

Earnings Results Briefing for FY2020 And Corporate Profile

November 13, 2020

株式会社 カナミックネットワーク

Kanamic Network Co., Ltd

-  Company Profile
-  Business Outline
-  Industry Trends
-  Advantages
-  Earnings Forecast & Strategy
-  TOPICS

1. Company Profile



1-1.Company Profile

Company Name

Kanamic Network Co., Ltd

Date of Establishment

October 20th, 2000

Paid in Capital

JPY324,120,000 as of November 16, 2016

Stock Listings

1st section of the Tokyo Stock Exchange

location



Business Area

To provide cloud services in medical, nursing and childrearing fields

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。

Our goal is to provide "cloud services for all stages in life".
We support community-based integrated care through our products.

Origin of our name

"Kaigo" (Japanese for "nursing care") + "Dynamic" + "Network"

Our Philosophy

We aim to create a local and inclusive cloud based care system to support our aging population.

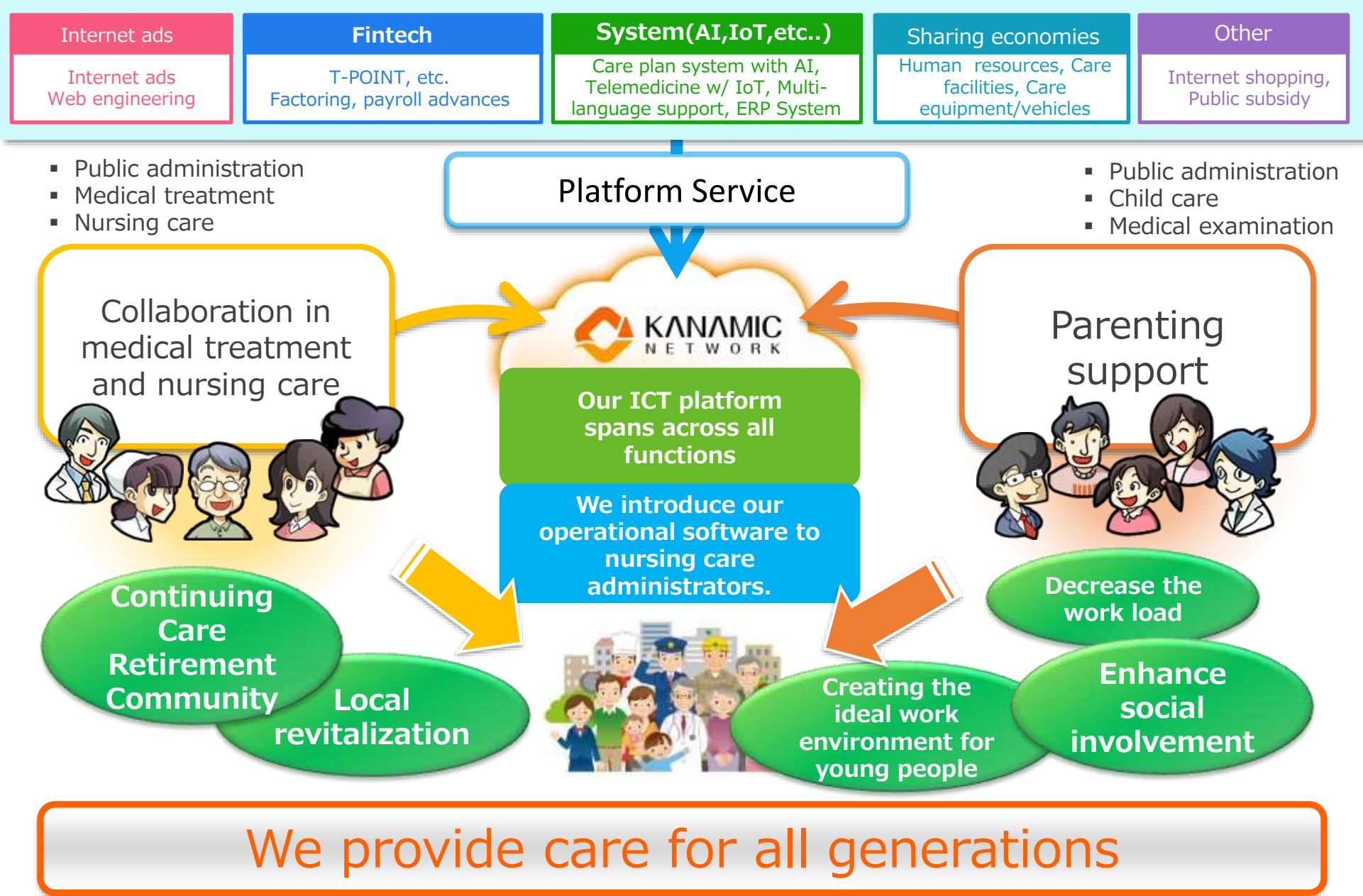
Our company provides ICT platforms that enable information sharing (relating to medicine, nursing, and child care) among multiple professionals regardless of interdisciplinary barriers. The platform service allows for care recipients and their family's to experience a higher quality of medical and nursing care.

2. Business Outline



KANAMIC NETWORK

2-1. Business Outline



2-2.Cloud Service : Medical & Nursing Care

There is a function elsewhere

2nd layer

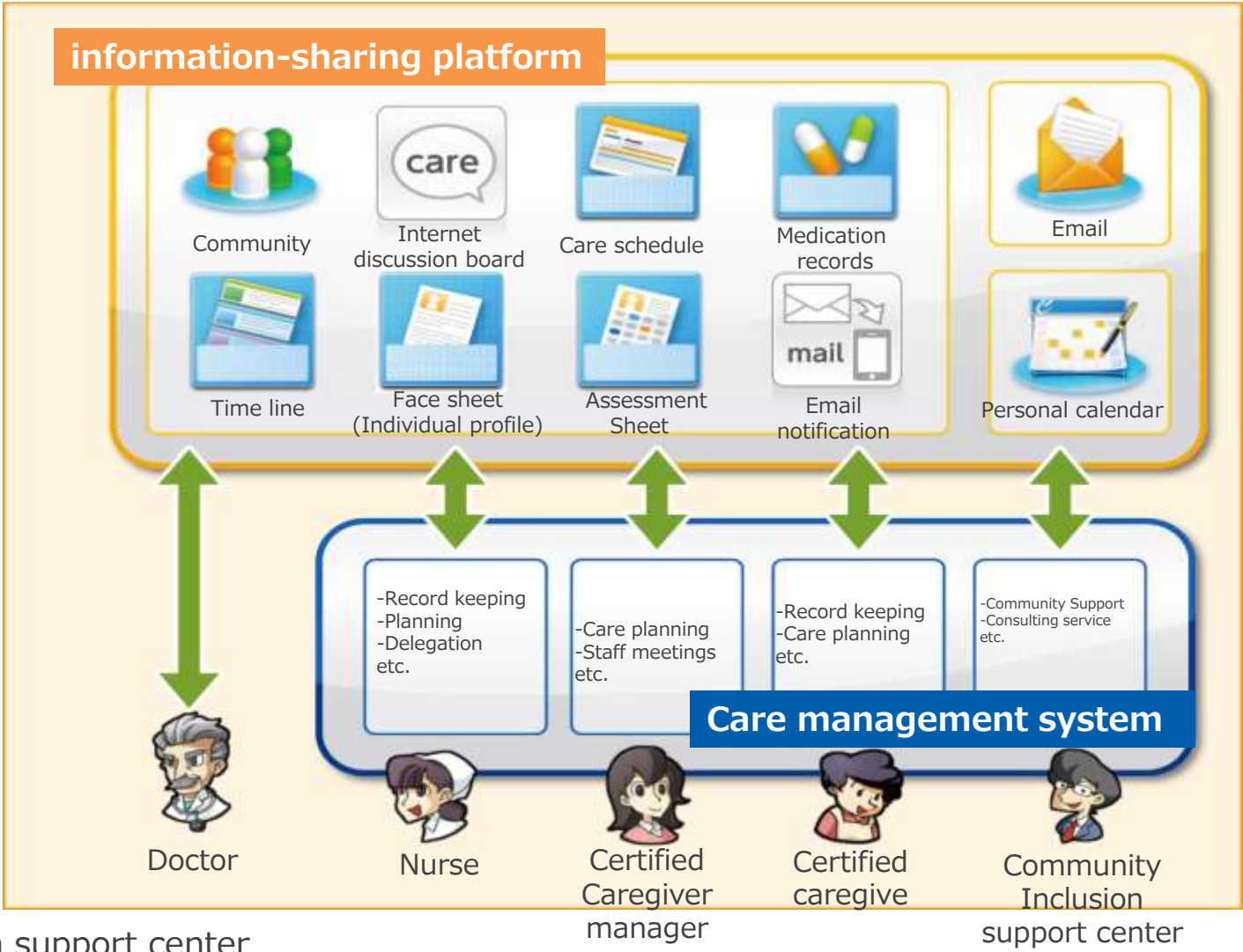
information-sharing platform is introduced into the whole area with an aspect

2nd layer Paying user

- Municipalities
- Regional Comprehensive support centers
- Medical associations
- Central hospitals
- Home care doctors

1st layer Paying user

- Care manager
- Care company
- Community inclusion support center

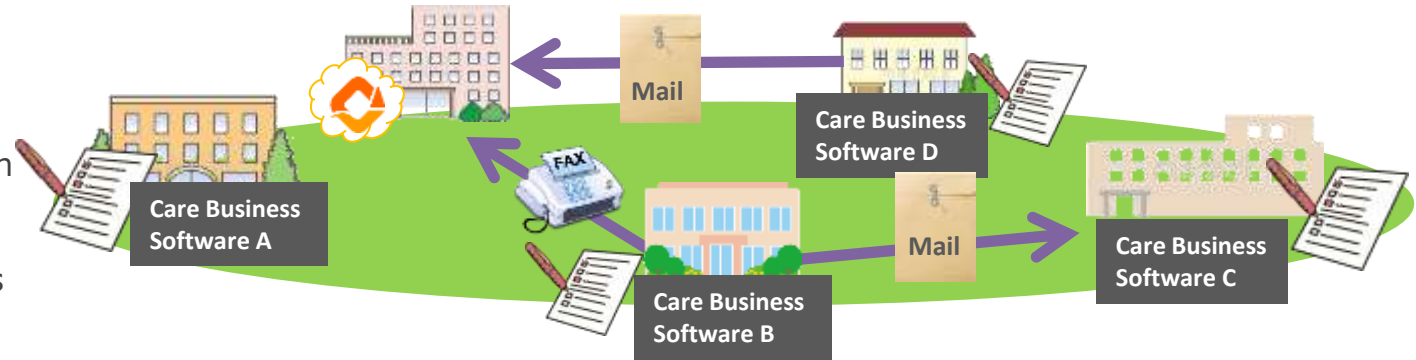


1st layer

Care management system is introduced into every corporation, company

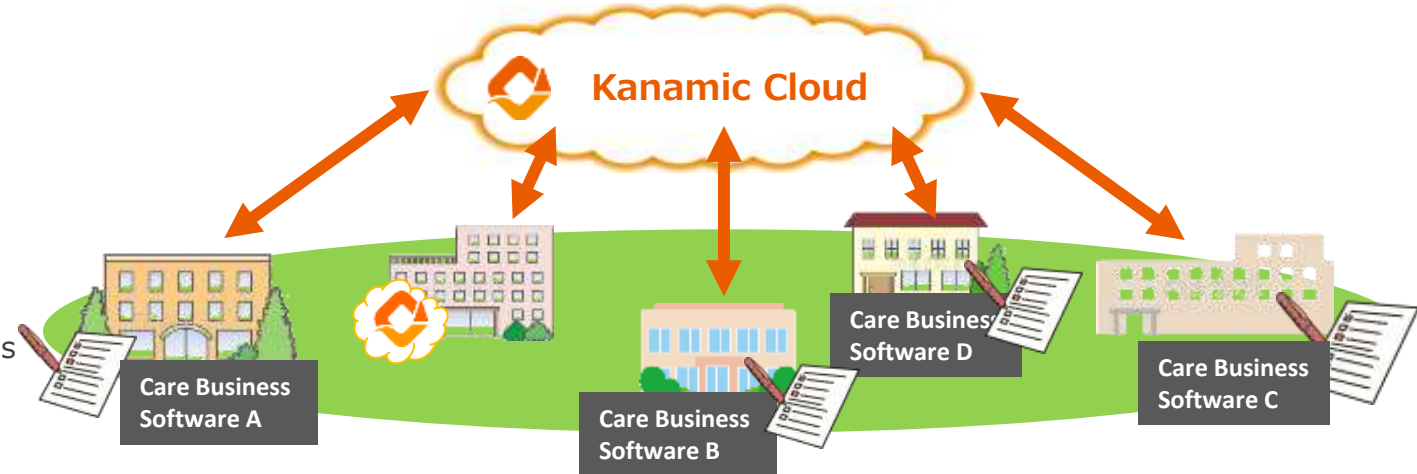
STEP.1

No information distribution system is in place. Each facility uses different software and there are separate communication channels among parties that utilize postal and FAX.



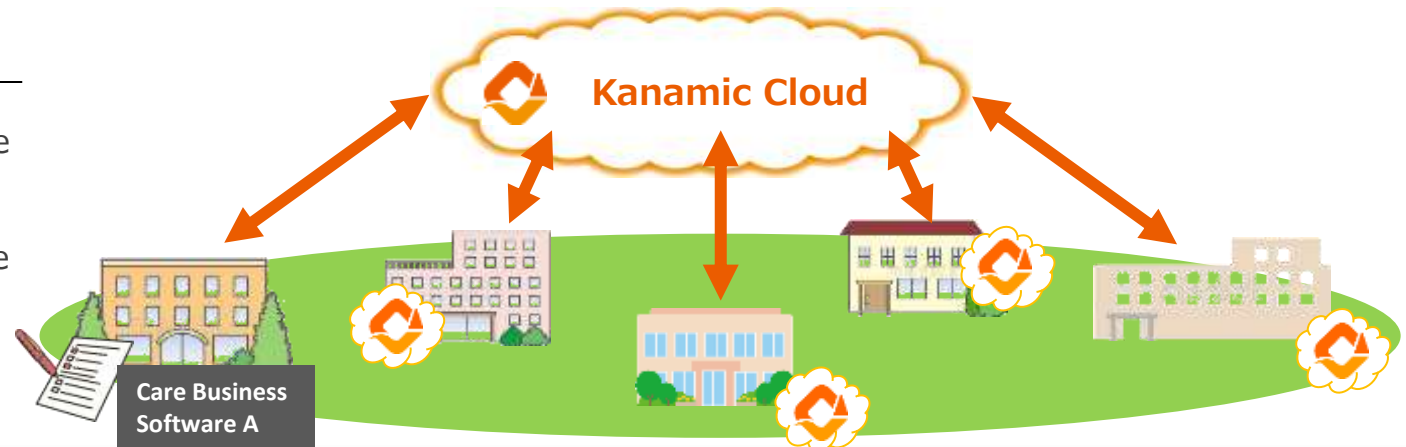
STEP.2

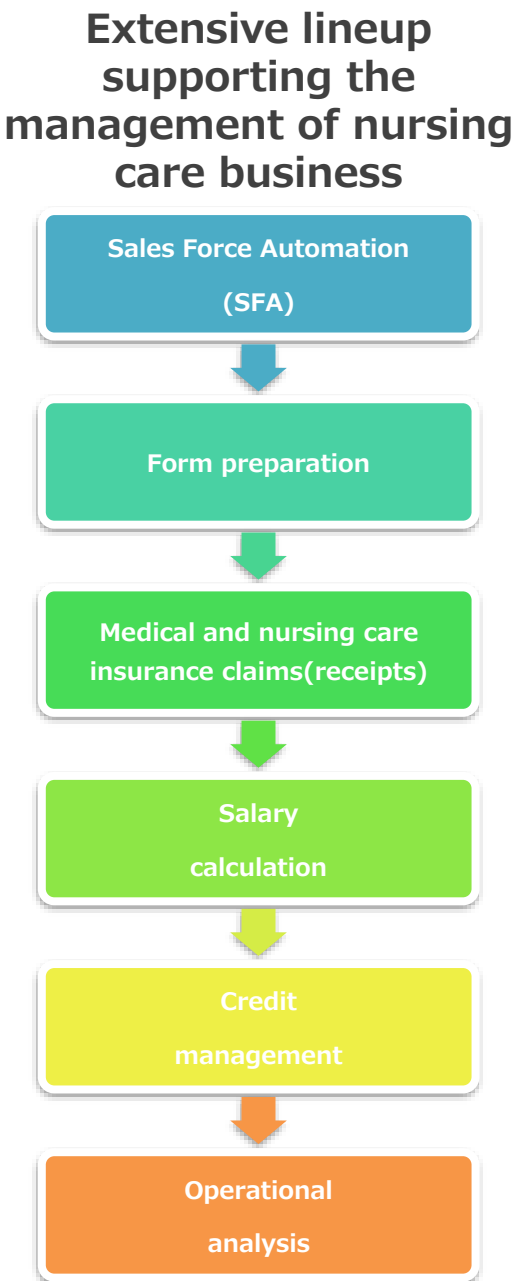
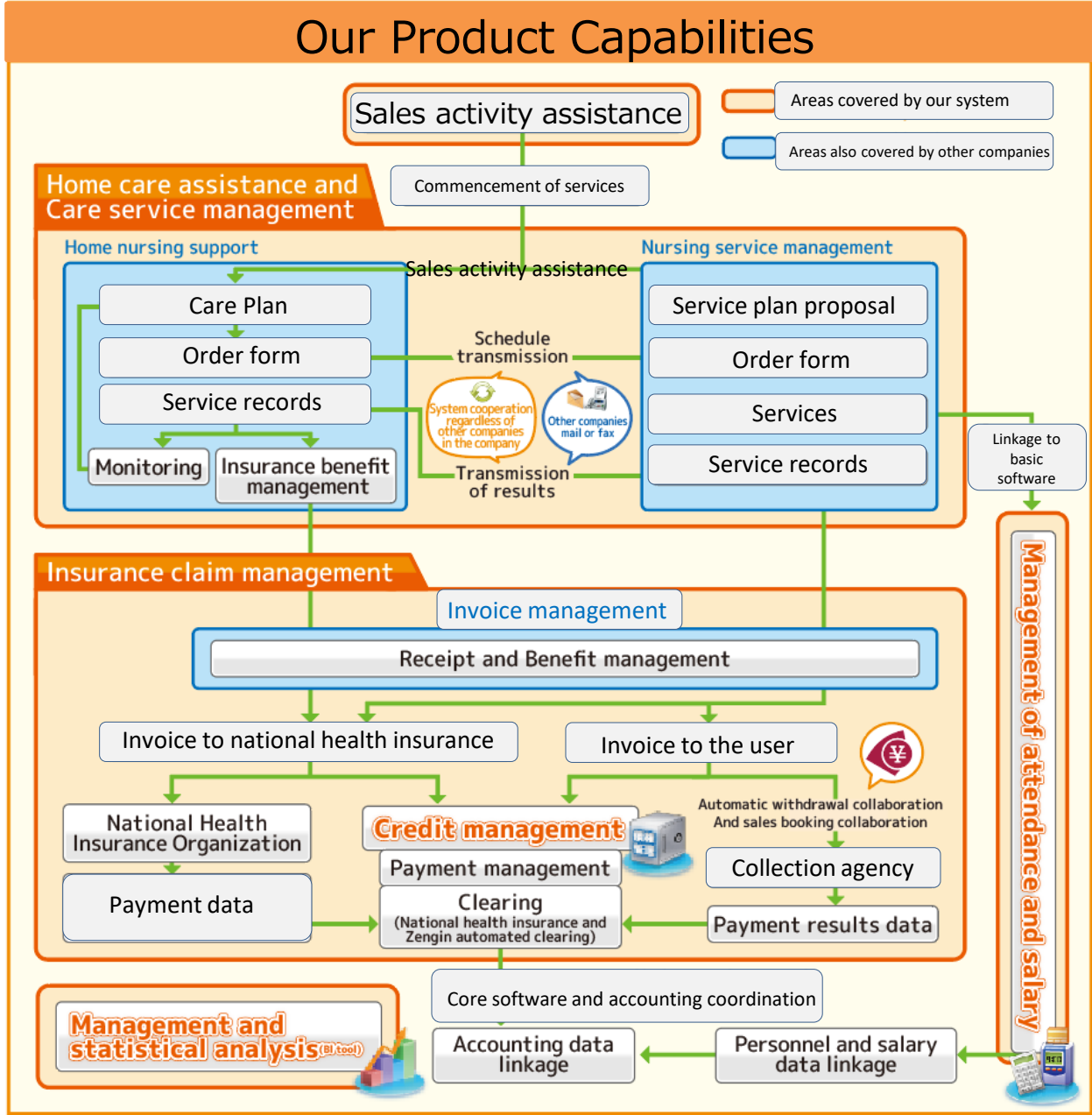
Our product is installed for regional nursing care information distribution (2nd layer), which leads to smoother distribution of information. However paperwork is still required on site.



STEP.3

Our product is used in nursing care business administration (1st layer). By using KANAMIC Cloud, administrative work becomes more efficient and leads towards achieving a paperless operation.





System screen

Room for each care recipient



2nd layer Manager

- Municipality
- Medical association
- Central hospital
- Home care doctor

Only accessible to approved persons involved in the care of care recipient



Tabs to monitor changes in the care recipients condition

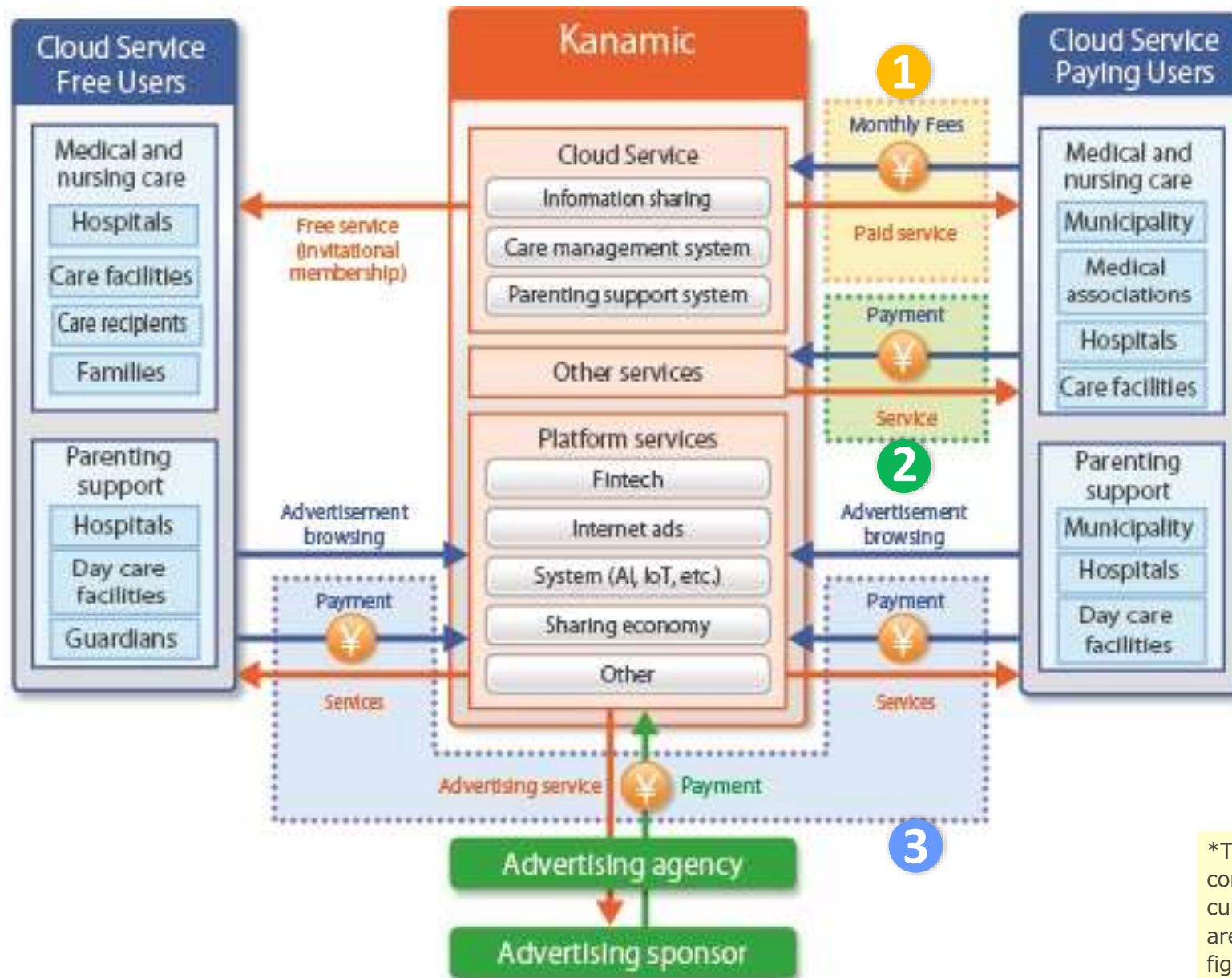
Information on each care recipient

- Face sheet (collaborative information)
- Care schedule
- Medication records

Care record for daily changes

- Care recipient information
- Shared diary
- Care plan
- Vital sign information
- Consumption /excretion records
- Instructions for visiting nurses
- Medical information etc.

2-6. Medical and Nursing Care Cloud Service Overview



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

FY 2020

1 Cloud

Net Sales : JPY 1,642mm
(Weighting (%) : 87.3%)
(YoY(%) : 108.9%)

2 Other

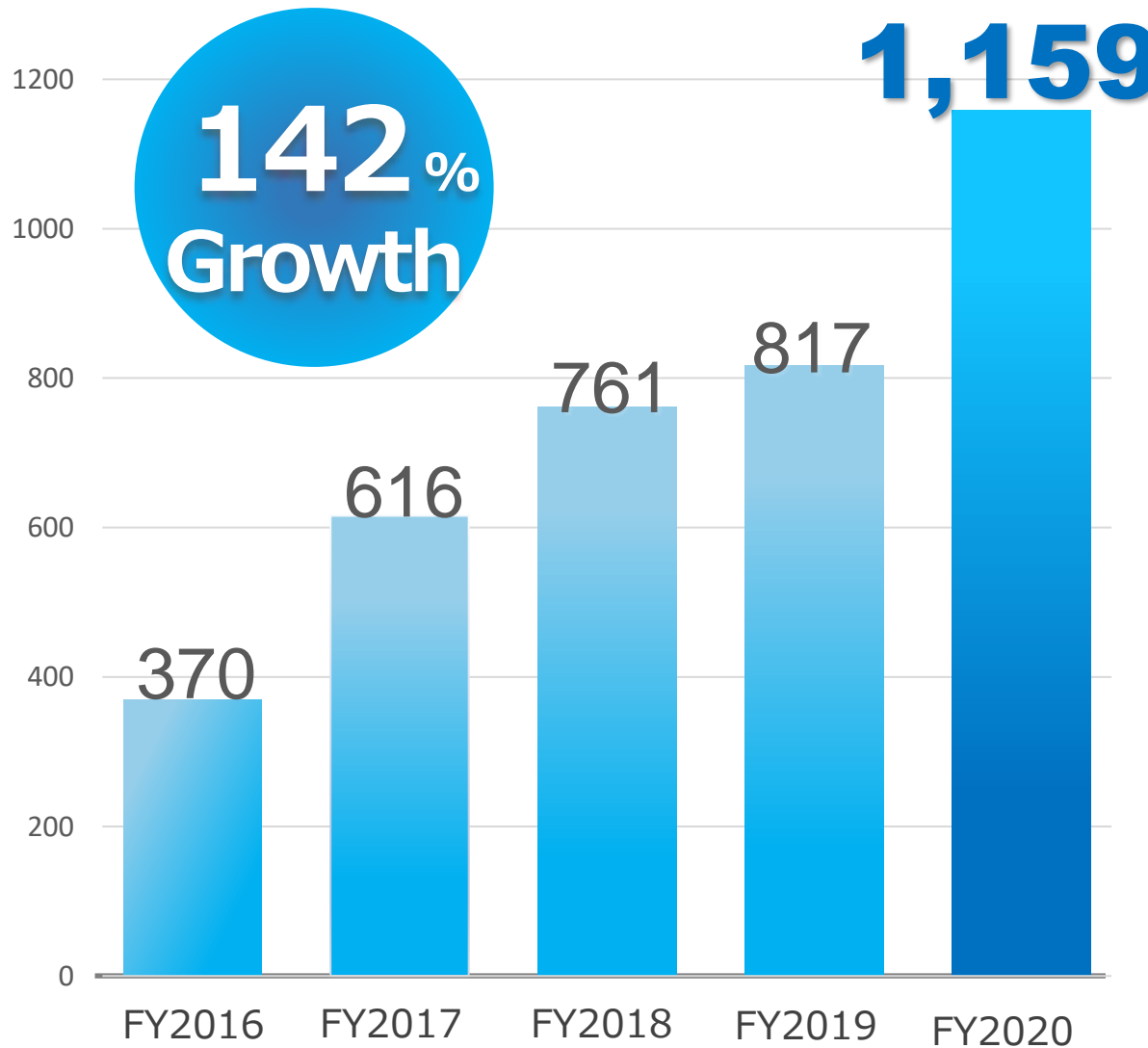
Net Sales : JPY 88mm
(Weighting (%) : 4.7%)
(YoY(%) : 97.4%)

3 Platform

Net Sales : JPY 150mm
(Weighting (%) : 8.0%)
(YoY(%) : 172.8%)

*The Company changed to consolidated accounting from the current fiscal year, but these results are compared with standalone figures from the previous fiscal year to calculate YoY change.

2-7.The Number of Regions Using Our Cloud Products



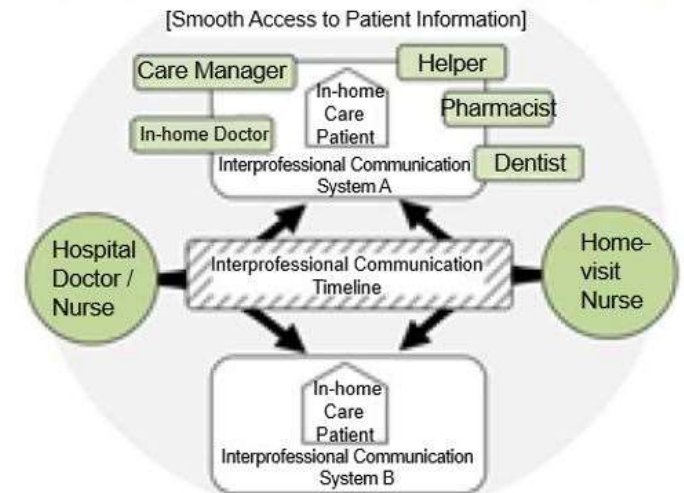
※ "Junior high school precinct" of a population of around 30,000 people of the local inclusion care that Ministry of Health, Labour and Welfare assumes the local numerical unit

Contracted for Portal Site for All Regions of Tokyo

(1) Interprofessional Communication Timeline

Communication among community medical / elderly care professionals and hospitals

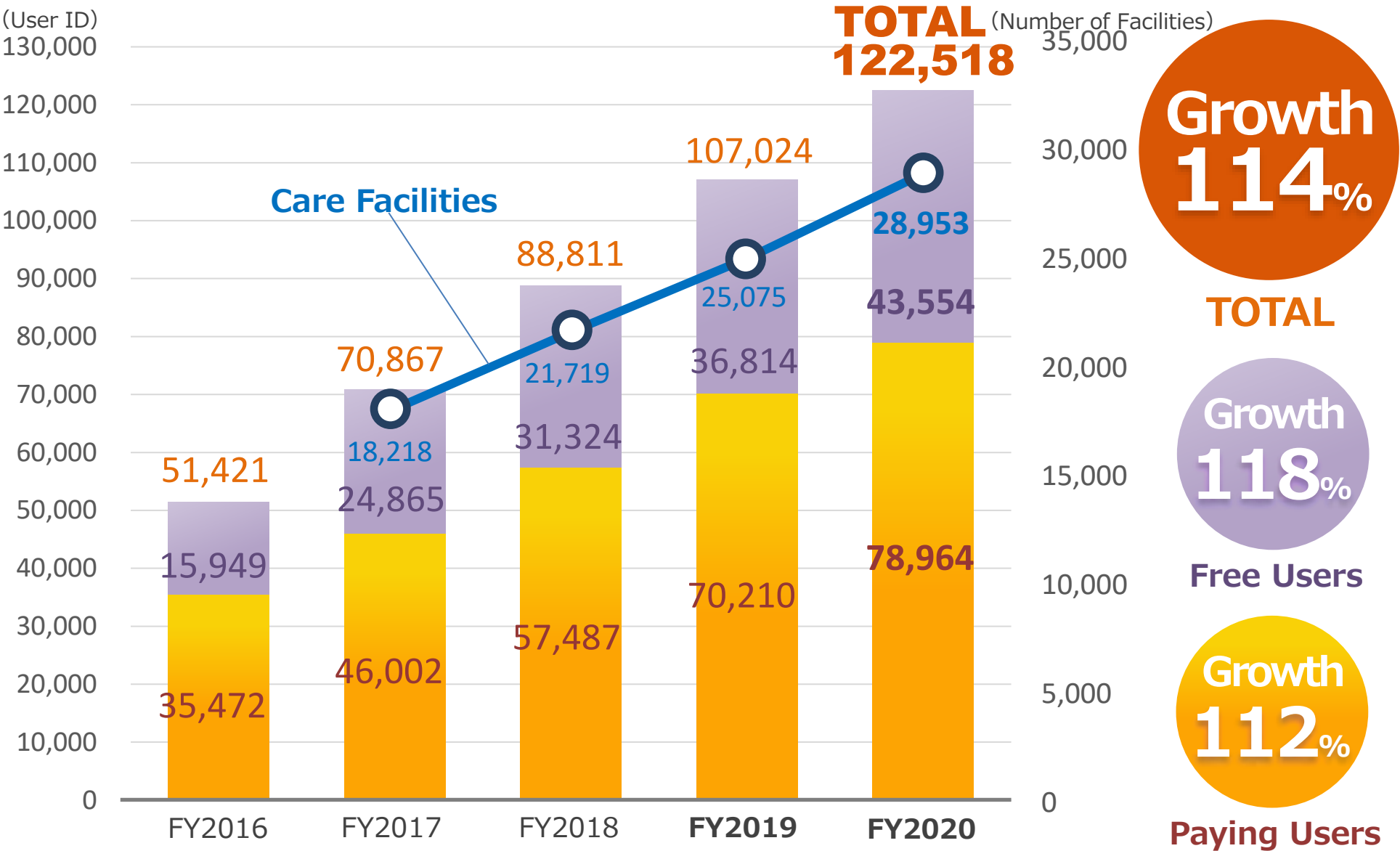
Communication among community medical/elderly care professionals



(2) Patient Transfer Support System

- Contracted : October 2019
- Operationalized: April 2020 (from the Company's third quarter of FY2020)

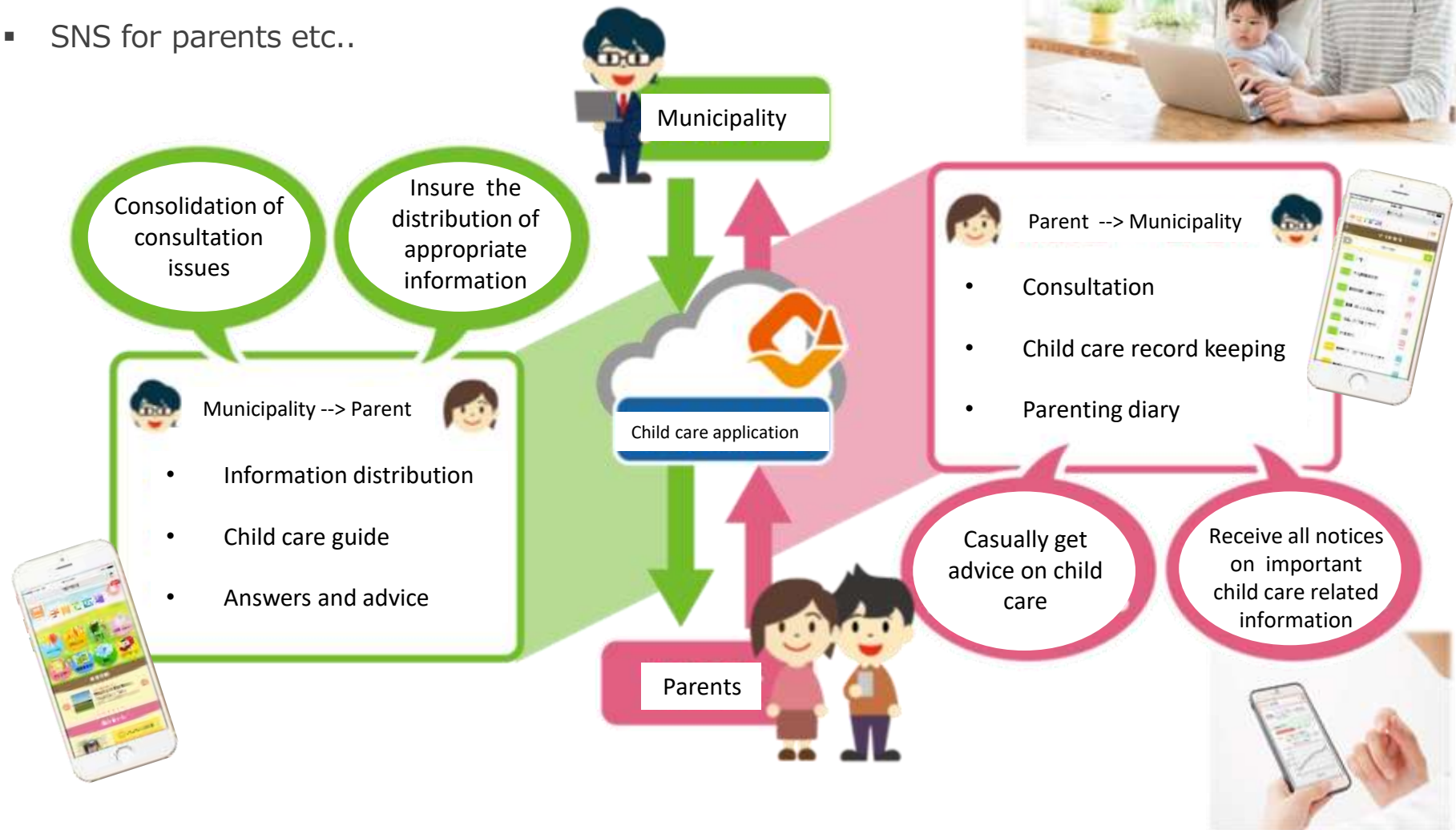
2-8.User Growth & Number of Care Facilities



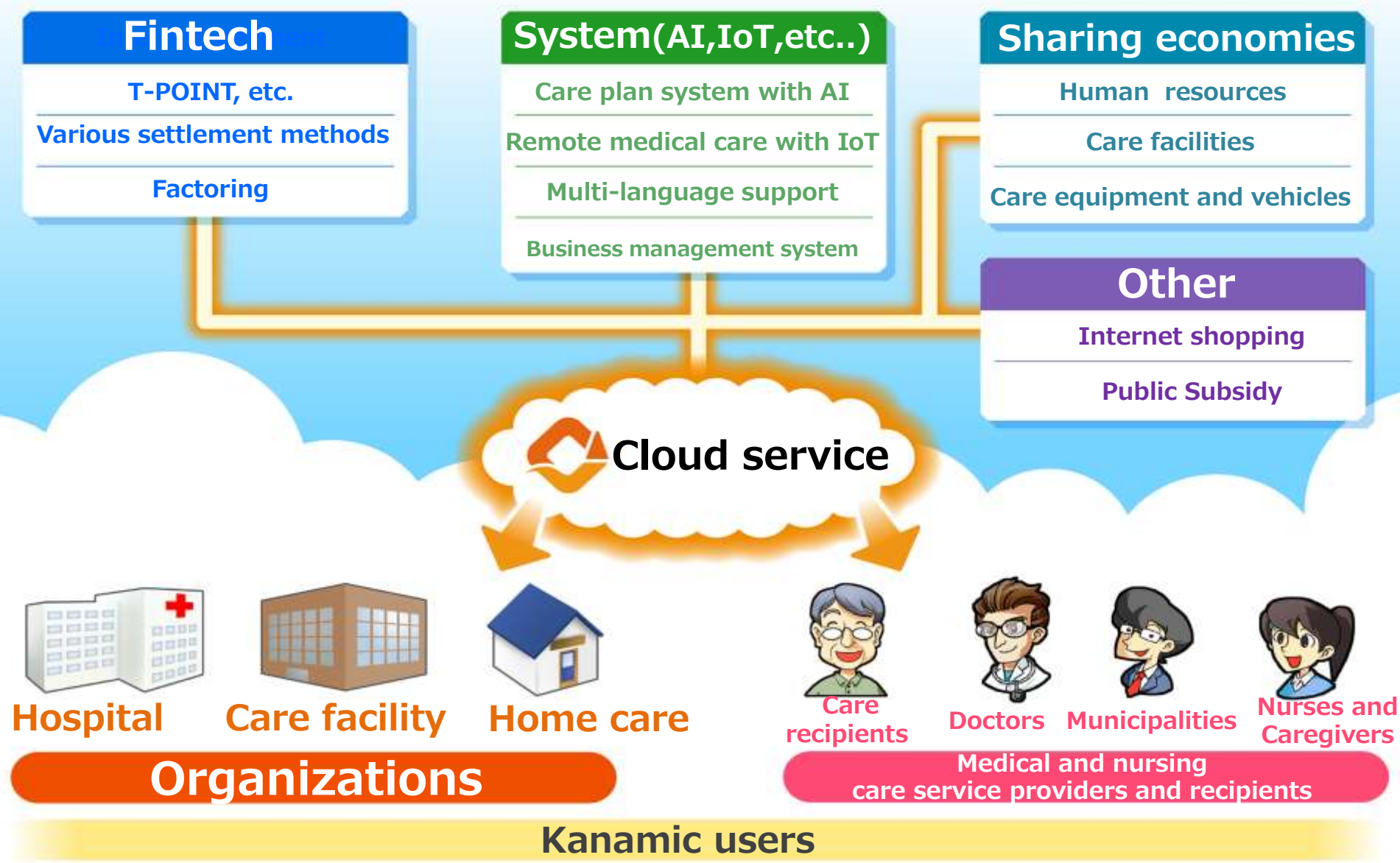
2-9. Parenting Support System

Local municipal project

- News distribution and event information distribution to connect municipalities with parents.
- Blog function based on electronic parent and child diaries
- SNS for parents etc..

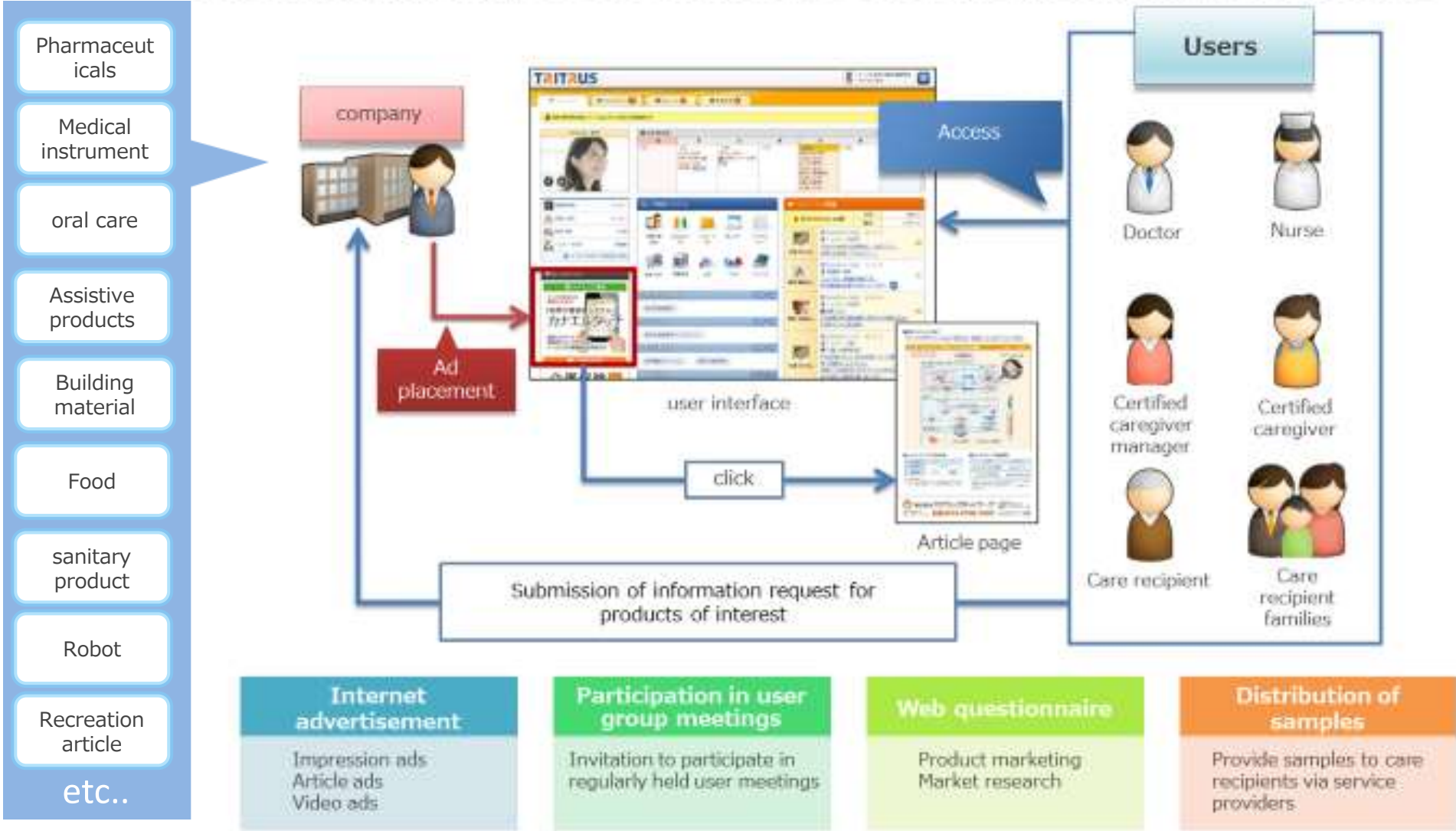


2-10.Platform Driven Growth



2-11. Advertising Content Service

Advertising content service focused on medical and nursing professionals



3.Industry Trends

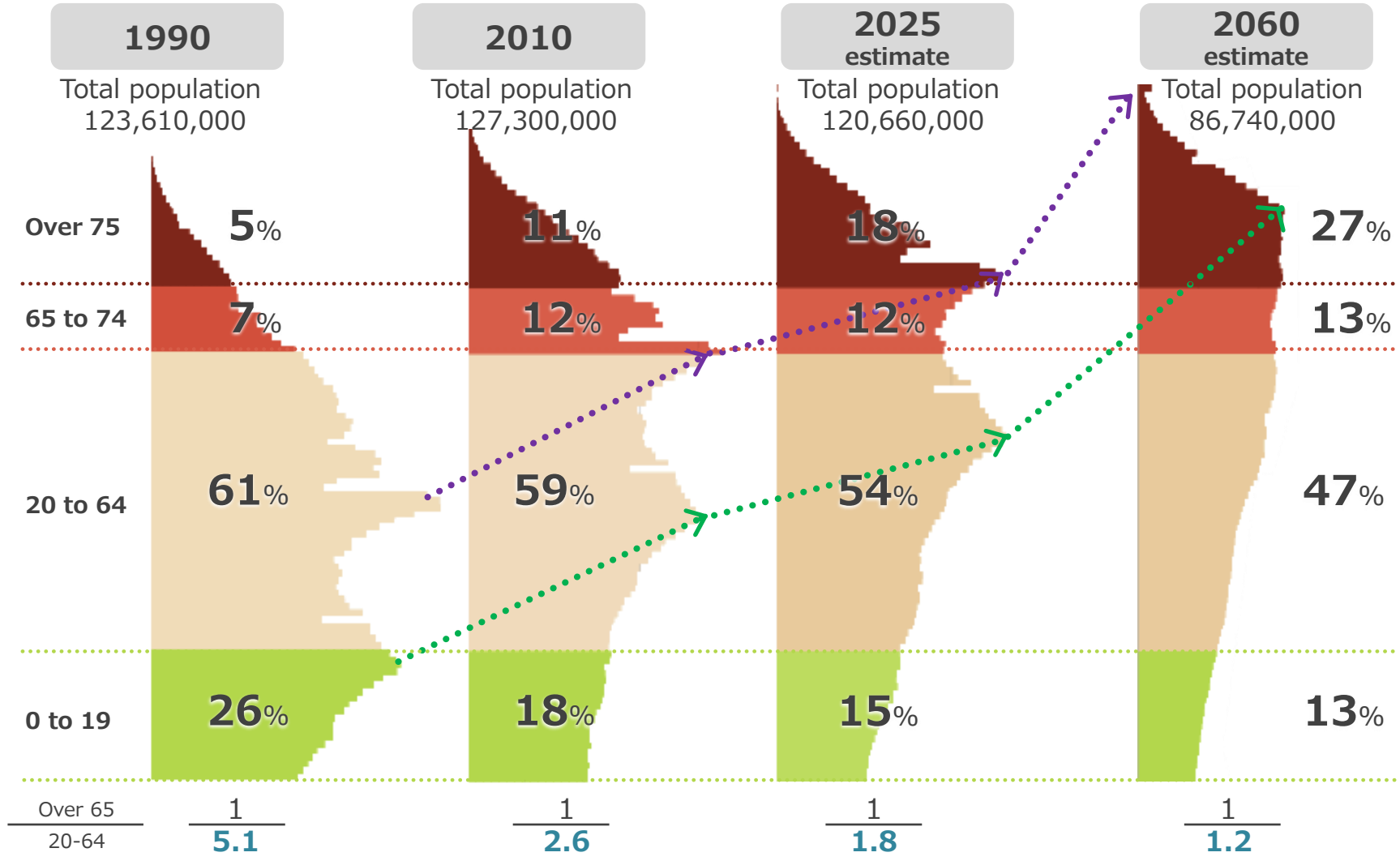


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3-1.Market Size of Medical Care & Nursing Care

Japan's Changing Population Pyramid

Examining Japan's changing population demographics, reveals that each elderly person is currently supported by 2.6 working aged people. It is estimated that the declining birthrate and aging of the population will result in this ratio falling to 1.2 by 2060.

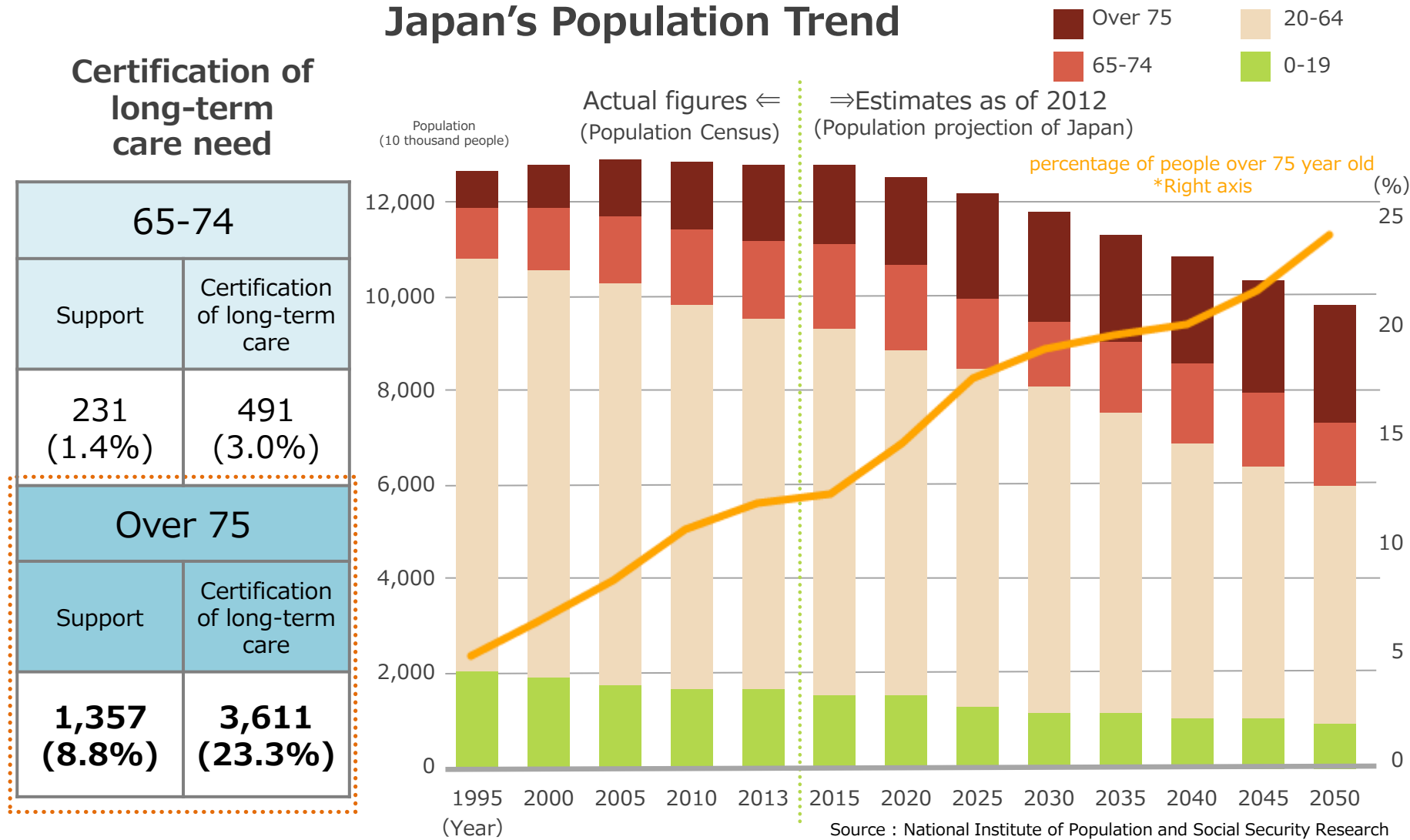


source : Ministry of Internal Affairs and communications

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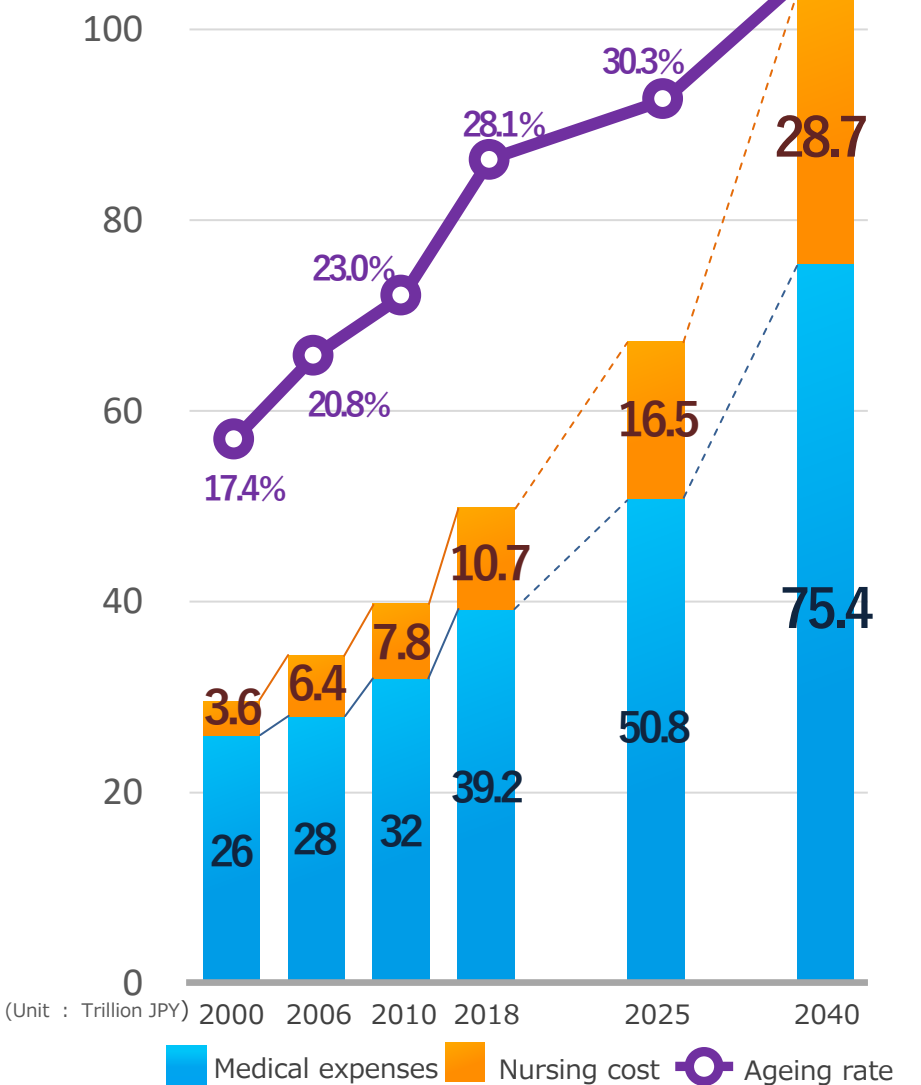
3-2.Market Size of Medical Care & Nursing Care

People over the age of 75 require more nursing care.
It is believed that the proportion of elderly people will increase significantly in the future.

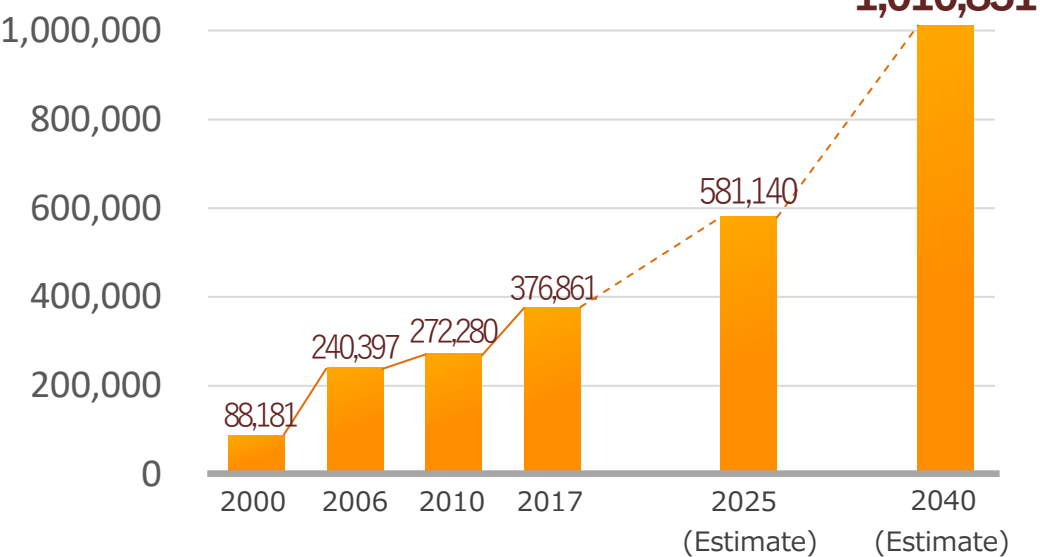


3-3.Market Size of Medical Care & Nursing care

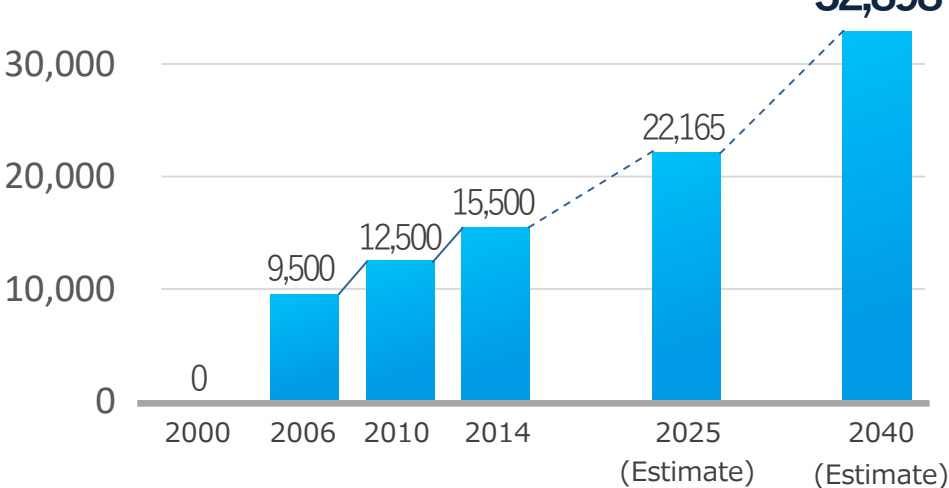
■ Trends in Social Security Benefits and Ageing



■ Number of Care Facilities



■ Number of Medical Institutions



Source : Ministry of Health, Ministry of Labor and Welfare, Ministry of finance and cabinet office documents
Number of care facilities in 2025 are estimated based on the social security budget

4. Advantages

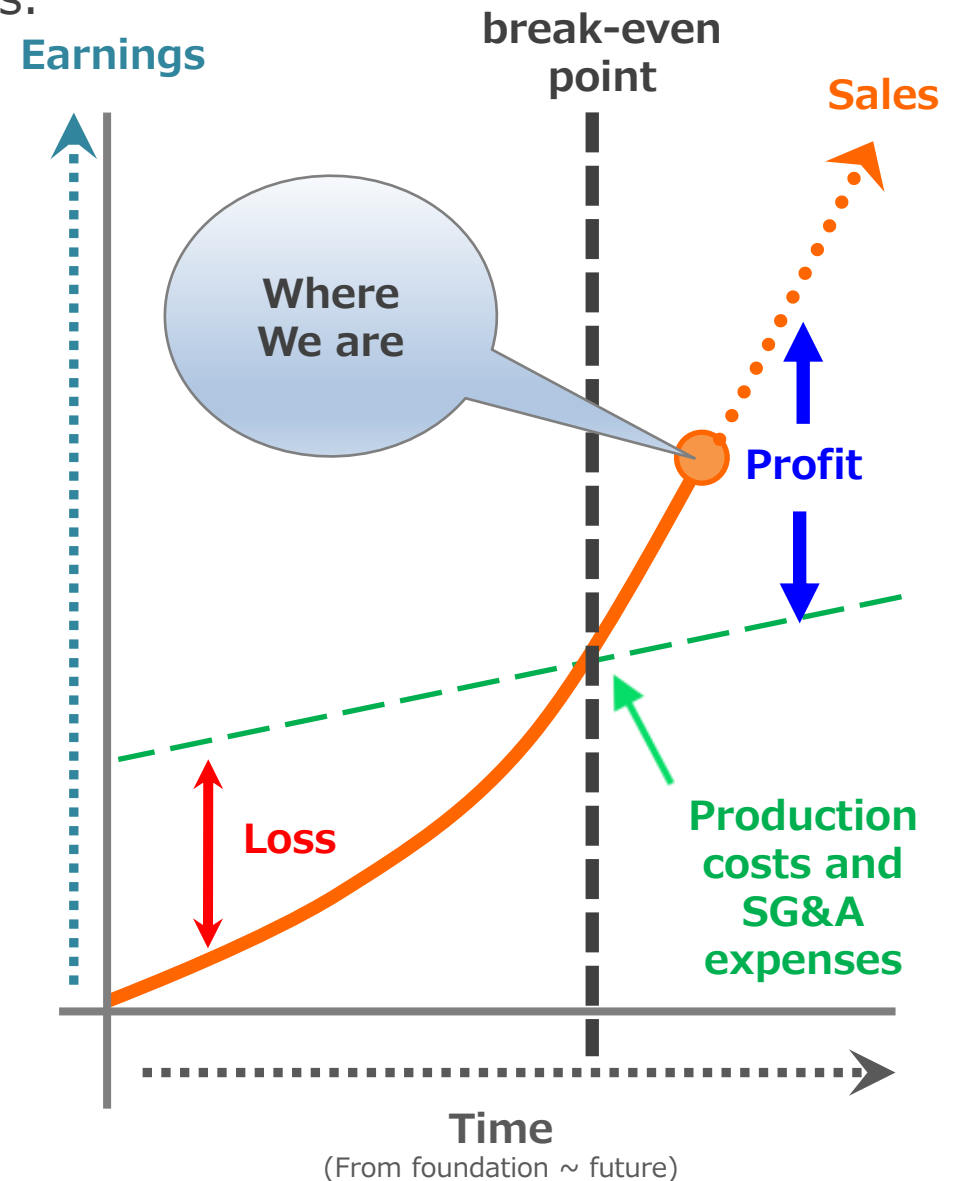
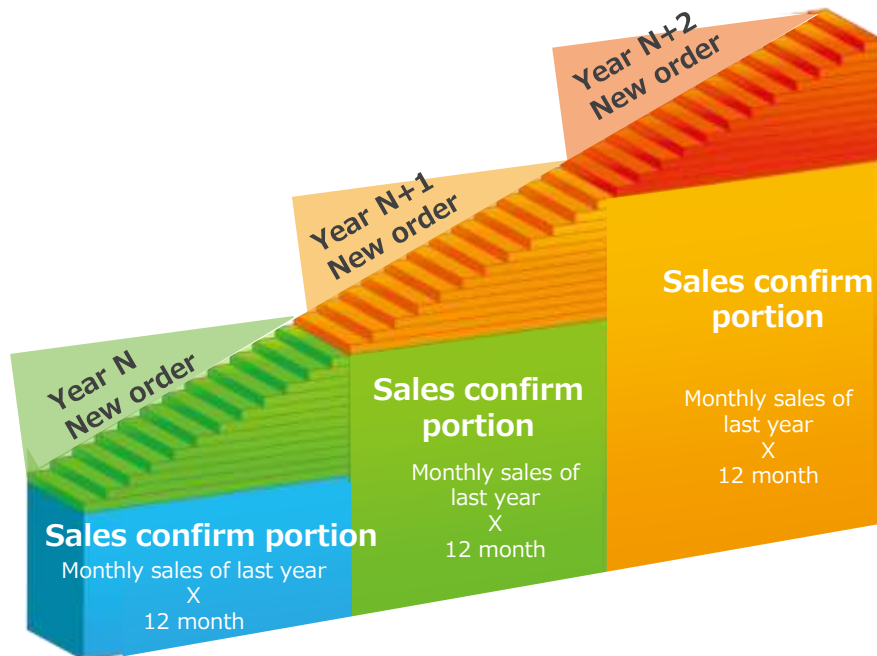


KANAMIC NETWORK

4-1.Profit structure

Our current focus of providing cloud services results in a "Recurring Business Model" leading to high returns.

Earnings structure in recurring business



4-2. Research Collaboration with The University of Tokyo in Development of "Kashiwa Model"

Our medical care collaboration cloud has been developed through joint research with the Institute of Gerontology, the University of Tokyo. It has been built as a local & comprehensive care system which we call "Kashiwa Model"



東京大学 高齢社会総合研究機構
INSTITUTE OF GERONTOLOGY, The University of Tokyo

About ideal town for this institute

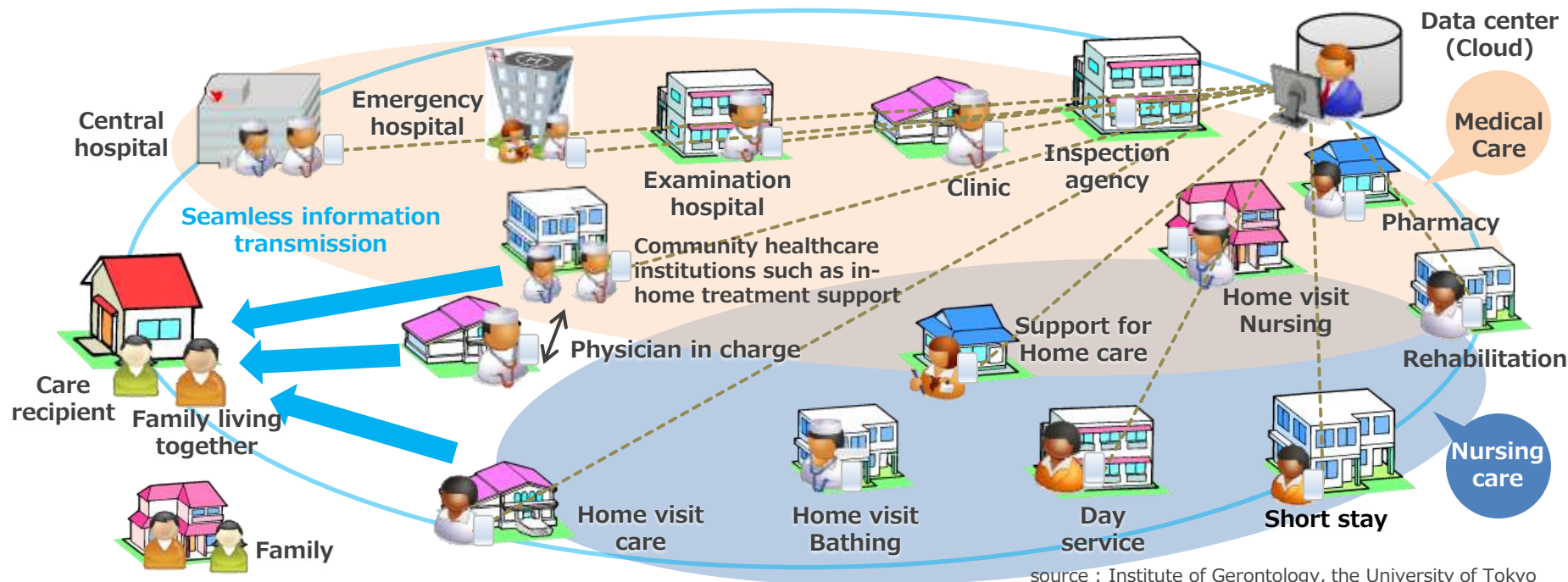
In order to accomplish a local & comprehensive care system, In order to get jobs for elderly people,

1. Construct home medical care system
2. Create more visiting nursing care (enabling a 24 hours visiting nursing care system)
3. Create more care services (enabling a 24 hour care system)
4. Provide housing for the elderly with inclusive services

Constructing information sharing systems

An easier way to share information that allows for multidisciplinary collaboration in home medicine and nursing care services.

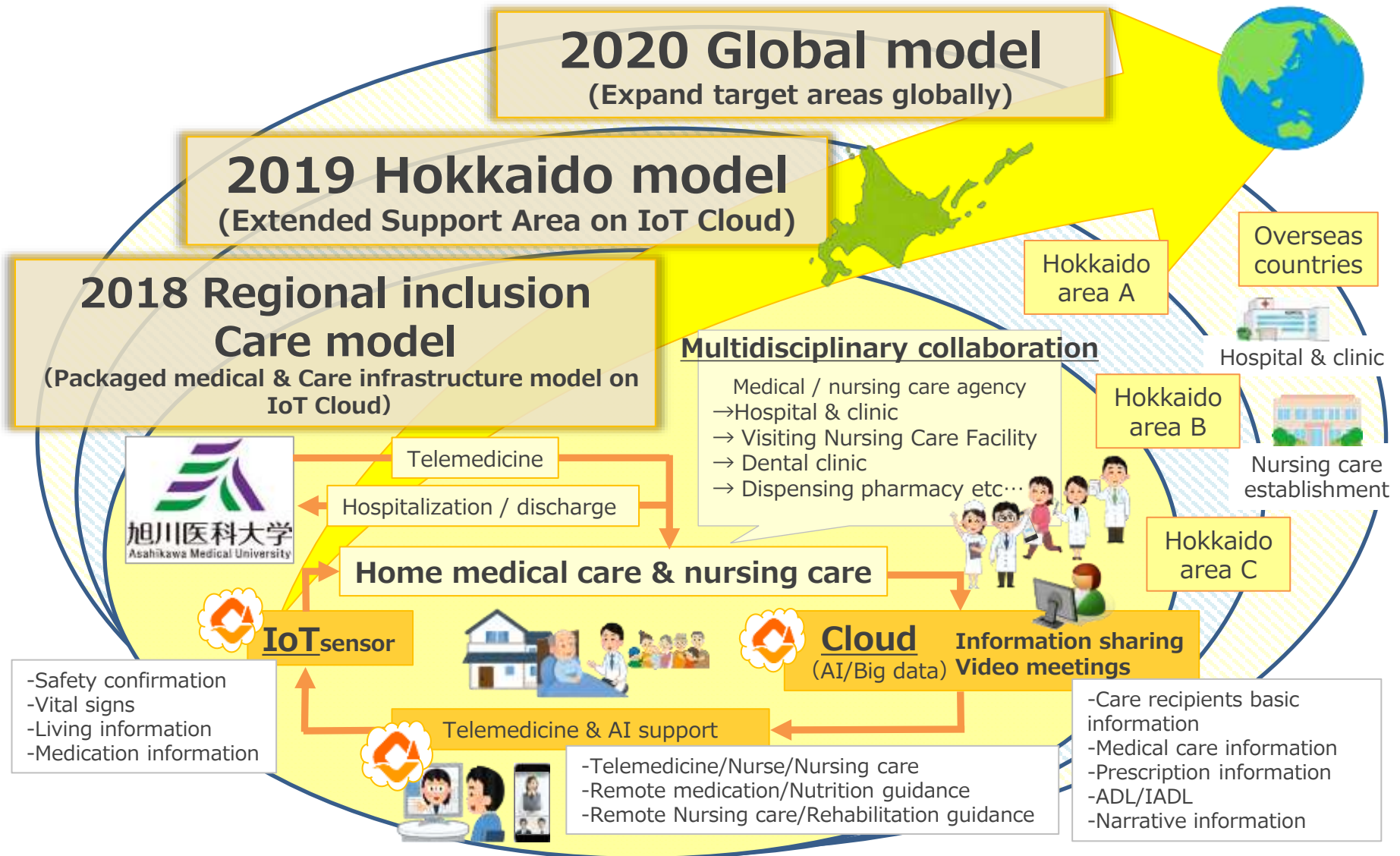
1. Fallow land agriculture, small-sized vegetable factory, rooftop farming
2. Better childcare services, founding child rearing support centers, reserving spaces for child visitations
3. Livelihood support service
4. Services to support local food such as the creation of dining rooms and the implementation of delivery food services



source : Institute of Gerontology, the University of Tokyo

4-3. Growth Strategy / Research Collaboration

We set up a collaborative research course at Asahikawa Medical University. Together we aim to "create a global model using IoT clouds". Our role in this project is to research and develop new information sharing and support systems related to telemedicine and nursing support.



4-4. Big-data & IoT(Internet of Things)

By analyzing big-data on regional networks and daily business tasks, we are aiming to establish AI to improve medical and nursing care service.



Collaboration in
medical treatment
and nursing

Parenting
support

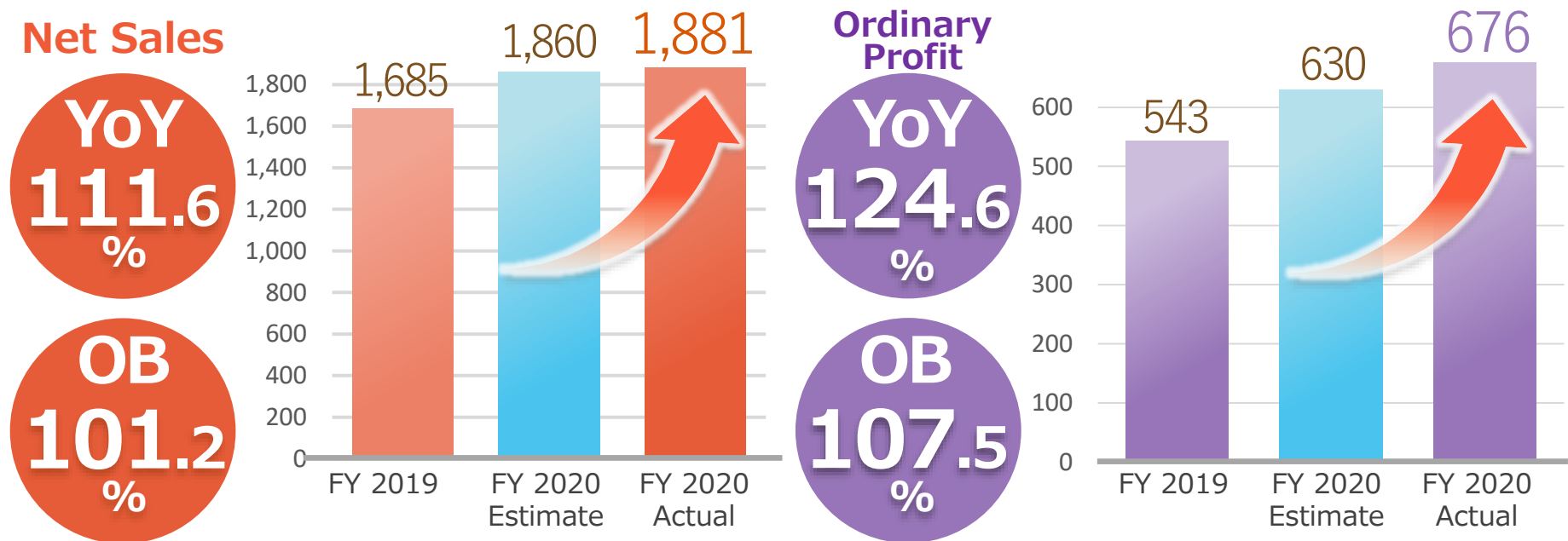


5. Earnings Forecast & Strategy



KANAMIC NETWORK

5-1. FY 2020 Results



(Unit : million JPY, %)

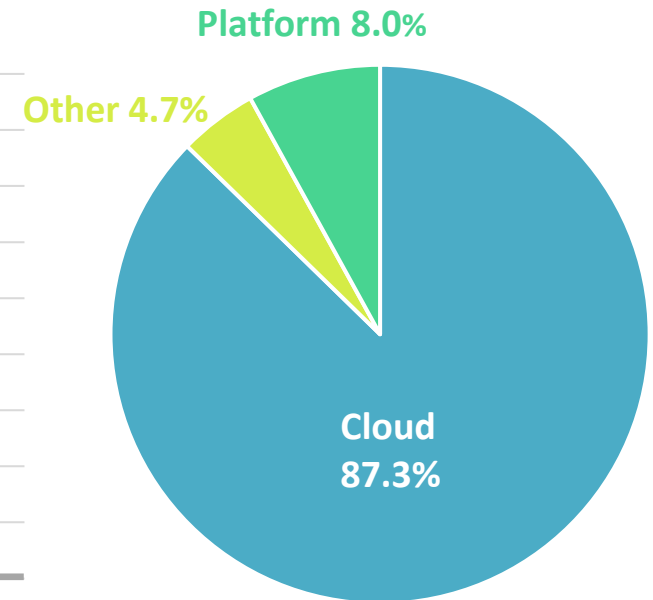
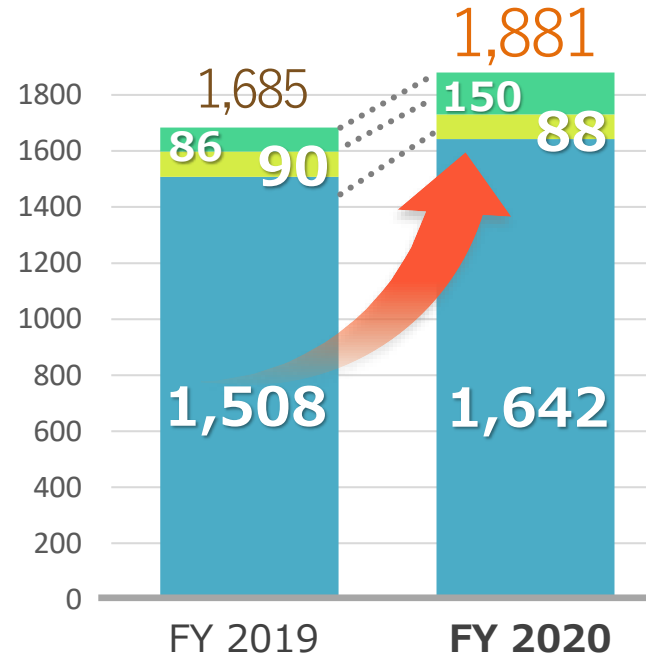
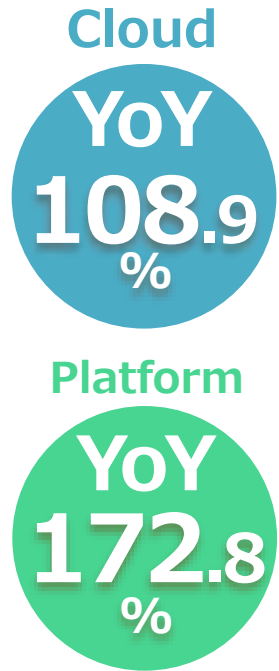
	YoY	FY 2019			Difference	
	Actual	Estimate	Actual	Margin (%)	YoY (%)	Achievement Rate (%)
Net Sales	1,685	1,860	1,881	100.0	111.6	101.2
Operating Profit	544	610	654	34.8	120.2	107.3
Ordinary Profit	543	630	676	36.0	124.6	107.5
Profit	357	410	472	25.1	132.1	115.3

(Unit: JPY)

Profit Per Share	8.52	9.82
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The Company changed to consolidated accounting from the current fiscal year, but results for the previous fiscal year are standalone figures.

5-2.FY2020 Results by Product

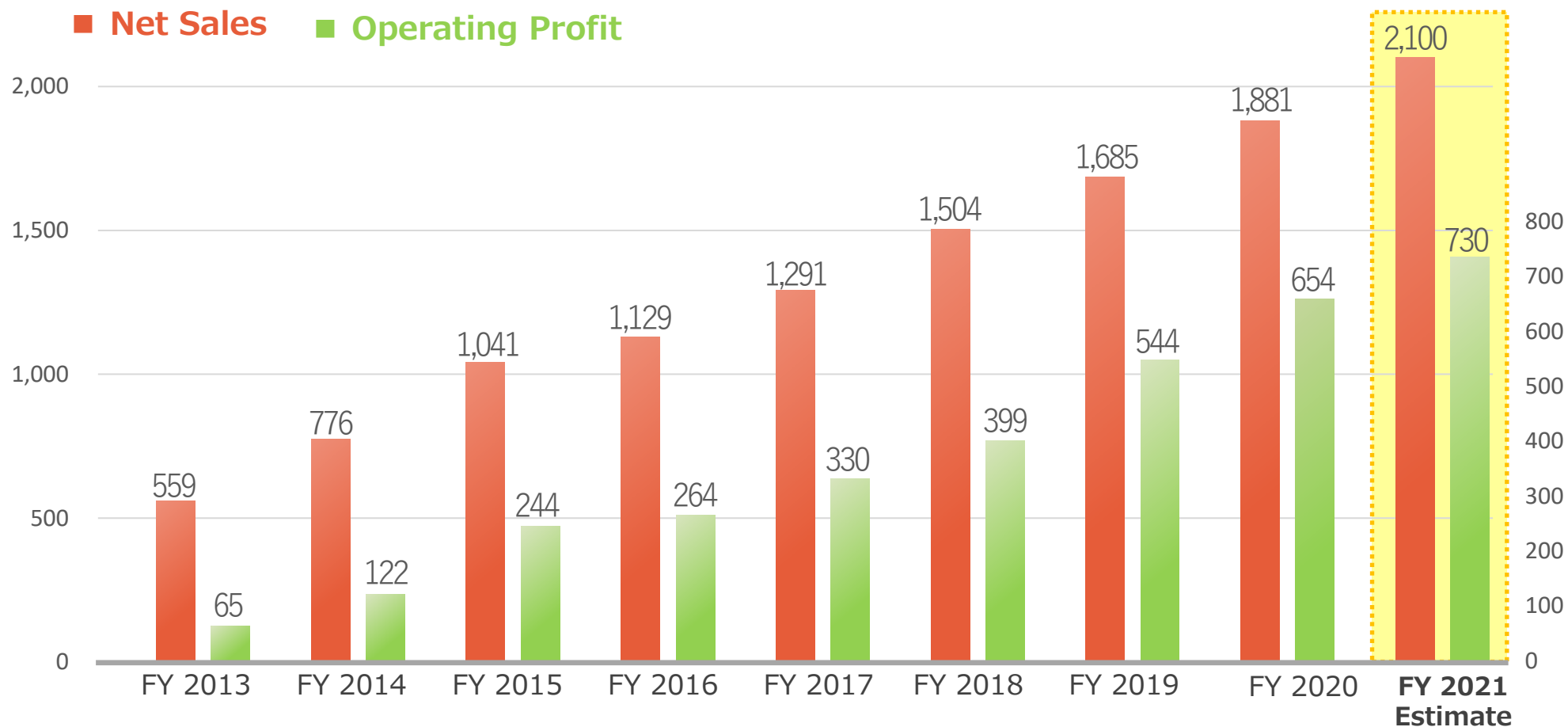


(Unit : million JPY, %)

	FY 2019		FY 2020		YoY	
	Sales	(%)	Sales	(%)	Sales	(%)
Cloud	1,508	89.5	1,642	87.3	134	108.9
Other	90	5.4	88	4.7	-2	97.4
Platform	86	5.1	150	8.0	63	172.8
Total	1,685	100.0	1,881	100.0	195	111.6

The Company changed to consolidated accounting from the current fiscal year, but results for the previous fiscal year are standalone figures.

5-3. FY 2021 Estimate



	FY 2020	FY 2021	Estimated Change	
	Actual	Estimate	Change	YoY (%)
Net Sales	1,881	2,100	+218	111.6
Operating Profit	654	730	+ 75	111.5
Ordinary Profit	676	730	+ 53	107.8
Profit	472	510	+ 37	107.9

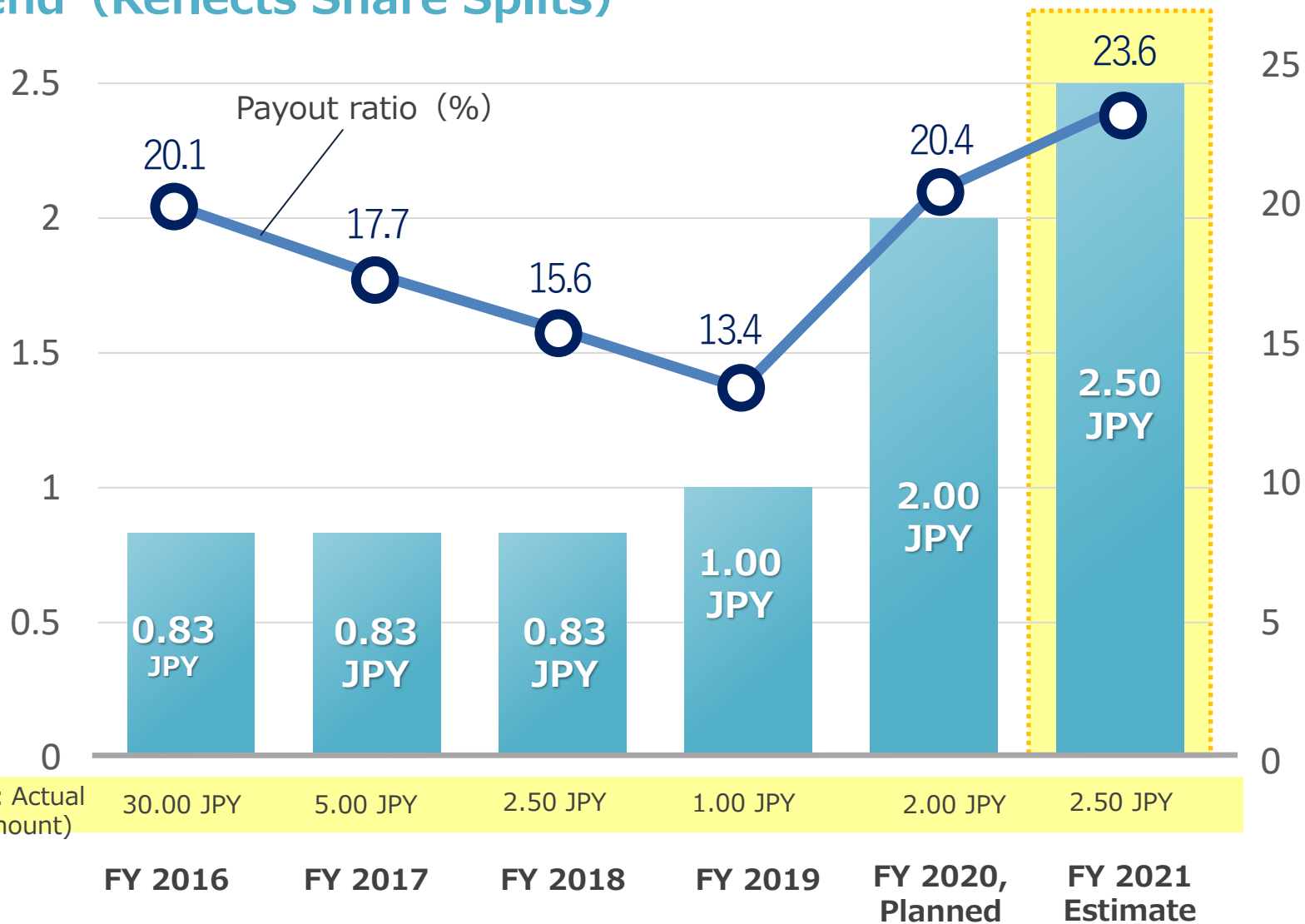
(Unit : million JPY)

The Company changed to consolidated accounting from the current fiscal year, but results for the previous fiscal year are standalone figures.

5-4.Dividends

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

■ Dividend (Reflects Share Splits)



5-5.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 30th 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

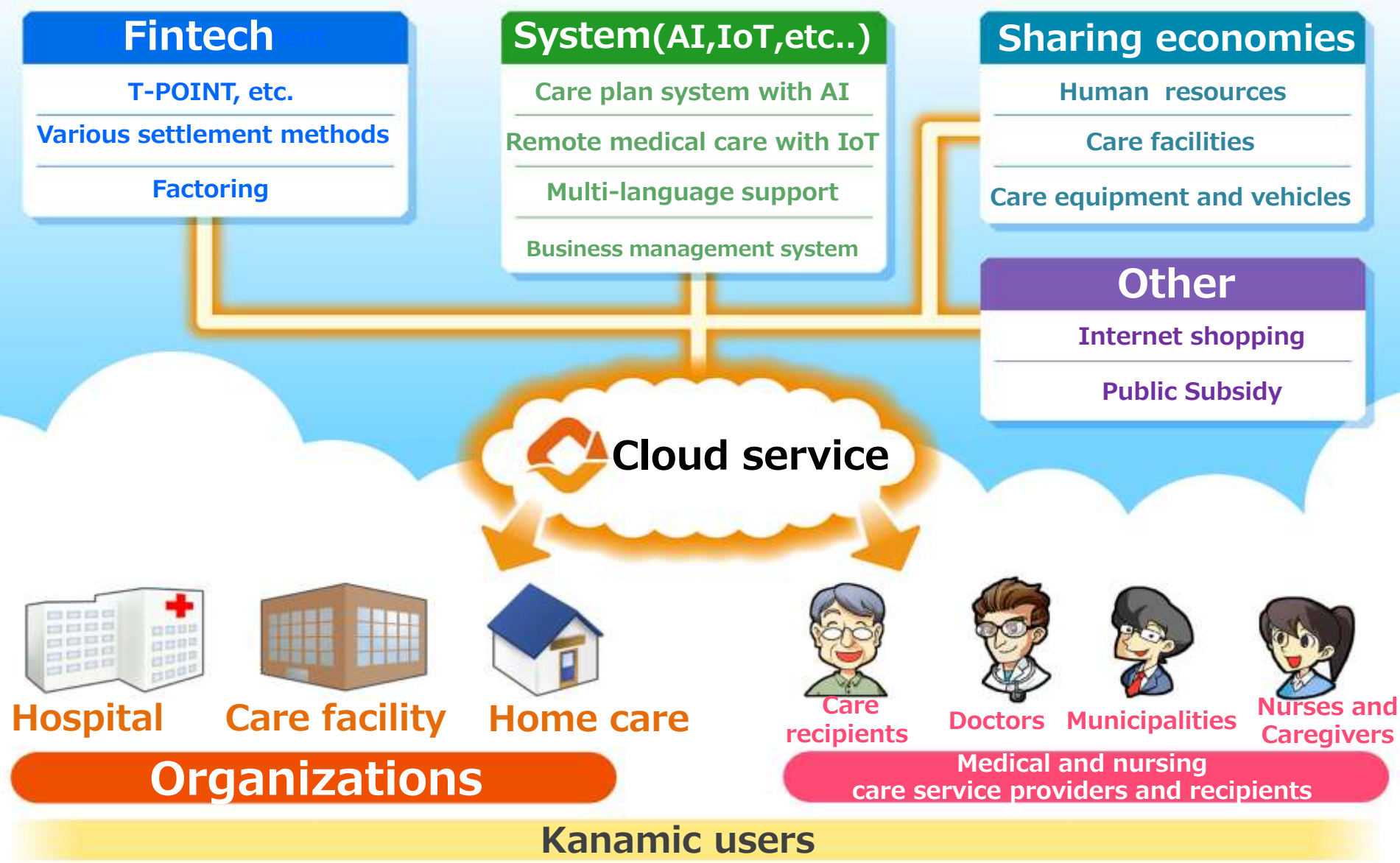
Shareholders who have held 100 or more shares continuously for 1 year or longer (recorded in the company's year end/interval Registry of Shareholders with the same shareholder number for at least 3 consecutive times)

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



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 2nd third of January each year.

5-6.Platform Driven Growth



5-7.Growth strategy / Platform x IoT



- Automated linkage
- Simple information sharing
- Time Savings from improved efficiency

Verification field

株式会社 礎 株式会社「リ」エイ
学研 Cocolump イリーゼ
ZENKOUKAI 株式会社 エスケアメイト



Kanamic's activities in the Ministry of Internal Affairs and Communications
"IoT service creation support project"

5-8 Strategy –Teleconference System–

[Joining rehabilitation meetings using ICT]

During the 2018 care composition revision, teleconference was suggested as one of the recommended means to get doctors involved in the meetings.

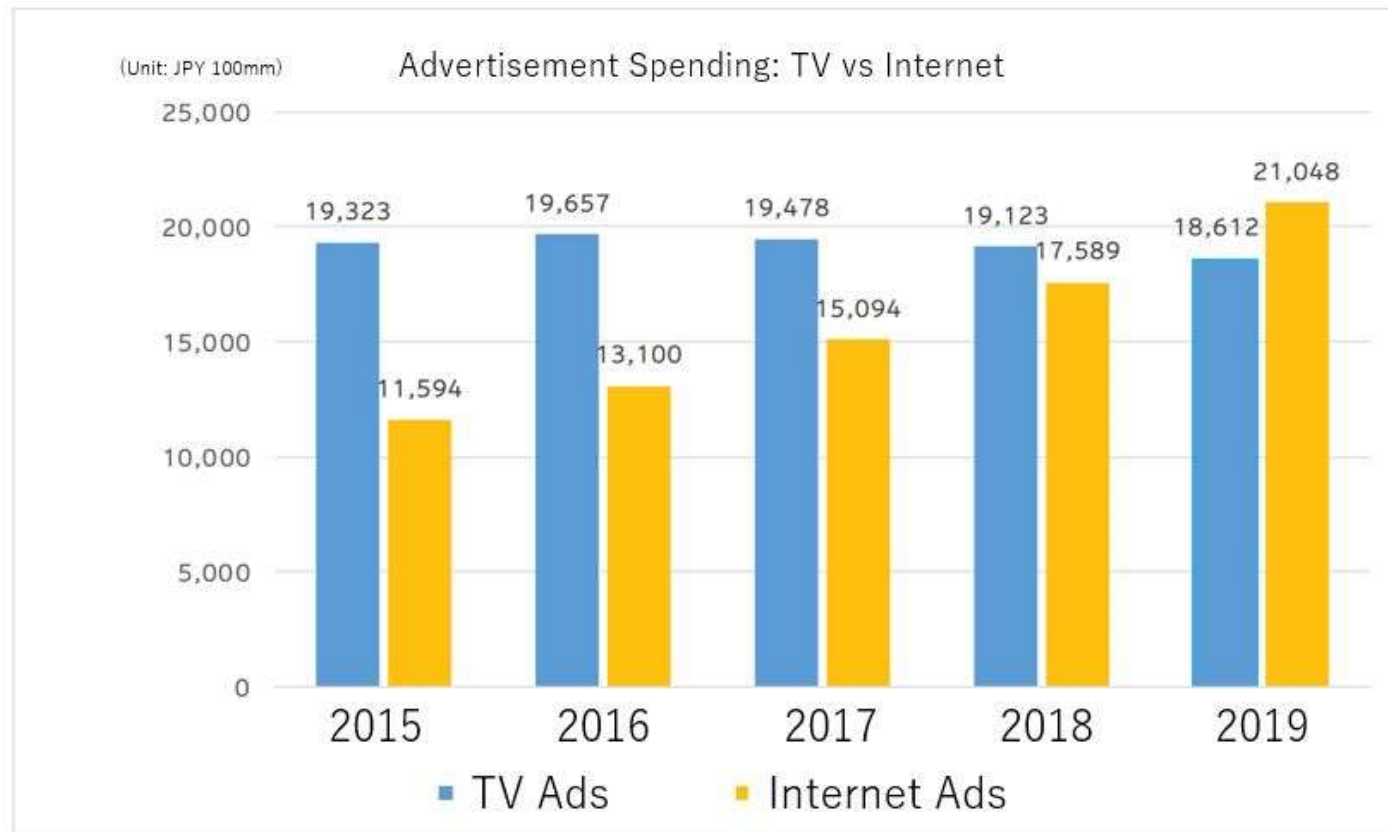


The teleconference function allows for multidisciplinary connectivity, telemedicine and conferences utilizing ICT

Source : Ministry of Health, Labor and Welfare "Outline of the revision of the Long-Term Care Insurance System in 2018"

5-9. Growth Strategy—Advertisement—

Internet ads surpassed JPY 2 trillion for the first time.



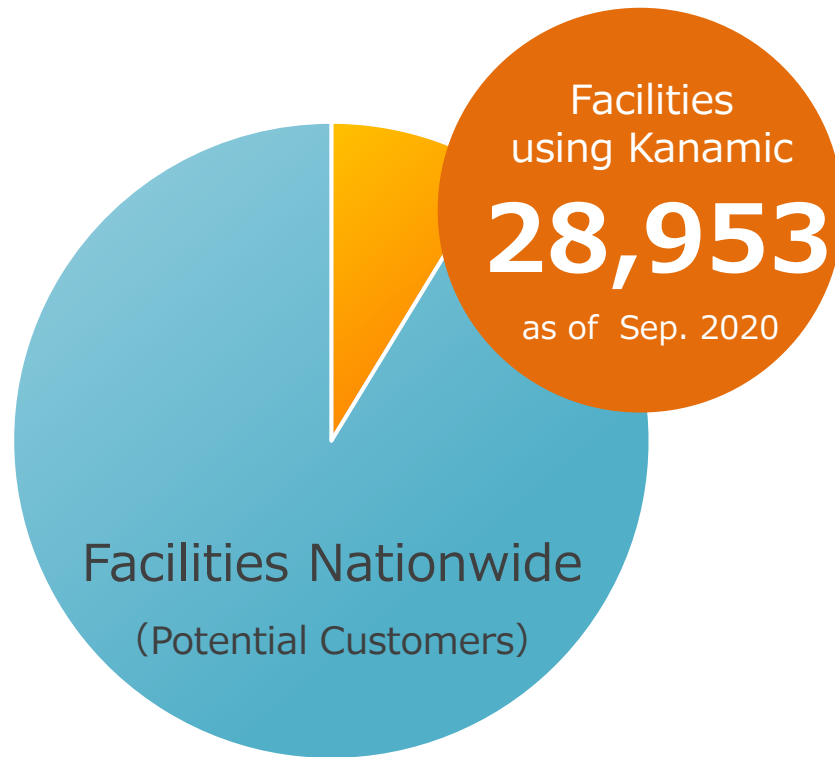
Source: Dentsu

After 6 years of double digit growth, internet ads internet adds accounted for 30.3% of advertisement spending, surpassing TV ad spending for the first time and breaking the JPY 2 trillion threshold.

5-10. There is Still Room for Growth

Each business area has great growth potential

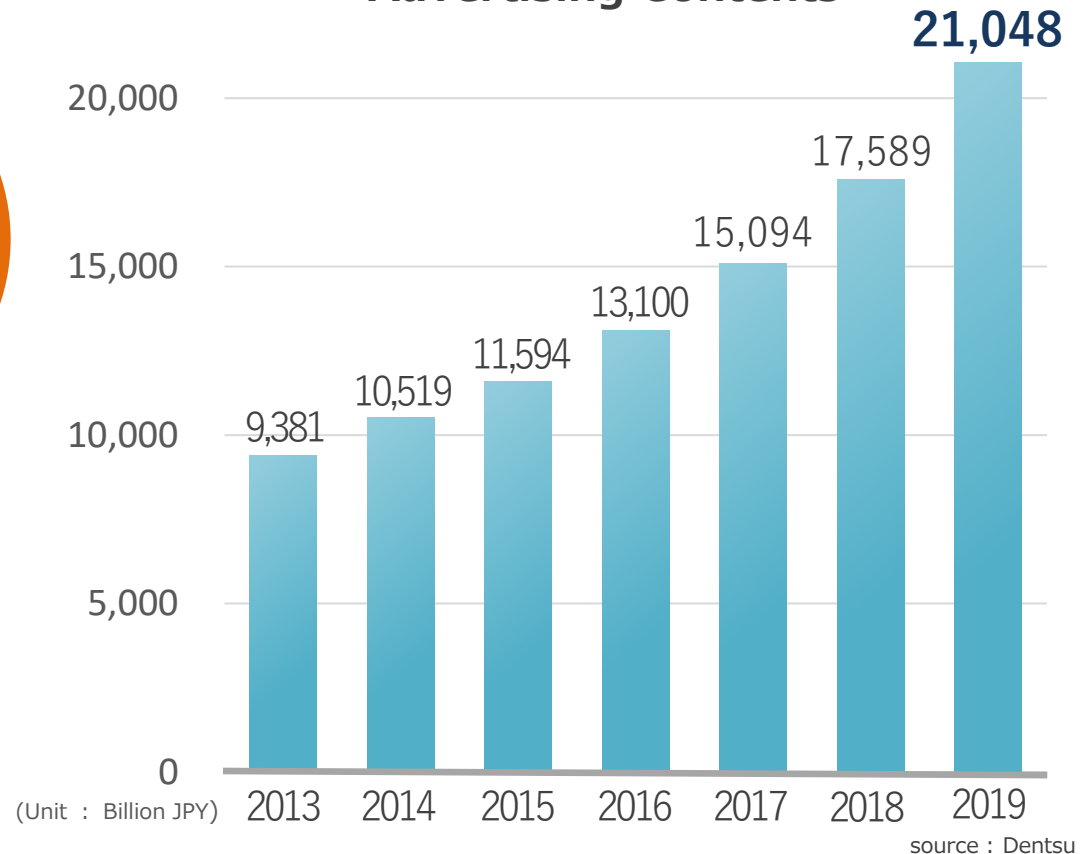
Software



9.5% market share

The number of long-term care facilities nationwide is calculated based on the Ministry of Health, Labor and Welfare's "Survey on Nursing Care Facilities". Data on home-visit preventative care facilities and outpatient preventative care facilities described in the Ministry's 2017 survey is not included because this data was not included in the Ministry's 2018 survey.

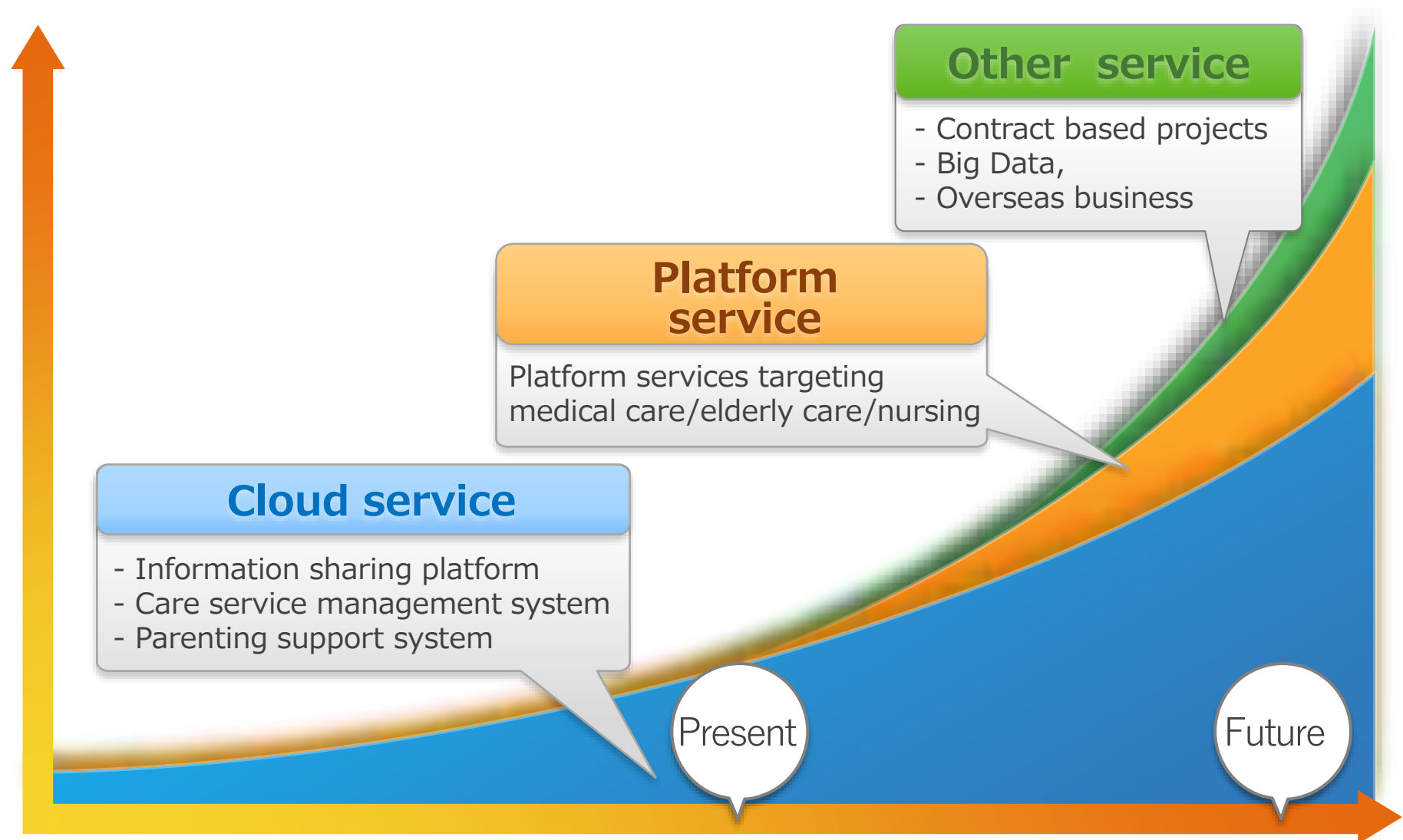
Advertising Contents



The expenditure by companies on internet advertising tends to increase year by year

5-11.Future Growth Potential

The sales of each service volume will increase steadily



6.TOPICS



KANAMIC NETWORK

6-1. Improving the workplace environment and promoting employee health (1)

Announced October 16, 2020

“Silver Certification” for wellness-focused corporations renewed



Wellness-focused Corporation Certification:
Silver Certification #868
<Certification Period>
October 1, 2020-September 30, 2021



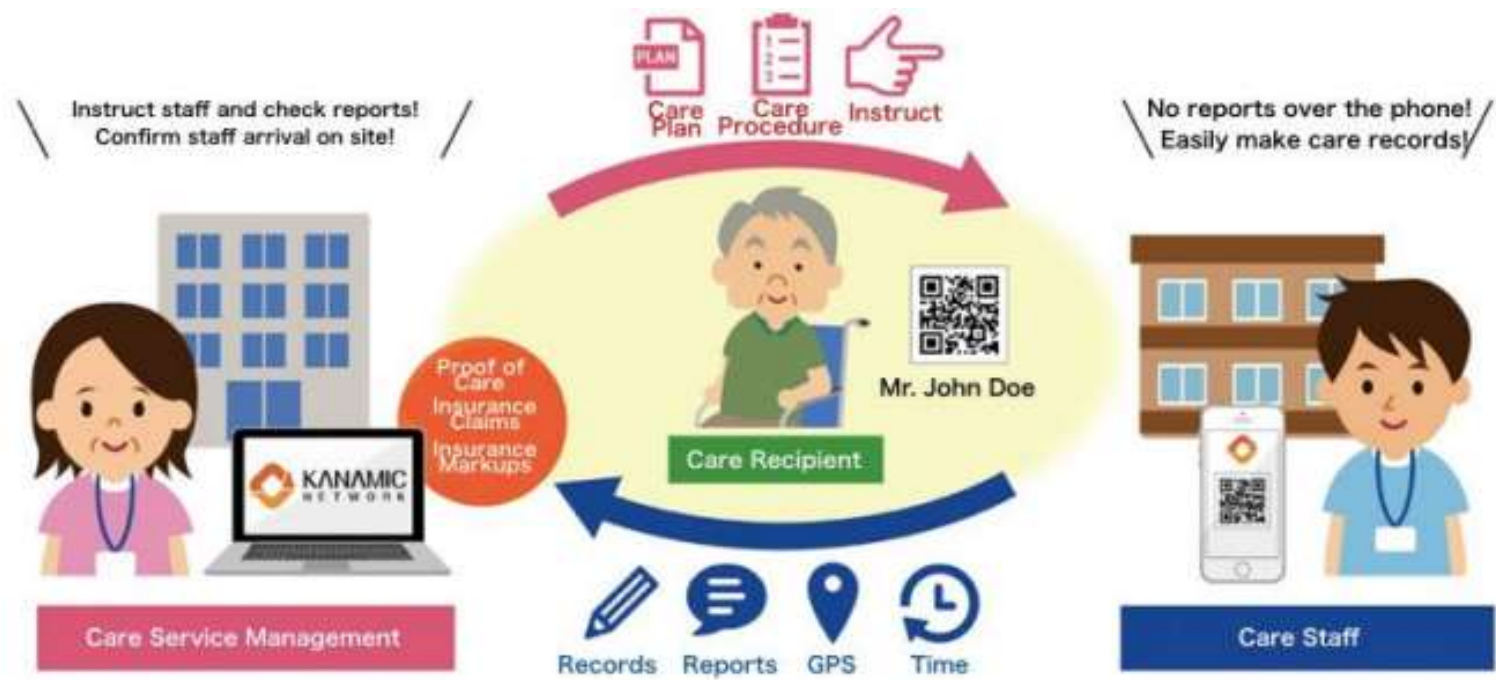
Kanamic was previously certified by the Tokyo Federation of Health Insurance Associations (on September 4, 2019), as a “wellness-focused corporation” that has vowed to make health a priority and is actively engaged in wellness management and wellness promotion efforts, and Kanamic thereby acquired the “Silver Certification”.

And as a result of continued and active efforts to promote the health of employees since then, the “Silver Certification” was renewed on October 1, 2020.

6-2. Kanamic Launches QR-Powered App: “Elderly Care Record Keeping Made Easy”

Announced July 31, 2020

“Elderly Care Record Keeping made Easy” is an iOS / Android application that capitalizes on QR code* technology to assist home-visit elderly care providers with record keeping.



“Elderly Care Record Keeping made Easy” allows elderly care providers to perform record keeping smoothly by simply scanning QR codes with their smartphone or tablet. And the application is easy to use regardless of the user’s IT proficiency.

The “Elderly Care Record Keeping made Easy” application allows care workers to view materials in Kanamic Network’s cloud system, such as care plans, care procedure documents, and instructions from managers (that impact insurance point markups) and allows care workers to generate reports, evaluations, and “Kanaeru-touch” home-visit nursing records. This makes it easier to conduct care services in accordance with the elderly care PDCA cycle.

* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

6-3. Novel Coronavirus Countermeasures (1)

Announced July 30, 2020

Ultraviolet Disinfection Device Installation Case Studies: Umenohana Co., Ltd. and Kanto International Senior High School Adopt “UVC Air Clean Manager”



▲Umenohana Co., Ltd.: Installation at the Ginza (Namiki-dori) Location



▲Kanto International Senior High School: Installation in a Classroom

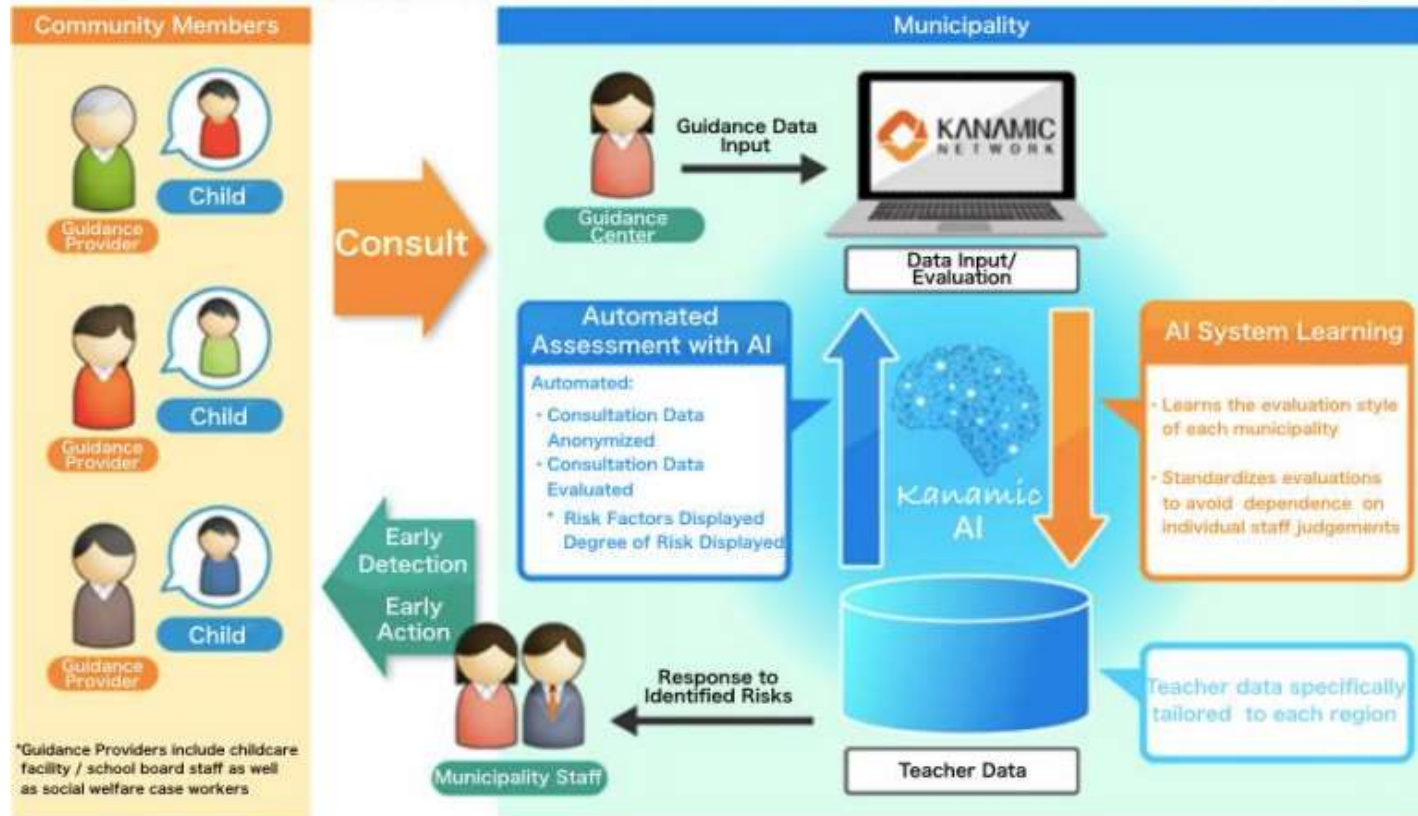
“UVC Air Clean Manager” units were installed in locations including Umenohana Co., Ltd. Restaurants and Kanto International Senior High School’s classrooms, cafeteria, library, staff room, and nurse’s office.

Product Details (Japanese): <https://www.kanamic.net/uv/>

6-4. Kanamic's Unique AI Technology

Announced July 9, 2020

Commencement of Sales of "AI Evaluation System for the Identification of Children at Risk of Requiring Aid and Protection"



This system can be utilized to automatically assess the presence (and degree) of each of the risk factors outlined by the Ministry of Health, Labor and Welfare in its "Child Abuse Risk Assessment Common Criteria for Child Guidance Centers and Municipalities". Furthermore, basic data on judgements rendered by staff of each municipality can be fed back into the AI system, allowing the system to learn from teacher data specifically tailored to each municipality.

6-5. Kanamic Network and Bengo4.com Form Business Alliance

Announced June 24, 2020

Business Alliance to Sell Electronic Contract Service "Cloud Sign" to the Medical and Elderly Care Industries



Cloud Sign is a fully-web-based cloud-contract service that replaces "paper and seal" with the "cloud", allowing the signing/sealing of contractual agreements to be completed with nothing more than a PC. Because everything is completed in the cloud, contract forms can be processed more quickly and at lower costs. Electronic contracts are digitally signed and time stamped, thereby creating a record of "when, who, and what was" contracted, thus ensuring legal evidential power.

To further contribute to productivity improvements in medical care, nursing, elderly care, and childcare, a systems collaboration between the Kanamic Cloud Service and Bengo4.com, Inc.'s "Cloud Sign" as well as a business alliance for sales of "Cloud Sign" have been initiated.

6-6. Novel Coronavirus Countermeasures (2)

Announced April 23, 2020

Commenced Selling Indoor Air Disinfection Device "UVC Air Clean Manager ®"

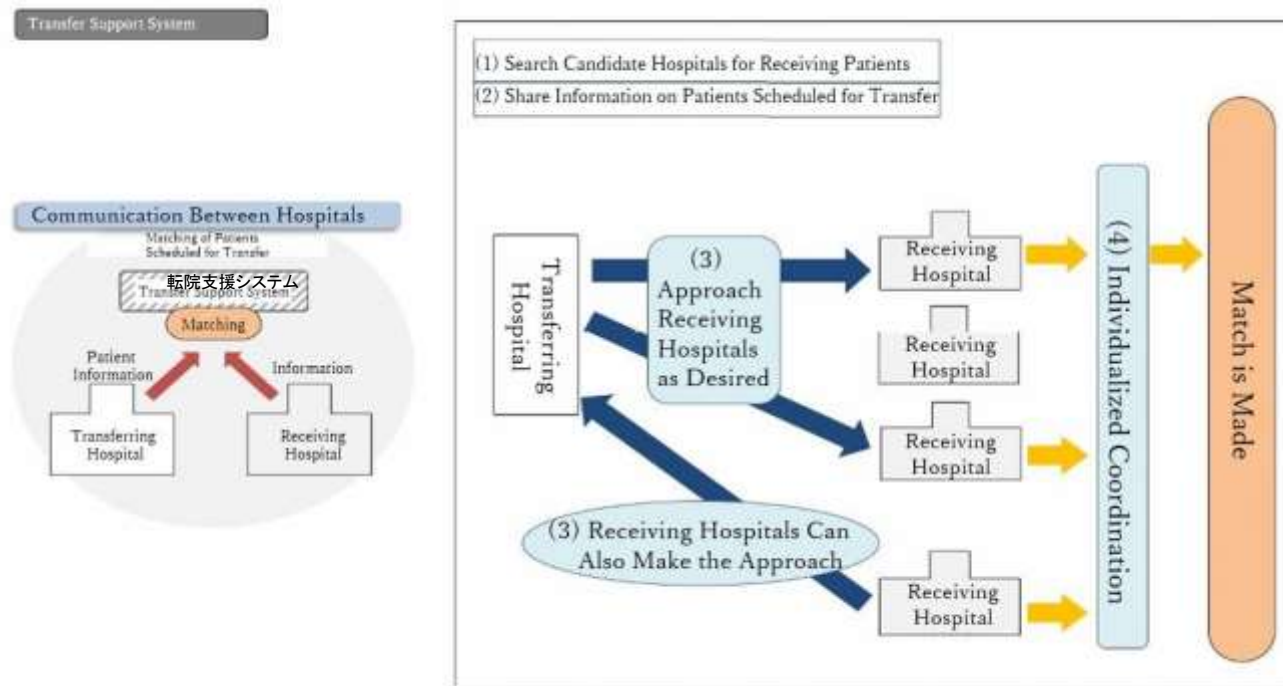


Commenced selling indoor air ultraviolet disinfection device "UVC Air Clean Manager" manufactured by COMRACK Inc. (Headquarters: Misato City, Saitama, Representative Director: Hirochika Hatano) to medical institutions, elderly care providers, schools / childcare facilities, restaurants, etc.

6-7. Novel Coronavirus Countermeasures (3)

Announced April 21, 2020

"Medical Institution Search System for Coping with Novel Coronavirus Patients" added to the "Tokyo Interprofessional Communication Portal Site"



New
Function
Added

The Company was contracted to construct and has subsequently released the "Medical Institution Search System for Coping with Novel Coronavirus Patients" as a new function to the "Tokyo Interprofessional Communication Portal Site" which it previously developed under contract from the Tokyo Metropolis Government.

6-8. Novel Coronavirus Countermeasures (4)

Announced April 17, 2020

Collaborating with "#SAVE YOUR LIFE" Project to reduce the shortage of sanitary supplies



N95 Medical Masks

(US FDA Certified)



Disposable Masks



Hand clean gel

To help reduce the shortage of sanitary supplies faced by medical, nursing, elderly care, and childcare providers, the Company has collaborated with PIALA Inc. (Headquarters: Shibuya-ku, Tokyo; CEO: Takao Asuka) as a sales collaborator to PIALA's "#SAVE YOUR LIFE" project.

6-9. Novel Coronavirus Countermeasures (5)

Announced April 3 – April 13, 2020

Kanamic Network and BabyBus jointly donated about 350,000 masks to healthcare, nursing, elderly care, and childcare providers in Japan.



We received 3,347 masks requests (spanning 13,373 care facilities)

Kanamic and Baby Bus (Fujian) Network Technology Co., Ltd., a company that offers early education content using videos and apps, teamed up to masks to those that need them most.

6-10. Novel Coronavirus Countermeasures (6)

Announced March, 31 2019

Nursing / Elderly Care Telework Case Study: "Nurse Care Group" Implements Telework Using the "Kanamic Cloud Service"



Yumi Sugahara is the founder of "National Visit Volunteer Nurse Association, Cannas" and manager of various care services operated under the Nurse Care Group, including home-visit nursing services, home-visit caregiver services, and elderly daycare services.

Along with the spread of the novel coronavirus, avoiding public outings and working from home have been encouraged. Within this context, Ms. Sugahara and Nurse Care Group are striving to achieve "work style reform" via telework solutions powered by Kanamic Network's technology.

6-11. Novel Coronavirus Countermeasures (7)

Announced March 23, 2020

“Kanamic Cloud Service” is Recognized as an In-scope Tool for Applications to the First Round of the Ministry of Economy, Trade and Industry (METI) “IT Implementation Subsidiary”

IT導入補助金2020
令和元年産学官連携推進事業

gBizID

中小企業・小規模事業者のみなさまへ
「お悩みに効く」ITツールの特徴をご紹介します
業種別お悩み解決ITツール機能
詳細はこちら

【(総報) 新型コロナウイルス感染症拡大防止に伴うコールセンター再開のお知らせ】
現在、休止しております本事業のコールセンターですが、2020年4月21日より一部コールセンター機能を再開いたします。ただし、緊急事態宣言が発令されていることを鑑み、一時的に窓口を絞っての再開となりますので、混雑の状況によりましては、繋がりにくくなることが予想されます。何卒ご理解いただきますようお願い申し上げます。
なお、お問い合わせフォームについては引き続きご利用頂けますので、併せてご利用頂きますようお願いいたします。

新着情報
2020.3.31 「IT導入補助金2020 1次公募（臨時対応）」の受付は終了いたしました。
2020.3.13 昨今のコロナウイルスの影響を勘案した策定対策としてIT導入補助金2020 1次公募（臨時対応）を行います。詳しくはこちらをご覧ください。

更新情報
2020.4.24 「IT導入補助金2020 公募要領 通常枠（A、B類型）版」「IT導入補助金2020 公募要領 特別枠（C類型）版」を更新しました。
2020.4.22 「IT導入補助金2020 公募要領 通常枠（A、B類型）版（暫定版）」「IT導入補助金2020 公募要領 特別枠（C類型）版（暫定版）」を更新しました。

During the first call for applications for the subsidiary (implemented ahead of schedule from March 13th as an economic measure related to the spread of the novel coronavirus), businesses that adopt the Company’s “Kanamic Cloud Service” can apply to receive subsidiary funds through METI’s Support Project.

Announced March 9, 2020

Kanamic Network Recognized under the “2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program”

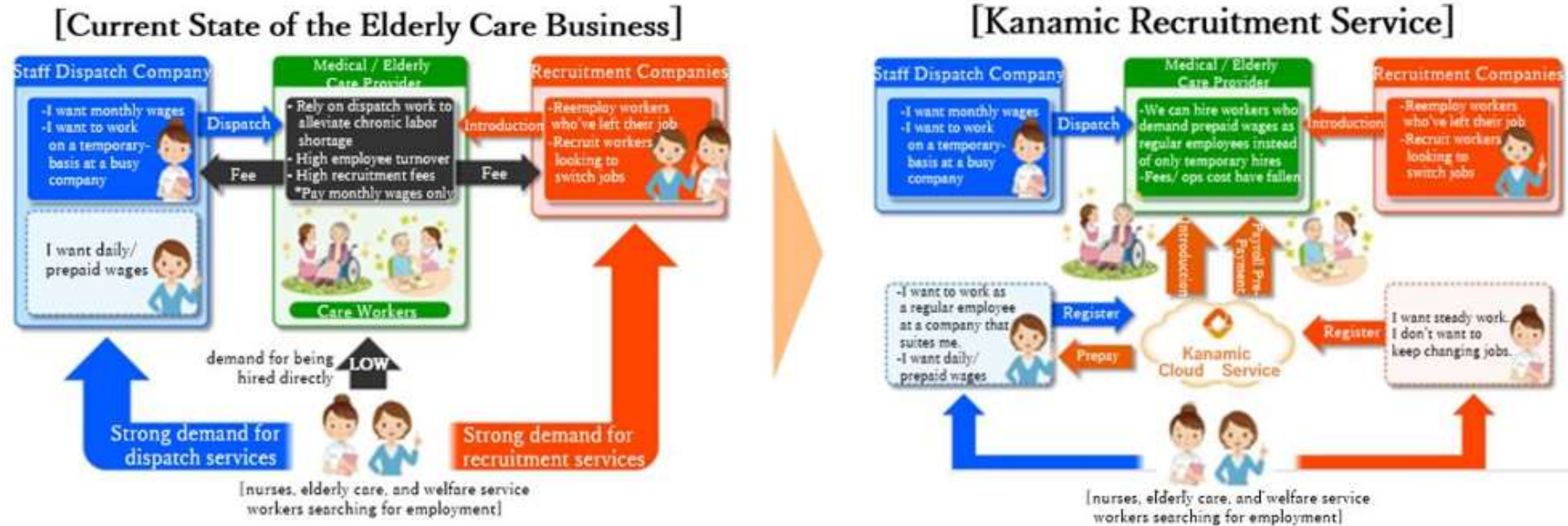


2020
健康経営優良法人
Health and productivity

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 large enterprises, SMEs and other organizations engaging in initiatives for overcoming health-related challenges in communities or for promoting health-conscious activities led by the Nippon Kenko Kaigi, and recognizes outstanding enterprises engaging in efforts for health and productivity management.

Announced January 6, 2020

Commencement Recruitment and Payroll Prepayment Services for the Medical Care, Nursing, and Elderly Care Industries



As a response to difficulty with recruitment, a low retention rate, and a high turnover rate currently faced by the medical and elderly care industries, the Company will provide a low-charge recruitment service as well as a comprehensive service for meeting the needs of job seekers who desire prepaid salaries. In addition, the Company began providing IT support services for the payroll prepayment system.

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Performance and other information herein about selected past Kanamic Network investments is intended to illustrate Kanamic Network's experience making investments. The past investments presented herein were selected by Kanamic Network on the basis of subjective criteria, and different persons might reach different conclusions as to individual investments' relevance and about which investments to include in such selection. Certain information herein refers to certain trends in the technology and related industries. There can be no assurance that such trends will continue. The investments included in this Presentation are not, and do not purport to be, representative of all investments, or all types of investments, previously made by Kanamic Network. The performance of these selected investments is not indicative of future performance.