



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending September 30, 2021 [Japanese GAAP]

May 7, 2021

Company Name: Kanamic Network Co., Ltd. Stock Exchange Listing: Tokyo
 Stock Code: 3939 URL: <http://www.kanamic.net/>
 Representative: Representative Director and President: Takuma Yamamoto
 Contact: Director, General Manager: Kenya Wakabayashi (TEL) 03-5798-3955
 Scheduled date to submit quarterly securities report: May 10, 2021 Scheduled date to commence dividend payments: —
 Availability of supplementary briefing material on quarterly financial results: Yes
 Quarterly financial results briefing: Yes (for securities analysts and institutional investors)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter of Fiscal Year ending September 30, 2021 (From October 1, 2020 to March 31, 2021)

(1) Consolidated Operating Results (Cumulative) (Percentages indicate year-on-year changes from the previous corresponding period)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second Quarter ended March 31, 2021	1,043	14.8	418	40.8	423	33.5	295	38.6
March 31, 2020	908	—	297	—	317	—	212	—

(Reference) Comprehensive income: Second Quarter ended March 31, 2021: 296 million yen (39.0%) Second Quarter ended March 31, 2020: 213 million yen (— %)

	Basic profit per share	Basic diluted profit per share
	Yen	Yen
Second Quarter ended March 31, 2021	6.13	—
March 31, 2020	4.42	—

(Note) The Company changed to consolidated quarterly financial results from the first quarter ended December 31, 2019, and therefore year-on-year changes between the second quarter ended March 31, 2020 and the previous corresponding period are not presented.

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
Second quarter ended March 31, 2021	2,501	2,105	84.2
Fiscal year ended September 30, 2020	2,303	1,905	82.8

(Reference) Shareholder's equity: Second Quarter ended March 31, 2021: 2,105 million yen Fiscal year ended September 30, 2020: 1,905 million yen

2. Dividends

	Annual cash dividends per share				
	First Quarter End	Second Quarter End	Third Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended September 30, 2020	—	0.00	—	2.00	2.00
Fiscal Year ending September 30, 2021	—	0.00			
Fiscal Year ending September 30, 2021 (forecast)			—	2.50	2.50

(Note) Revisions in dividend forecast subsequent to most recent announcement: None

3. Forecast for the consolidated financial results for the fiscal year ending September 30, 2021 (from October 1, 2020 to September 30, 2021)

(% indicates YoY change from the previous corresponding fiscal year or period)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Profit Per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	2,100	11.6	800	22.2	800	18.2	550	16.4	11.43

(Note) Changes in consolidated financial results forecasts subsequent to most recent announcement: Yes

Please refer to the "Notice Regarding Upward Revision of Consolidated (and Non-consolidated) Forecast for the Fiscal Year Ending September 30, 2021" released today (May 7, 2021).

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Special accounting methods adopted for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and restatements

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| ① Changes in accounting policies due to the revision of accounting standards : | None |
| ② Changes in accounting policies other than ① : | None |
| ③ Changes in accounting estimates : | None |
| ④ Restatements : | None |

(4) Total number of issued shares (common shares)

① Total number of issued shares at the end of the period (including treasury shares):	Second quarter ended March 31, 2021	48,132,000 Shares	Fiscal Year ended September 30, 2020	48,132,000 Shares
② Total number of treasury shares at the end of the period:	Second quarter ended March 31, 2021	1,206 Shares	Fiscal Year ended September 30, 2020	1,206 Shares
③ Average number of shares during the 6 month period (quarter-to-date)	Second quarter ended March 31, 2021	48,130,794 Shares	First quarter ended December 31, 2019	48,130,794 Shares

* This quarterly financial results report is not subject to quarterly review by a certified public accountant or auditing corporation.

* Explanation of appropriate use of performance forecasts and other special notes.

The statements regarding forecast of financial results in this report are based on information that is available to the Company, as well as certain assumptions that are deemed to be reasonable, and we make no promise that such statements will prove to be correct. Actual results may differ materially due to a variety of factors.

(Obtaining Financial Results Supplementary and Briefing Material)

The Company plans to hold a financial results briefing for securities analysts and institutional investors on Thursday, May 13, 2021. Shortly following the briefing, the materials will be published on the Company's website.

1. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of September 30, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	1,706,530	1,899,510
Accounts receivable - trade	74,151	71,373
Work in process	6,526	360
Other	77,716	68,112
Allowance for doubtful accounts	-13,493	-13,486
Total current assets	1,851,431	2,025,870
Non-current assets		
Property, plant and equipment	51,304	46,800
Intangible assets		
Software	306,201	335,679
Other	76	76
Total intangible assets	306,277	335,755
Investments and other assets		
Other	94,246	93,079
Allowance for doubtful accounts	-256	-256
Total investments and other assets	93,989	92,823
Total non-current assets	451,571	475,379
Total assets	2,303,003	2,501,250
Liabilities		
Current liabilities		
Accounts payable - trade	22,725	7,573
Income taxes payable	129,194	133,246
Provision for bonuses	31,227	26,472
Asset retirement obligations	16,000	16,000
Other	185,999	199,945
Total current liabilities	385,146	383,238
Non-current liabilities		
Asset retirement obligations	11,209	11,261
Other	800	800
Total non-current liabilities	12,009	12,061
Total liabilities	397,155	395,299
Net assets		
Shareholders' equity		
Share capital	192,060	192,060
Capital surplus	132,060	132,060
Retained earnings	1,582,485	1,781,379
Treasury shares	-478	-478
Total shareholders' equity	1,906,127	2,105,021
Accumulated other comprehensive income		
Foreign currency translation adjustment	-278	929
Total accumulated other comprehensive income	-278	929
Total net assets	1,905,848	2,105,950
Total liabilities and net assets	2,303,003	2,501,250

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
 (Quarterly Consolidated Statement of Income)
 (Six months ended
 March 31, 2021)

(Thousands of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Net sales	908,798	1,043,257
Cost of sales	117,081	167,119
Gross profit	791,717	876,137
Selling, general and administrative expenses	494,382	457,438
Operating profit	297,334	418,699
Non-operating income		
Interest income	12	36
Foreign exchange gains	680	2,361
Subsidy income	19,347	1,599
Miscellaneous income	81	579
Total non-operating income	20,121	4,576
Non-operating expenses		
Miscellaneous loss	416	168
Total non-operating expenses	416	168
Ordinary profit	317,039	423,107
Extraordinary income		
Gain on sales of non-current assets	—	323
Total extraordinary income	—	323
Profit before income taxes	317,039	423,430
Income taxes - current	107,545	127,170
Income taxes - deferred	-3,483	1,104
Total income taxes	104,062	128,275
Profit	212,976	295,155
Profit attributable to owners of parent	212,976	295,155

(Quarterly Consolidated Statement of Comprehensive Income)
(Six months ended
March 31, 2021)

(Thousands of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Profit	212,976	295,155
Other comprehensive income		
Foreign currency translation adjustment	242	1,207
Total other comprehensive income	242	1,207
Comprehensive income	213,219	296,363
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	213,219	296,363
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended March 31, 2020	Six months ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	317,039	423,430
Depreciation	67,149	64,025
Increase (decrease) in allowance for doubtful accounts	1,129	-7
Interest income	-12	-36
Subsidy income	-19,347	-1,599
Loss (gain) on sales of non-current assets	—	-323
Decrease (increase) in trade receivables	-27,664	35,302
Decrease (increase) in inventories	153	6,166
Increase (decrease) in trade payables	5,377	-15,262
Increase (decrease) in provision for bonuses	-4,875	-4,807
Other, net	18,633	-12,958
Subtotal	357,584	493,930
Interest received	12	36
Income taxes paid	-129,799	-123,693
Subsidies received	—	1,599
Net cash provided by (used in) operating activities	227,796	371,872
Cash flows from investing activities		
Purchase of property, plant and equipment	-4,130	-6,160
Proceeds from sales of property, plant and equipment	—	1,145
Purchase of intangible assets	-41,133	-80,790
Other, net	-460	-620
Net cash provided by (used in) investing activities	-45,723	-86,425
Cash flows from financing activities		
Dividends paid	-48,130	-96,261
Net cash provided by (used in) financing activities	-48,130	-96,261
Effect of exchange rate change on cash and cash equivalents	-812	3,795
Net increase (decrease) in cash and cash equivalents	133,129	192,980
Cash and cash equivalents at beginning of period	1,220,207	1,706,530
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	1,521	—
Cash and cash equivalents at end of period	1,354,857	1,899,510