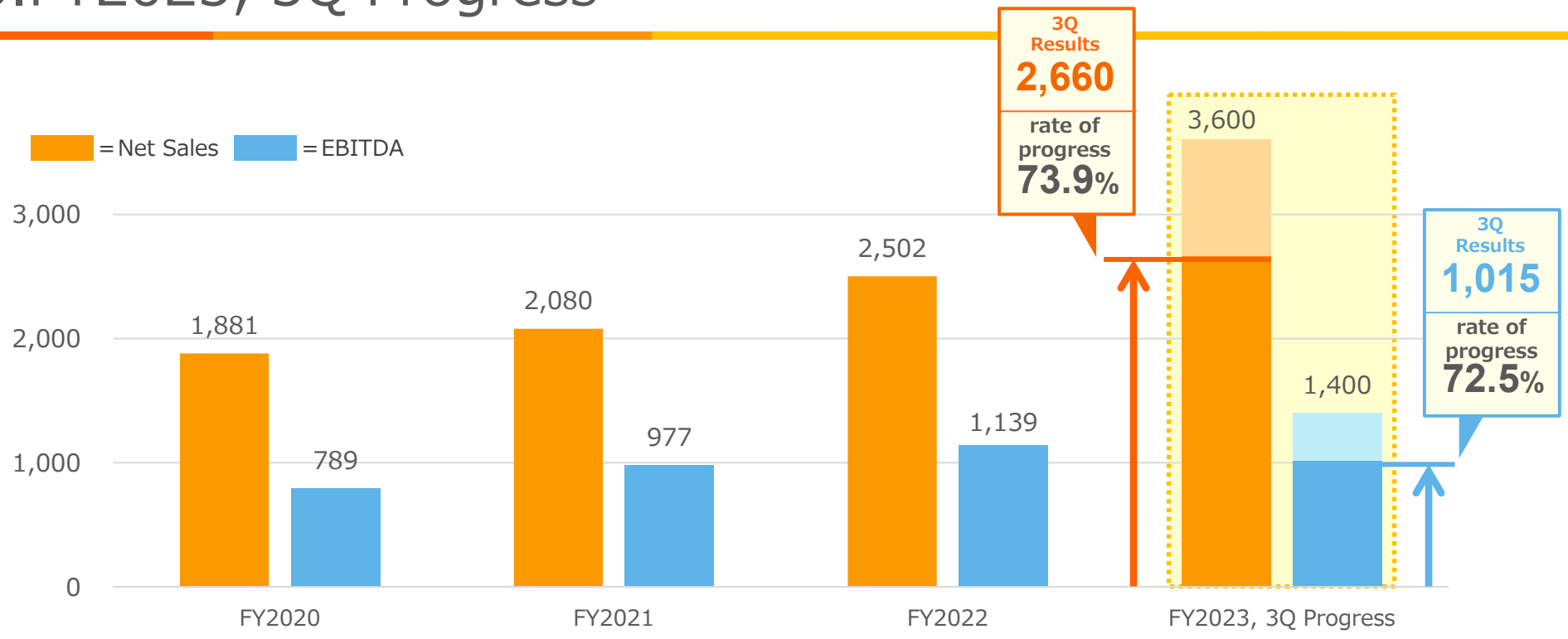


	YoY	FY2023,3Q			Difference	
	Actual	Forecasted	Actual	Composition Ratio (%)	(% of Net Sales)	Compared to forecast (%)
Net Sales	1,627	-	2,660	100.0	163.5	-
EBITDA	744	-	1,015	38.2	136.5	-
Operating Profit	624	-	805	30.3	129.0	-
Ordinary Profit	624	-	814	30.6	130.3	-
Profit	420	-	553	20.8	131.7	-
Profit per Share		8.86	11.66			

(Unit : 1 million JPY)

*EBITDA is operating profit plus amortization (depreciation and amortization of goodwill).

1-3.FY2023, 3Q Progress



	FY2020	FY2021	FY2022	FY2023				
				Full-Year Estimate	1Q Result	2Q Result	3Q Results	Total
Net sales	1,881	2,080	2,502	3,600	797	939	923	2,660
EBITDA	789	977	1,139	1,400	304	390	320	1,015
Operating Profit	654	841	962	1,150	234	324	246	805
Ordinary Profit	676	829	980	1,150	237	327	248	814
Profit	472	579	685	800	165	240	147	553

*EBITDA is operating profit plus amortization (depreciation and amortization of goodwill).

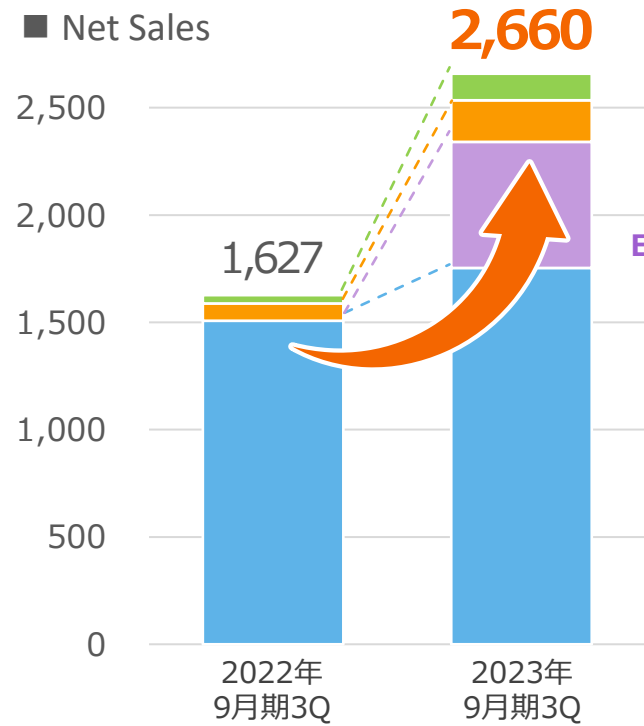
(単位：百万円)

1-4.FY2023,3Q Results (by product)

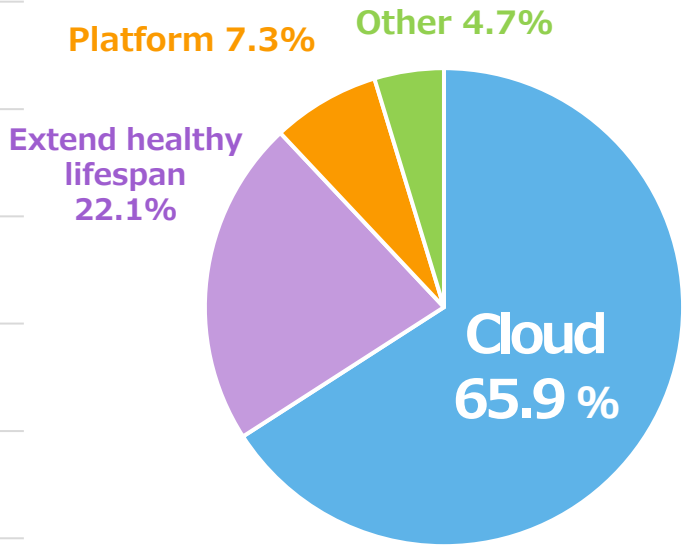
■ Net Sales (YOY, %)



■ Net Sales



■ Composition of net sales



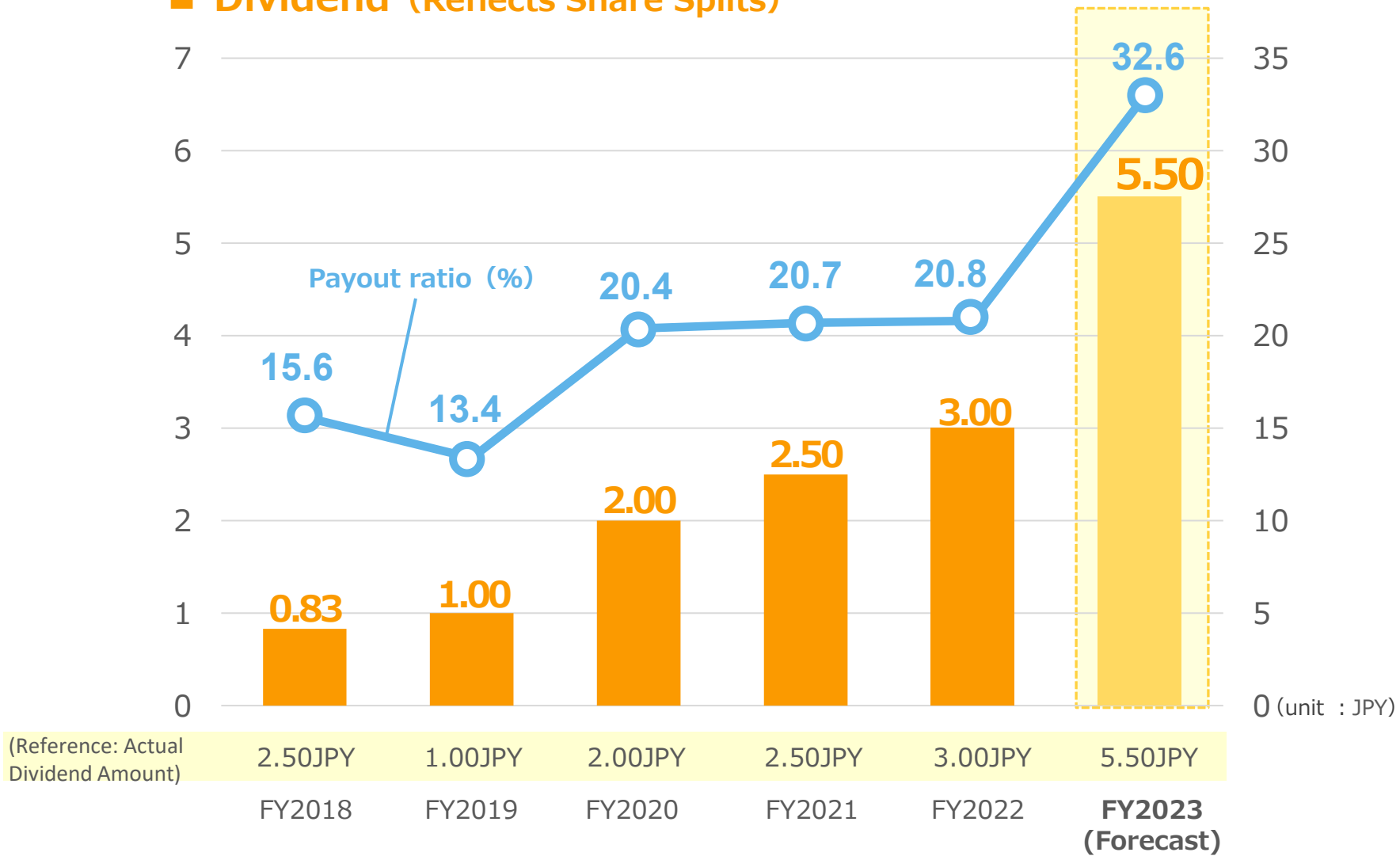
(Unit : 1 million JPY)

	FY2022, 3Q		FY2023, 3Q		YoY	
	Net Sales	Composition Ratio (%)	Actual	Composition Ratio (%)	Net Sales	(%)
Cloud	1,508	92.6	1,753	65.9	245	116.3
Extend healthy lifespan	—	—	588	22.1	588	—
Platform	80	4.9	194	7.3	114	242.3
Other	39	2.4	123	4.7	83	312.4
Total	1,627	100.0	2,660	100.0	1,032	163.5

1-5. Dividends

As announced on July 18, the Company has changed its dividend payout ratio standard from 20% or more to 30% or more, effective from FY2023. (*Please refer to page 11 of this document for details.)

■ Dividend (Reflects Share Splits)



2.Topics

Long-term Care Industry Major NICHII HOLDINGS Adopts Kanamic Cloud Services



Kanamic Cloud services have been adopted by NICHII HOLDINGS CO., LTD. (Head Office: Chiyoda-ku, Tokyo; Representative Director, President and Chief Executive Officer: Nobusuke Mori; hereinafter "NICHII HOLDINGS"), which has begun introducing Kanamic cloud services at the long-term care sites of its subsidiary NICHIIIGAKKAN CO., LTD. to renew the long-term care business system and improve operational efficiency and productivity.

Notice Concerning Acquisition of Shares of Ruby Development Inc. (Full Ownership)



Ruby, in which we plan to acquire shares, is an IT company specializing in Ruby-language system development. What customers expect in recent system development and DX (digital transformation) is agile, high functional speed development over time-consuming, waterfall-type development. Thus, the Company is required to launch new products at a higher rate than its competitors. Ruby is skilled in high-speed development in response to current needs, and has won contracts with a large number of major clients. We anticipate strong synergy between Ruby's system development business and providers of cloud and web-based services like ourselves. Therefore, the acquisition will be a powerful driving force for us in providing higher value-added services as an IT company centering on healthcare and health-tech services.

Notice Concerning Revision of Dividend Forecast (Dividend Increase)

■ Reason for Revision of Dividend Forecast

The Company regards the return of profits to shareholders as one of its key tasks. In order to realize the return of profits to shareholders over the long term, the Company considers it necessary to enhance internal reserves and actively develop business in anticipation of environmental changes. The Company is currently in the process of growth, and believes that investing and taking other measures to strengthen its financial position and expand its business by enhancing internal reserves will maximize the return of profits to shareholders. Meanwhile, the Company's dividend policy is based on a comprehensive assessment of the return of profits to shareholders and the enhancement of internal reserves, with a commitment to a flexible approach in accordance with the state of performance and market trends. Following the above mentioned policy, the Company previously determined the dividend amount based on a minimum payout ratio of 20%. However, in light of business performance and current market trends, the Company now plans to determine the dividend amount based on a minimum payout ratio of 30%. In consideration of this policy change and the trend of the current fiscal year's performance, the Company has decided to increase the year-end dividend amount for the year ending September 30, 2023 from the previous forecast of 3.50 yen per share to 5.50 yen per share.

■ Details of Revision

	Annual Dividend				
	End of 1Q	End of 2Q	End of 3Q	End of Year	Total
Previous Forecast (Announced November 8, 2022)	Yen —	Yen 0.00	Yen —	Yen 3.50	Yen 3.50
Revised Forecast				5.50	5.50
Current Fiscal Year	—	0.00	—		
Previous Fiscal Year (Ended September 30, 2022)	—	0.00	—	3.00	3.00

Kanamic Cloud Services passed vendor's examination of care plan data collaboration, conducted by the All-Japan Federation of National Health Insurance Organizations

In the vendor's examination of care plan data collaboration conducted by the All-Japan Federation of National Health Insurance Organizations, Kanamic Cloud Services satisfied the following requirements.

Care plan data collaboration, a system developed by the All-Japan Federation of National Health Insurance Organizations, enables collaboration of certain information (schedule and results) exchanged between in-home long-term care support offices and long-term care service offices. The system allows care plans (service records) to be sent in electronic format, which can reduce operational burden.

Care Plan Data Collaboration System

- **Sending function: In order**
- **Receiving function: In order**

Long-term care software

- **Data importing function: In order**

2-5. Certification information

May 31, 2023

For the first time in the industry, Kanamic Cloud Services obtained the Service Organization Control 1 (SOC1) Type 2 report (“SOC1® Type 2 report”), which evaluates Kanamic’s internal controls concerning contract operations



The company hereby announces that it obtained from the corporate auditor the Service Organization Control 1 (SOC1) Type 2 report (“SOC1® Type 2 report”) for Kanamic Cloud Services in accordance with the International Standard on Assurance Engagements No. 3402 (ISAE 3402) issued by the International Federation of Accountants (IFAC) and the Statement on Standards for Attestation Engagements No. 18 (SSAE 18) issued by the American Institute of Certified Public Accountants (AICPA) on May 31, 2023,

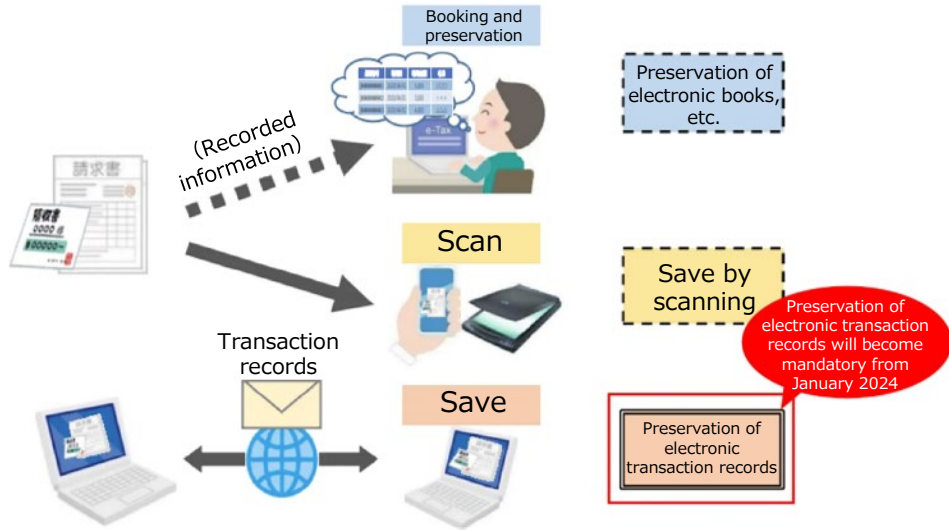
for the first time in the industry. The company will strive to be compliant with these standards continuously in order to maintain Kanamic Cloud Services to be reliable for the users.

Nursing care operation support system of Kanamic Cloud Services complies with the Act concerning Preservation of Electronic Books.

Kanamic Cloud Services provided by the Company has become compliant with the Act concerning Preservation of Electronic Books. Regarding the outline of the Act concerning Preservation of Electronic Books and responsive actions to be taken by nursing care companies, the Company will make appropriate proposals to each of the users.

The Act concerning Preservation of Electronic Books is an act that allows national taxation-related books and documents to be preserved in electronic format. Taxation-related documents had been preserved as paper documents in principle, but the Act stipulates that such documents can be preserved in electronic format if certain preservation conditions are met.

The revised Act concerning Preservation of Electronic Books, which took effect in January 2022, requires electronic transaction records to be preserved as electronic data. As it needs knowledge, investment, and time to make electronic preservation mandatory, a period of moratorium is placed for two years until the end of December 2023 as a safe harbor rule.



Source: Extracted from "The Act concerning Preservation of Electronic Books has been revised (Revised in December 2021), a brochure prepared by the National Tax Agency, and edited partially.

April 5, 2023/ April 11, 2023/ April 21, 2023

Notice Regarding the Purchase and Cancellation Date of the 1st series Unsecured Convertible Bonds with Stock Acquisition Rights (with inter-bond pari passu clause) Maturing 2026 by Third Party Allotment

At a meeting of the Board of Directors held on April 5, the Company resolved to issue, by way of third-party allotment, the first series of unsecured convertible bonds with 120% soft call clause (with a limited pari passu clause between convertible bonds with stock acquisition rights) issued on August 4, 2021 (the "Bonds") to Kanamic Network, Inc.) (the "Convertible Bonds"), of which only the bonds are referred to as the "Bonds"). ("Credit Suisse Securities"), the allottee, with respect to the Convertible Bonds (with a total face value of 2 billion yen) (the "Convertible Bonds", of which only the Bonds will be referred to as the "Bonds"). ("Credit Suisse Securities"), the allottee, to purchase all of the Bonds currently held by Credit Suisse Securities and to cancel all of the Bonds at the same time.

[the Purchase and Cancellation Date]

Purchase date : April 21, 2023
Cancellation date : April 21, 2023

[Future outlook]

The impact of the purchase and cancellation of the Bonds on consolidated financial results for the fiscal year under review will be negligible, but the Company will promptly provide notice in the event that matters requiring announcement occur in the future. Furthermore, there is no change to the long-term vision described in the press release dated November 2, 2021, entitled "Kanamic Vision 2030 Medium-term Objectives / Management Plan (2022-2024)."

The materials and information provided herein include so-called "forward-looking statements."

These forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

These risks and uncertainties include general industry and market conditions, general domestic and international economic conditions such as interest rates and currency exchange rate fluctuations.

The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information or future events.