







Earnings Results Briefing for the
Second Quarter, FY2021
And Corporate Profile

May 13, 2021

株式会社 カナミックネットワーク

Kanamic Network Co., Ltd

-  Company Profile
-  Earnings
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-  Strategy
-  Business Outline
-  Strengths

1. Company Profile



KANAMIC NETWORK

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.

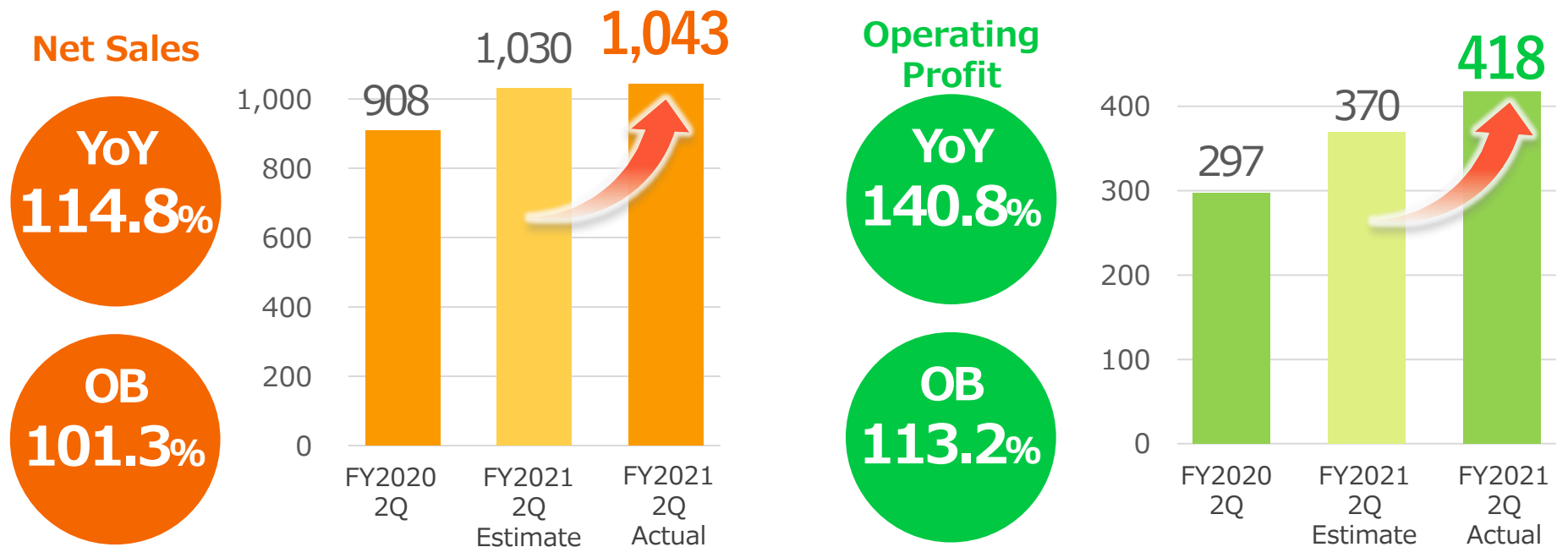


2. Earnings



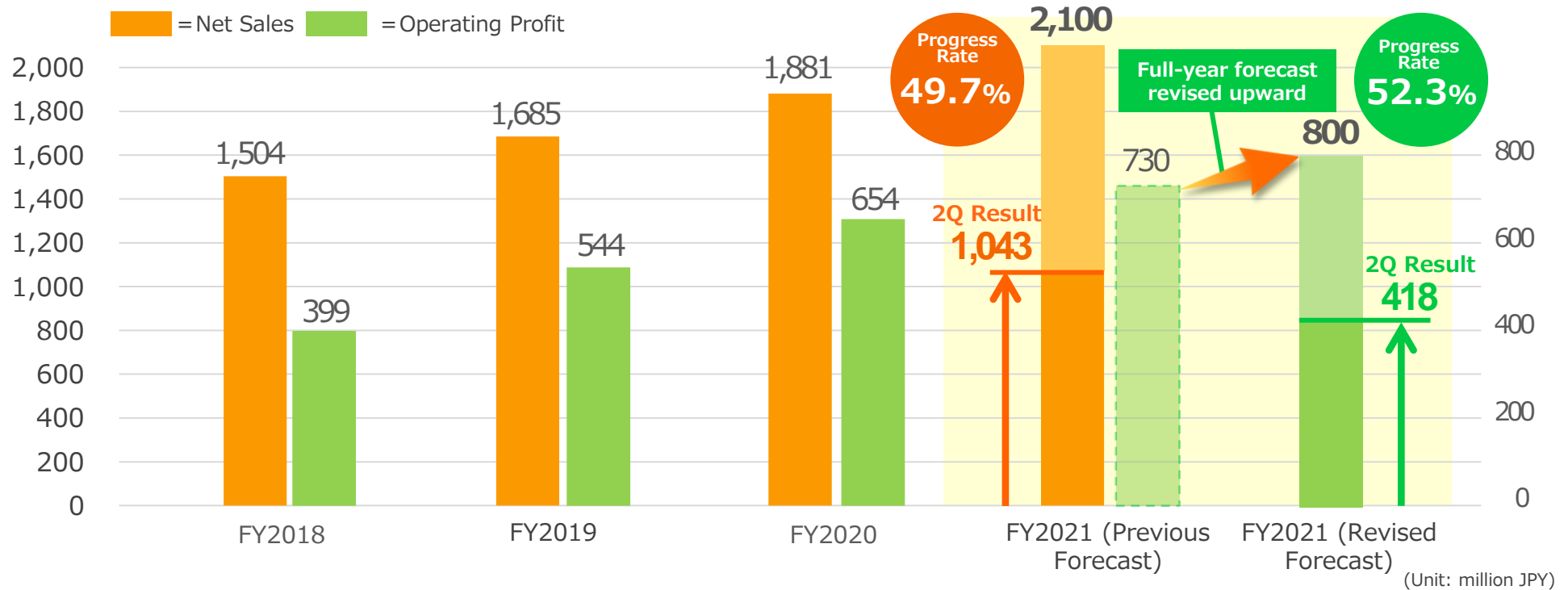
KANAMIC NETWORK

2-1. FY 2021, 2Q Results



	YoY	FY 2021, 2Q			Difference	
	Actual	Estimate	Actual	Margin (%)	YoY (%)	Achievement Rate (%)
Net Sales	908	1,030	1,043	100.0	114.8	101.3
Operating Profit	297	370	418	40.1	140.8	113.2
Ordinary Profit	317	370	423	40.6	133.5	114.4
Profit	212	258	295	28.3	138.6	114.4
Profit Per Share		5.36	6.13			

2-2. FY 2021, Forecast (Revised) & 2Q YTD Progress



	FY2018	FY2019	FY2020	FY2021				
				Interim Result	Previous Forecast	Revised Forecast	Change	Change (%)
Net Sales	1,504	1,685	1,881	1,043	2,100	2,100	-	-
Operating Profit	399	544	654	418	730	800	70	9.60
Ordinary Profit	380	543	676	423	730	800	70	9.60
Profit	256	357	472	295	510	550	40	7.80
Profit Per Share					10.60	11.43		

*The Company changed to consolidated accounting from FY2020, so results from FY2019 and earlier are standalone figures.

2-3. FY2021, 2Q Results (by product)

■ Net Sales (YOY, %)

Cloud

YoY
110.6%

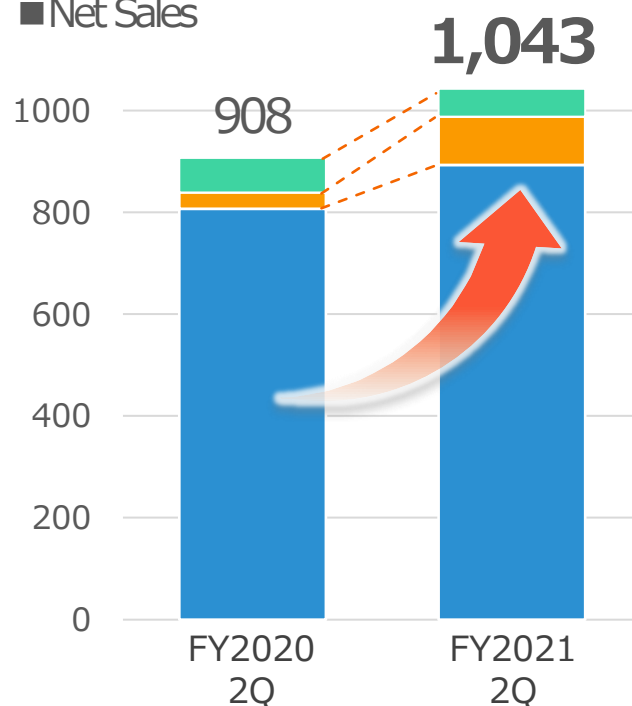
Platform

YoY
291.4%

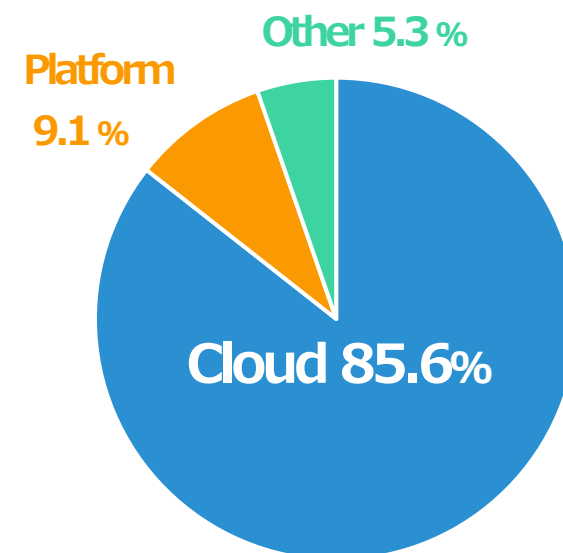
Other

YoY
80.2%

■ Net Sales



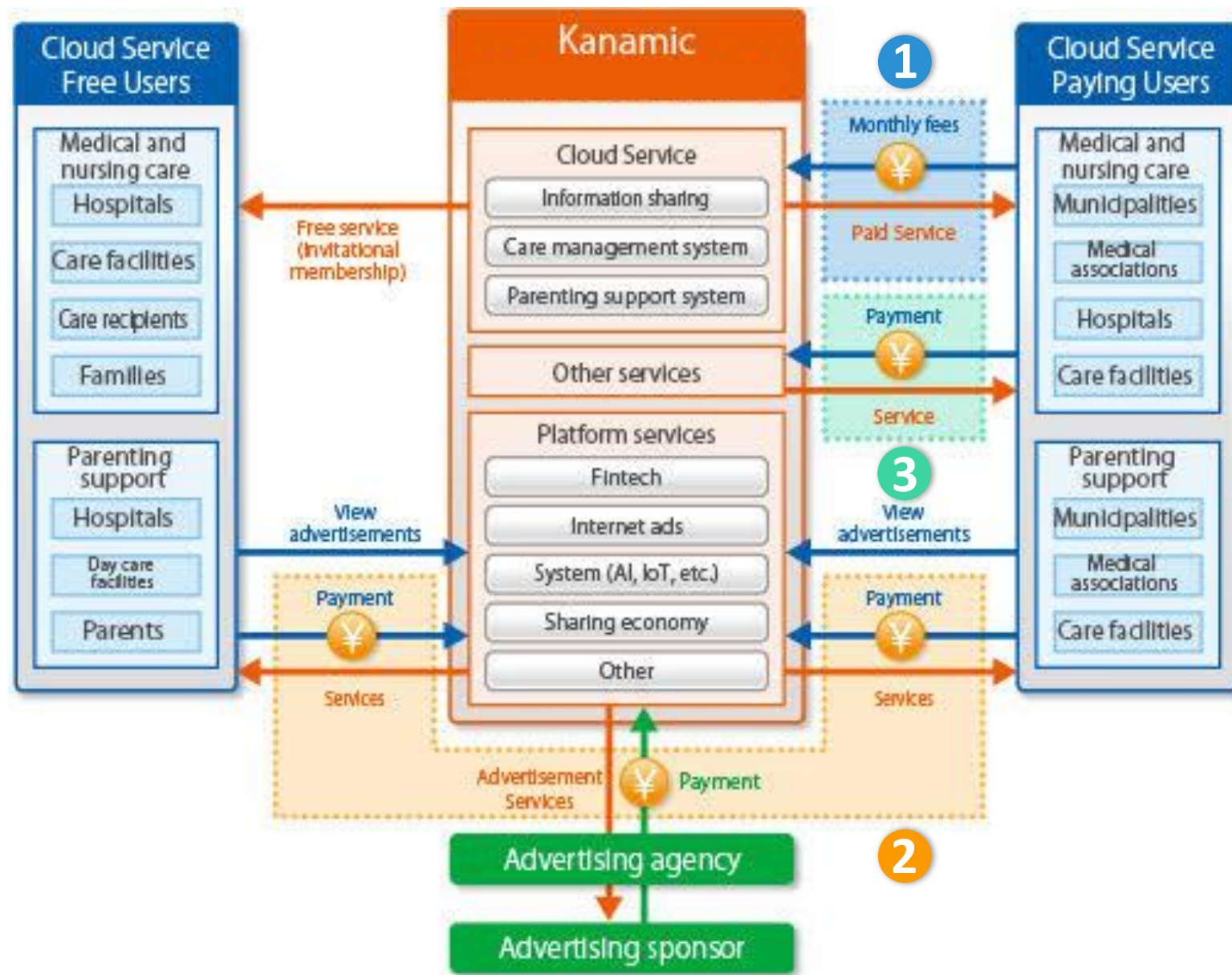
■ Composition of Net Sales



(Unit : million JPY, %)

	FY2020 2Q		FY2021 2Q		YoY	
	Net Sales	Composition Ratio (%)	Net Sales	Composition Ratio (%)	Change	(%)
Cloud	807	88.8	893	85.6	85	110.6
Platform	32	3.6	95	9.1	62	291.4
Other	68	7.6	55	5.3	-13	80.2
Total	908	100.0	1,043	100.0	134	114.8

2-4. Medical and Nursing Care Cloud Service Overview



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

Second Quarter of FY 2021

1 Cloud

Net Sales : JPY 893mm
(Weighting (%) : 85.6)
(YoY(%) : 110.6)

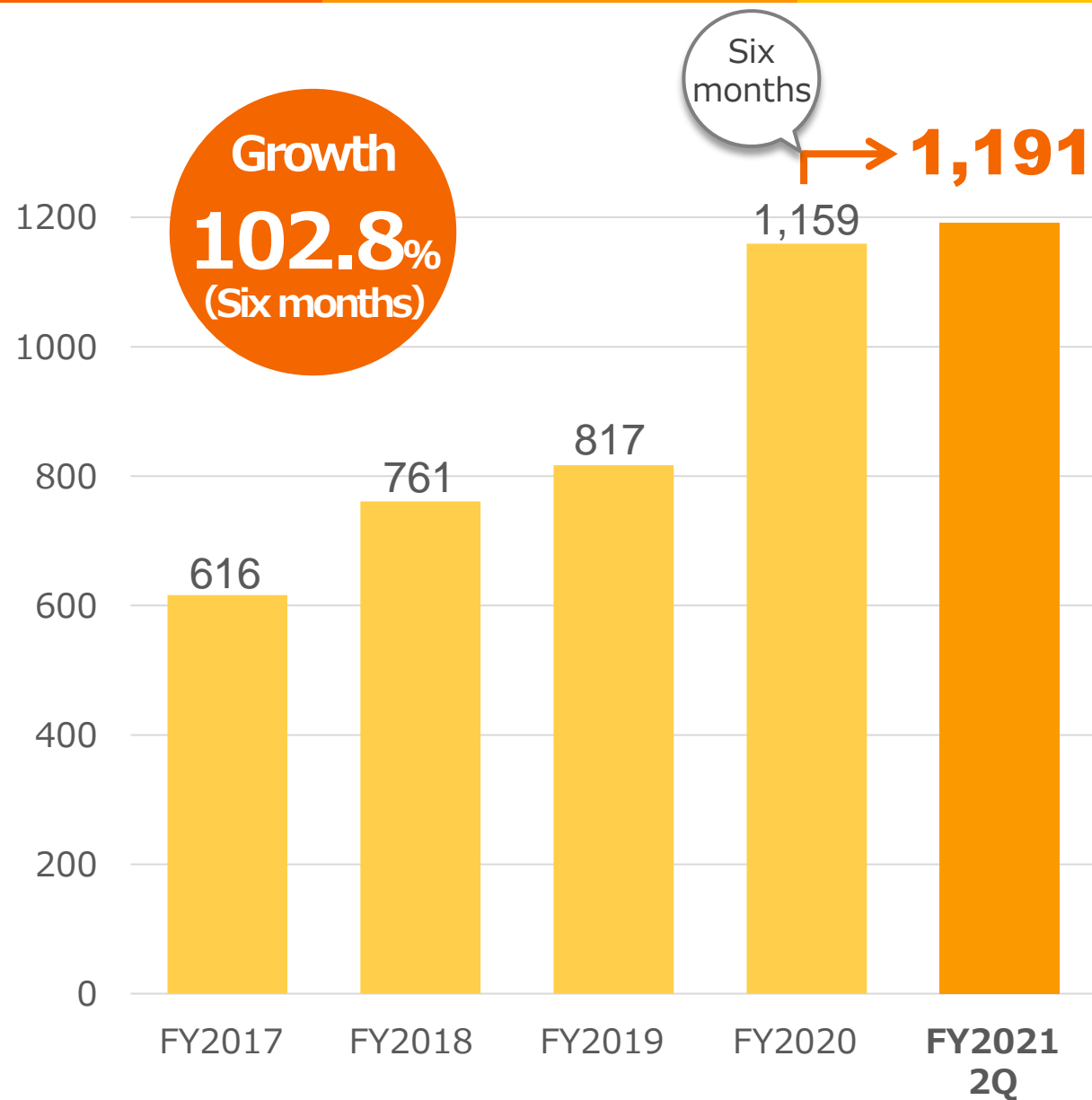
2 Platform

Net Sales : JPY 95mm
(Weighting (%) : 9.1)
(YoY(%) : 291.4)

3 Other

Net Sales : JPY 55mm
(Weighting (%) : 5.3)
(YoY(%) : 80.2)

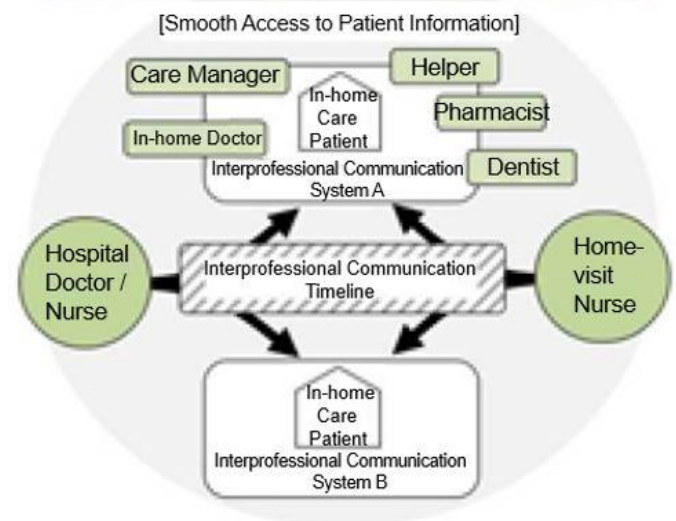
2-5. Number of Regions Using Our Cloud Products



Contracted for Portal Site for
All Regions of Tokyo

(1) Interprofessional Communication Timeline

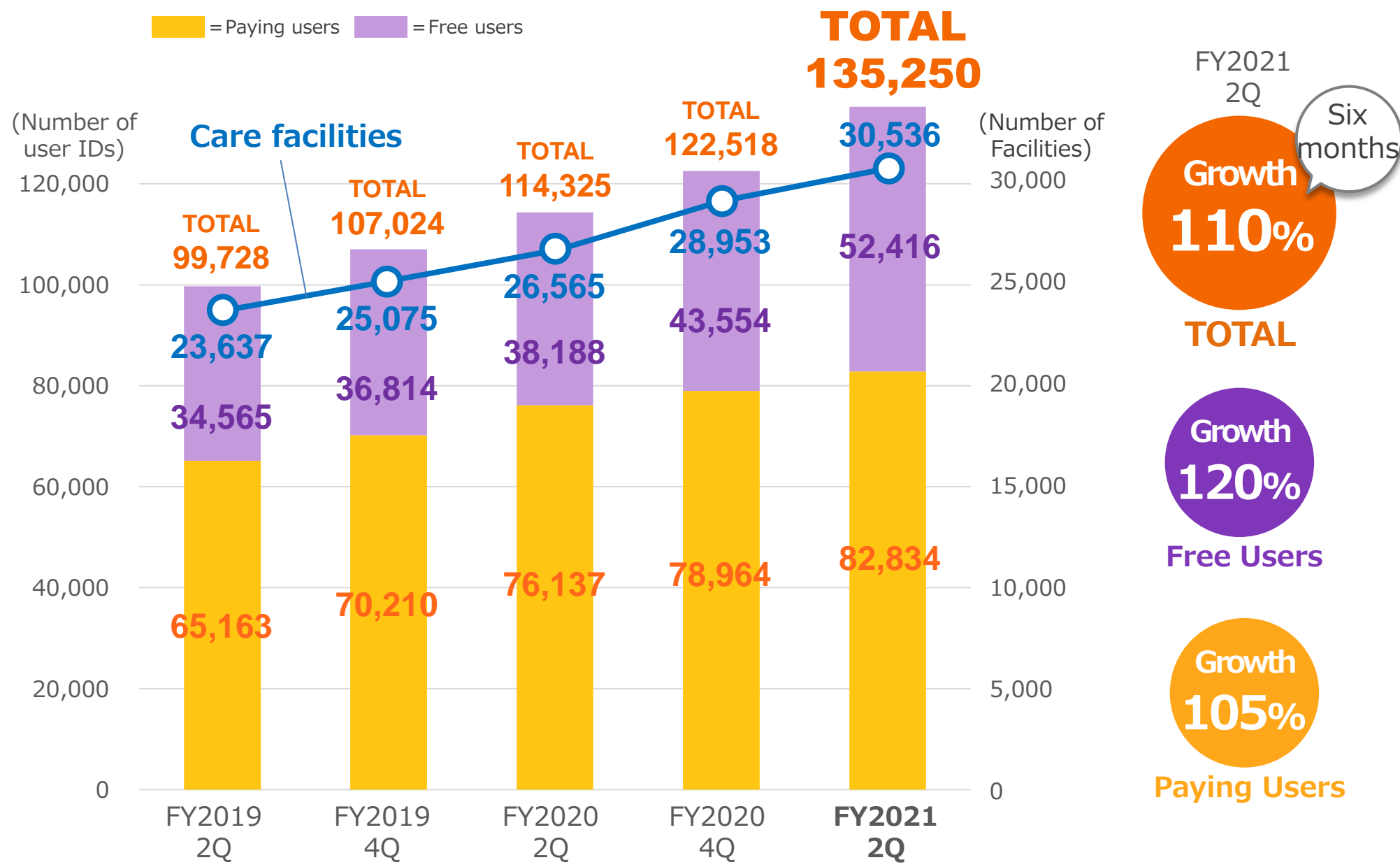
- Communication among community medical / elderly care professionals and hospitals
- Communication among community medical/elderly care professionals



(2) Patient Transfer Support System

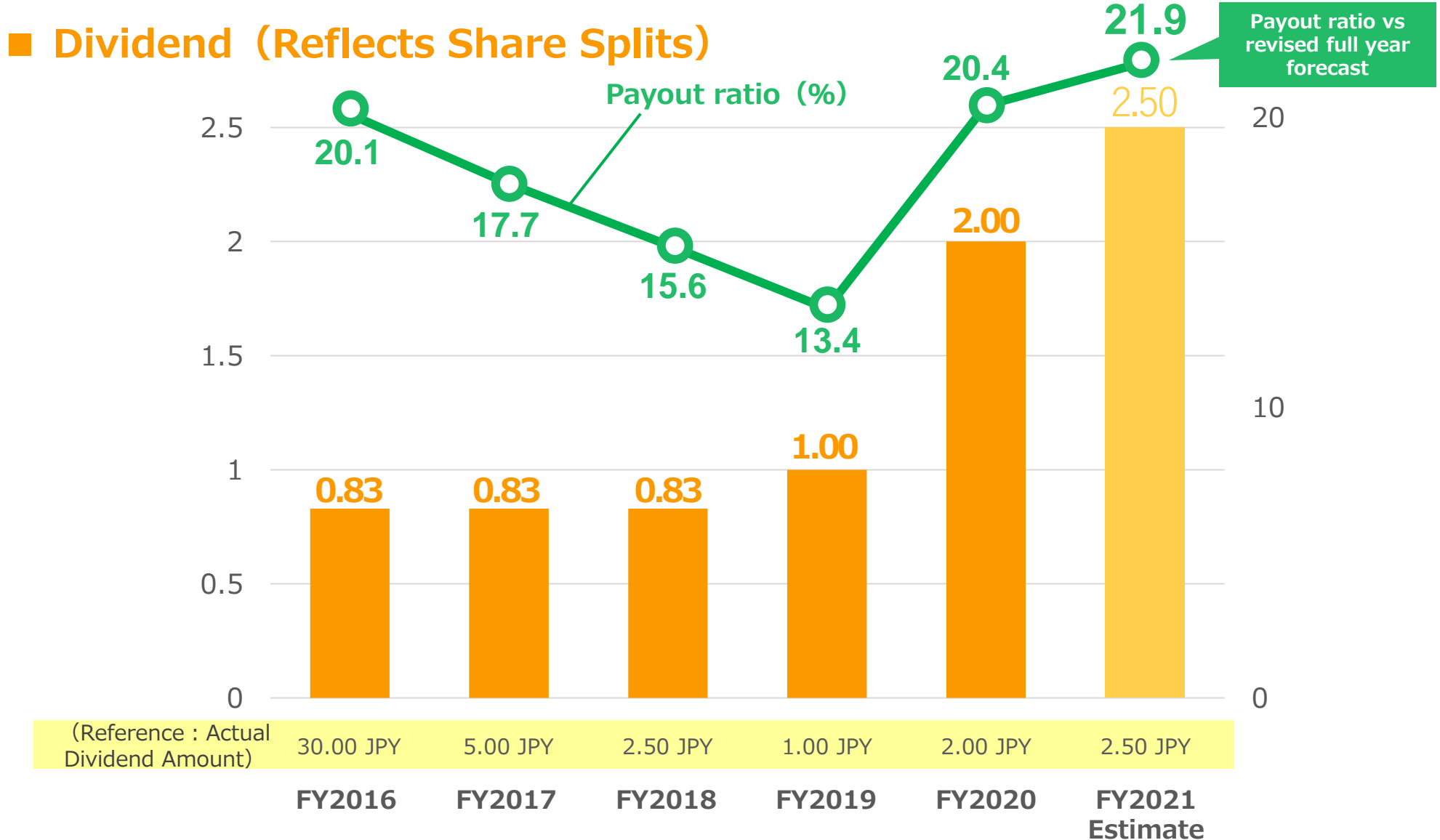
*One region consist of an area with a population of 30,000 people, roughly the size of a junior high school district as defined within the community comprehensive care framework envisioned by the Ministry of Health, Labour and Welfare

2-6. User Growth & Number of Care Facilities



2-7. Dividends

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



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

From the fiscal year ending September 2020, the contents of the lottery-based shareholder benefit program have been changed from travel vouchers to JCB Gift Cards. This change was made in response to the ongoing novel coronavirus epidemic.

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

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 2nd third of January each year.

3.Topics



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3-1. FY2021 Revision to the Long-term Care Insurance Law

April 2021: the long-awaited birth of the digital transformation in long-term care

Promotion of the community comprehensive care framework

Interdisciplinary collaboration using communications systems



Promotion of undertakings in scientific nursing care (LIFE)

Utilizing data to improve quality of long-term care



Shifting from in-person meetings to online meetings

Utilization of ICT in meetings and interdisciplinary collaboration



Doing away with "signing and sealing"

Digitally signed and time stamped electronic contracts/documents



Relaxation of staffing requirements for providers who adopt IoT/ICT technology

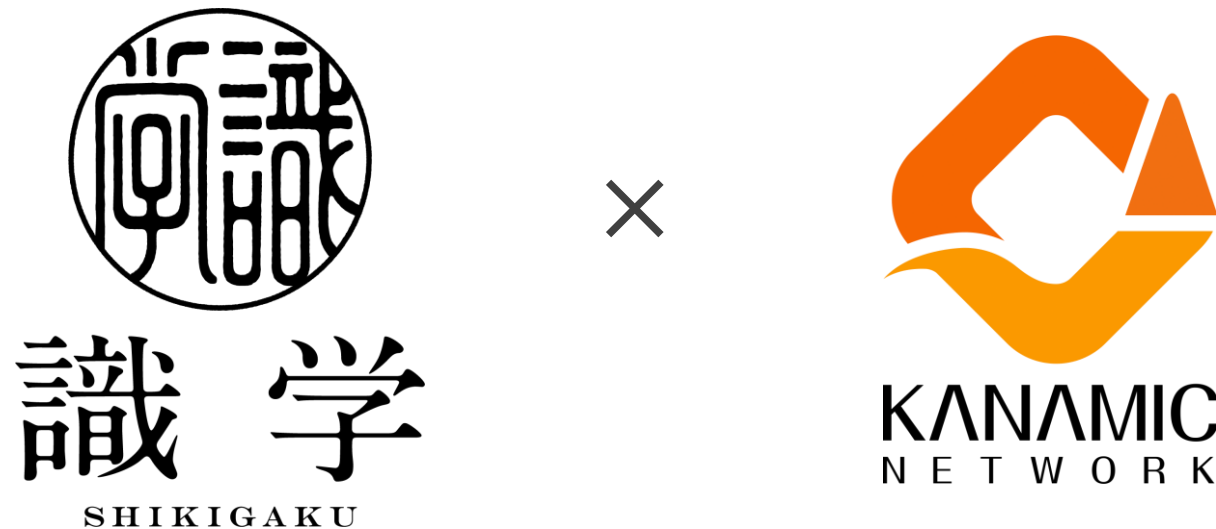
Fewer night staff required when care recipient monitoring devices are used



In the 2021 revision of the long-term care law, a policy of promoting and rewarding the utilization of IT towards the following ends was adopted: "for strengthening the ability to respond to infectious diseases and disasters", "for promoting efforts to help care recipients live independently and prevent their condition from worsening", and for "addressing personnel shortages and revolutionizing the long-term care front lines".

Announced November 18, 2020

Business alliance with Shikigaku to provide support to IPO-aspiring corporations in the long-term care industry

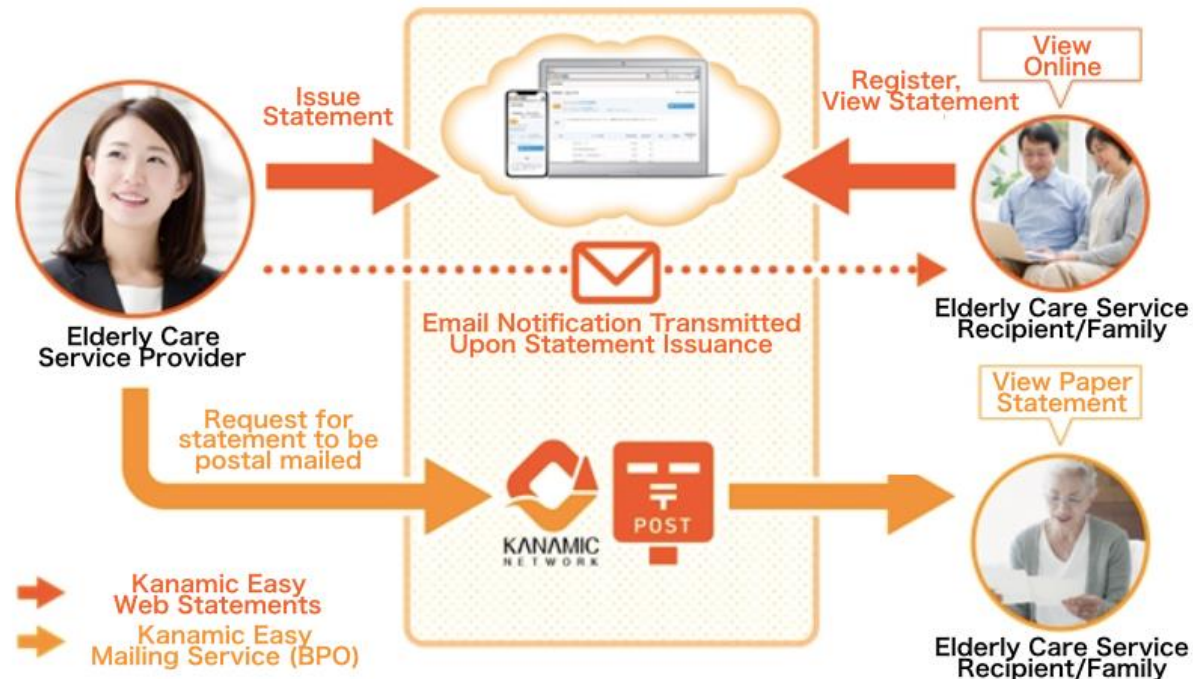


Kanamic will leverage Shikigaku's management consulting services to (1) help clients achieve sound management driven by increased business productivity and (2) support organizational reform at IPO-aspiring corporate clients. This will help transform healthcare and long-term care businesses (that face severe labor shortages and management challenges) into organizations capable of sustained business expansion.

3-3. Driving digital transformation in long-term care

Announced December 17, 2020

Helping clients streamline cumbersome billing operations / receipt issuance!



"Kanamic Easy Web Statements" allows clients to issue and transmit bills and receipts (created with the Kanamic Cloud Service) completely over the internet. The "Kanamic Easy Mailing Service" is a BPO service that helps clients (1) print, (2) enclose / seal, and (3) mail bills/receipts.

These services allow elderly care service providers to greatly reduce labor costs and man-hours associated with issuing bills/receipts, to go paperless, and to reduce the burden on elderly care workers on the caregiving front lines.

Announced March 5, 2021

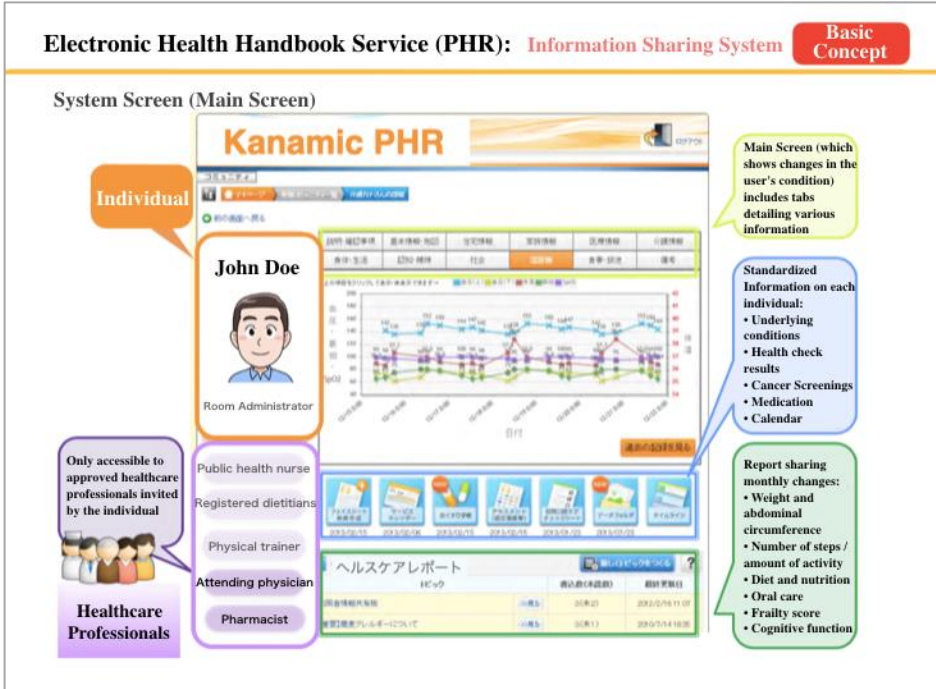
Kanamic Network Recognized under the “2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program”



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.

Announced March 9, 2021

Kanamic Network and the "Healthy City Support Organization" (HSCO) commenced joint development of standardized community-based health-data system for municipalities



Based on the agreement and in support of the efforts of municipal governments to promote health and wellbeing in their communities, in March 2021, the Company and HCSO commenced joint development of a standardized community-based health-data system for municipalities. In doing so, the organizations are working toward the promulgation of a standardized framework for healthcare professionals to share and capitalize on scientifically-rooted, standardized data.

4. Strategy

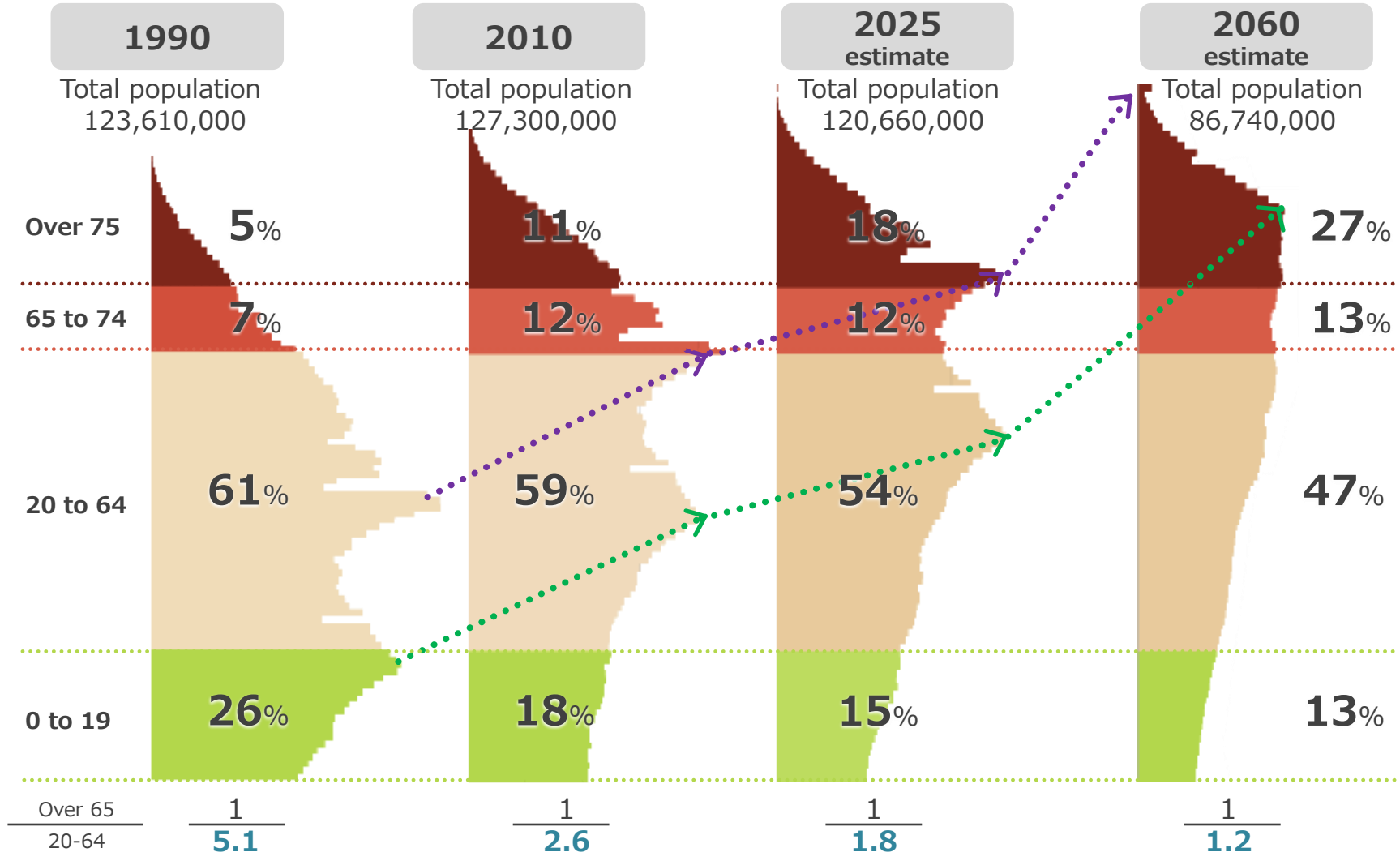


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4-1.Market Size of Medical Care & Nursing Care

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.

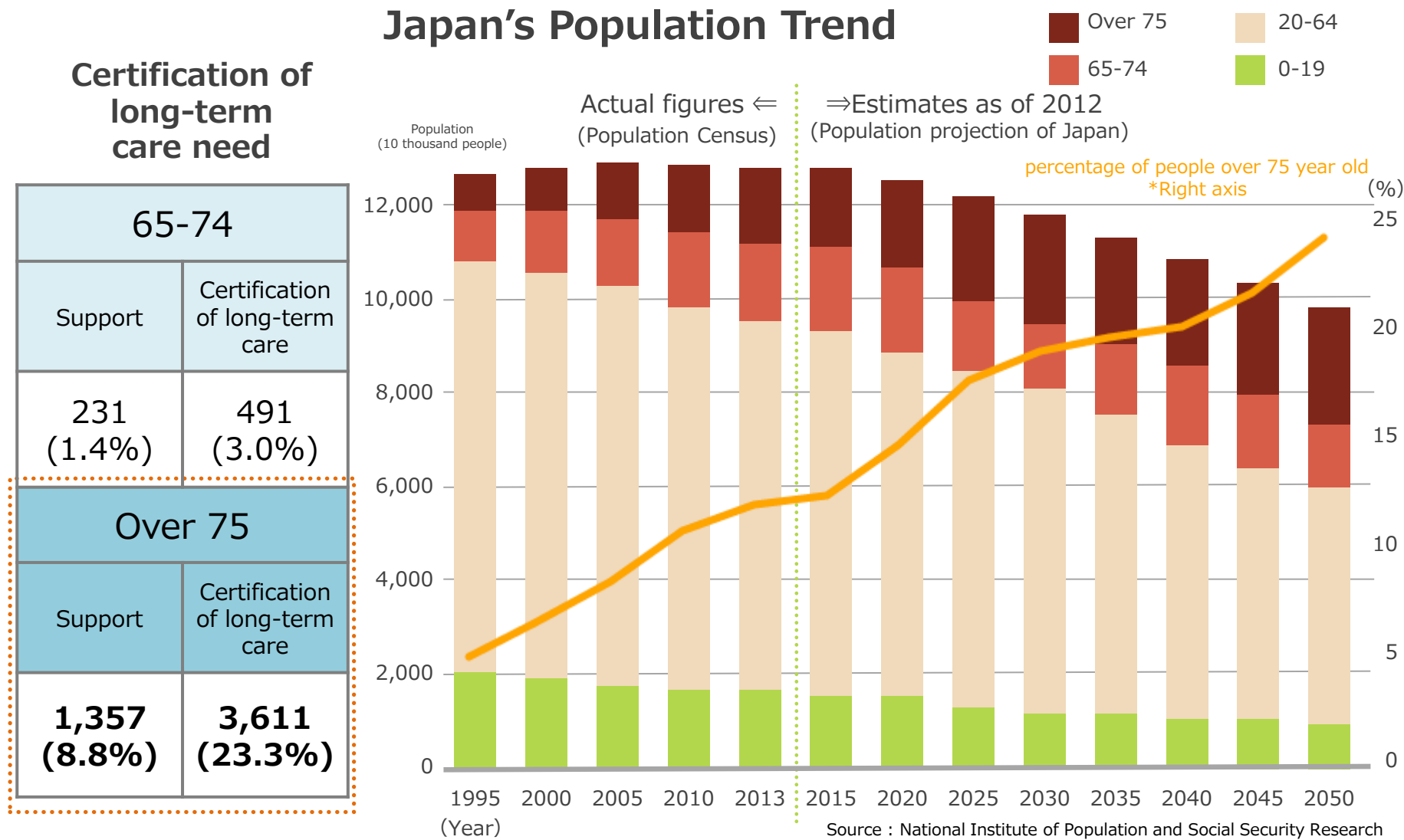


source : Ministry of Internal Affairs and communications

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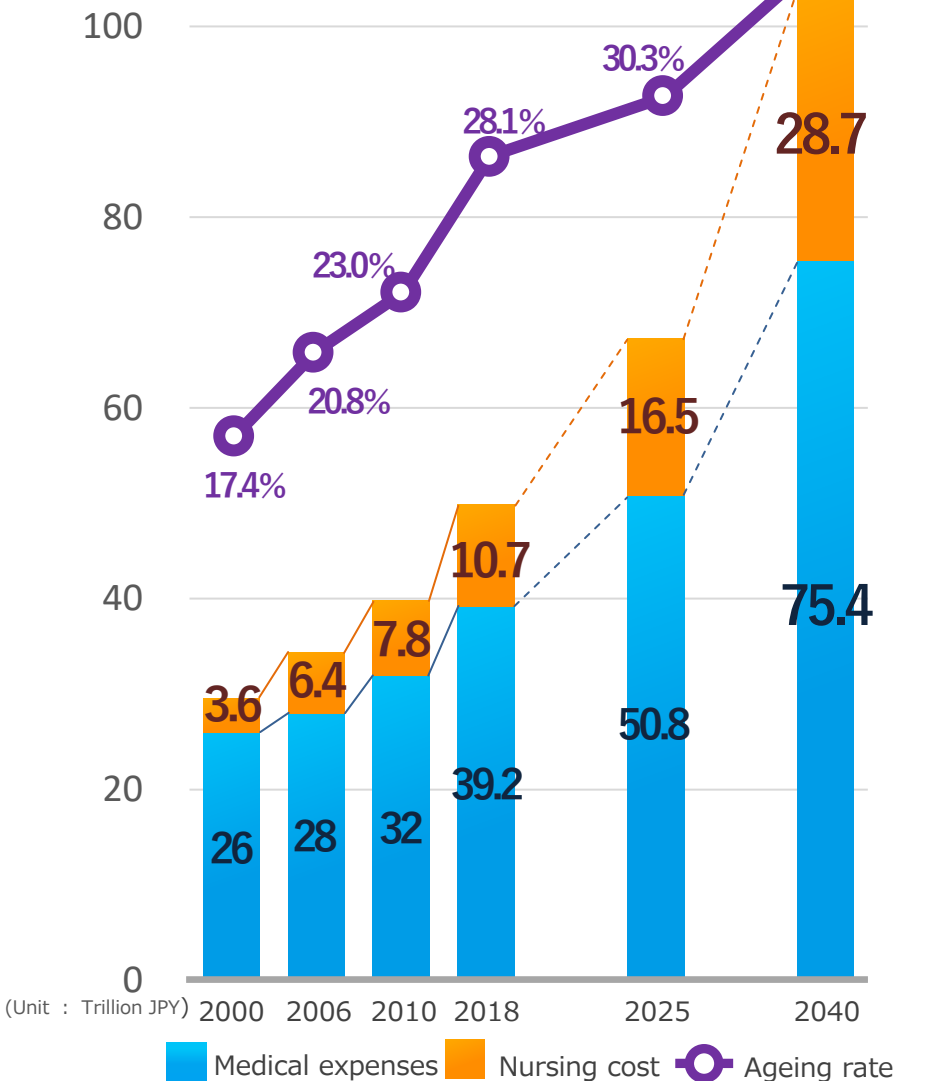
4-2.Market Size of Medical Care & Nursing Care

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.

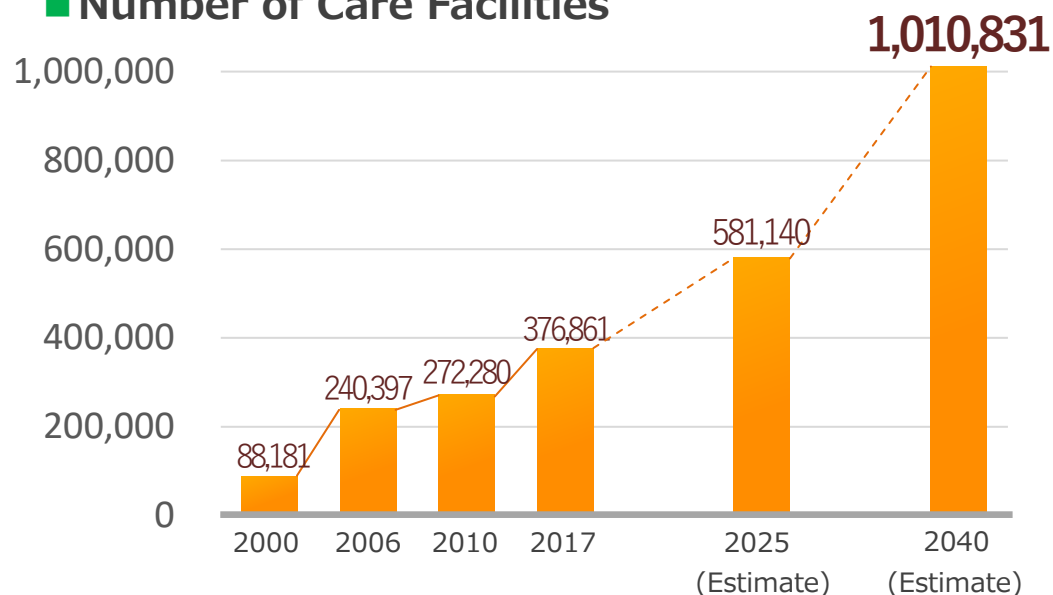


4-3. Market Size of Medical Care & Nursing care

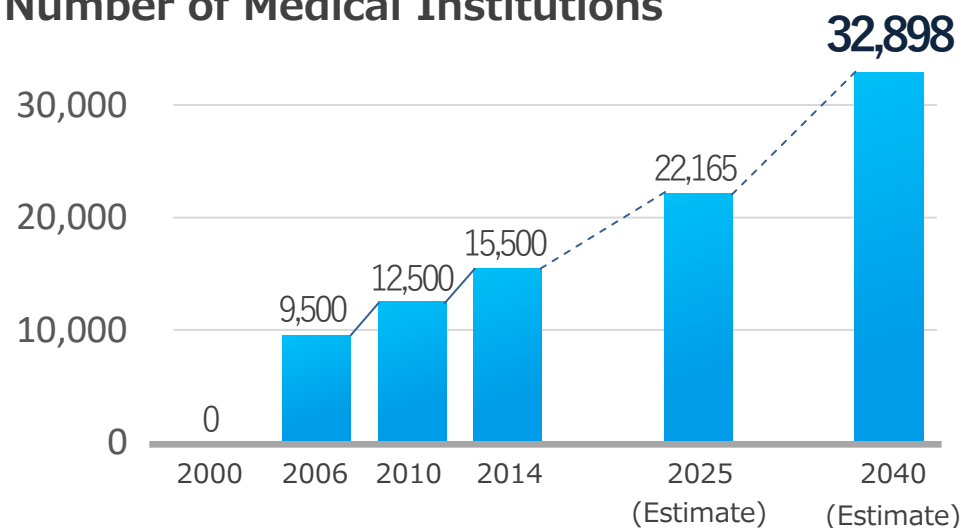
■ Trends in Social Security Benefits and Ageing



■ Number of Care Facilities

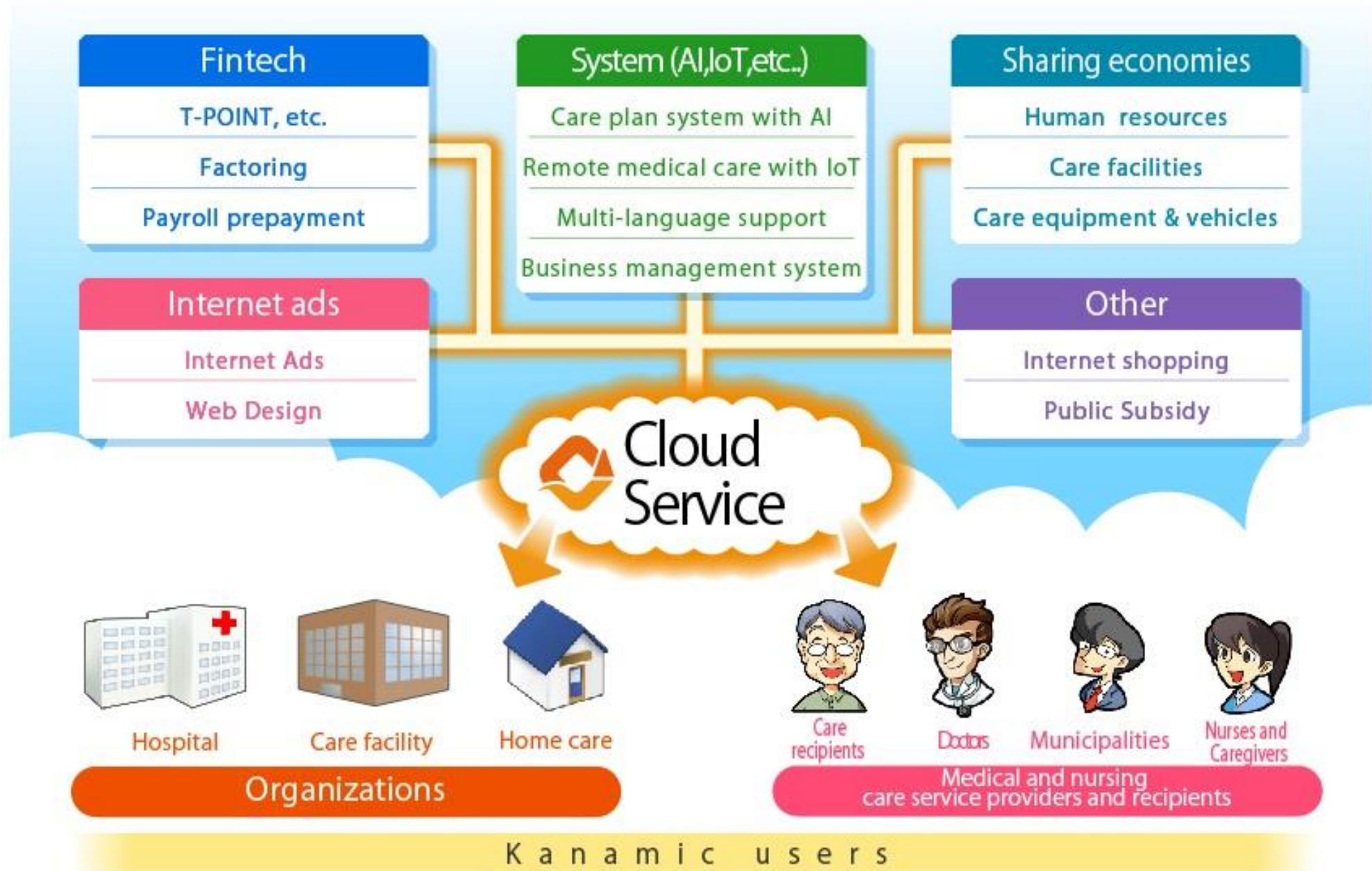


■ Number of Medical Institutions

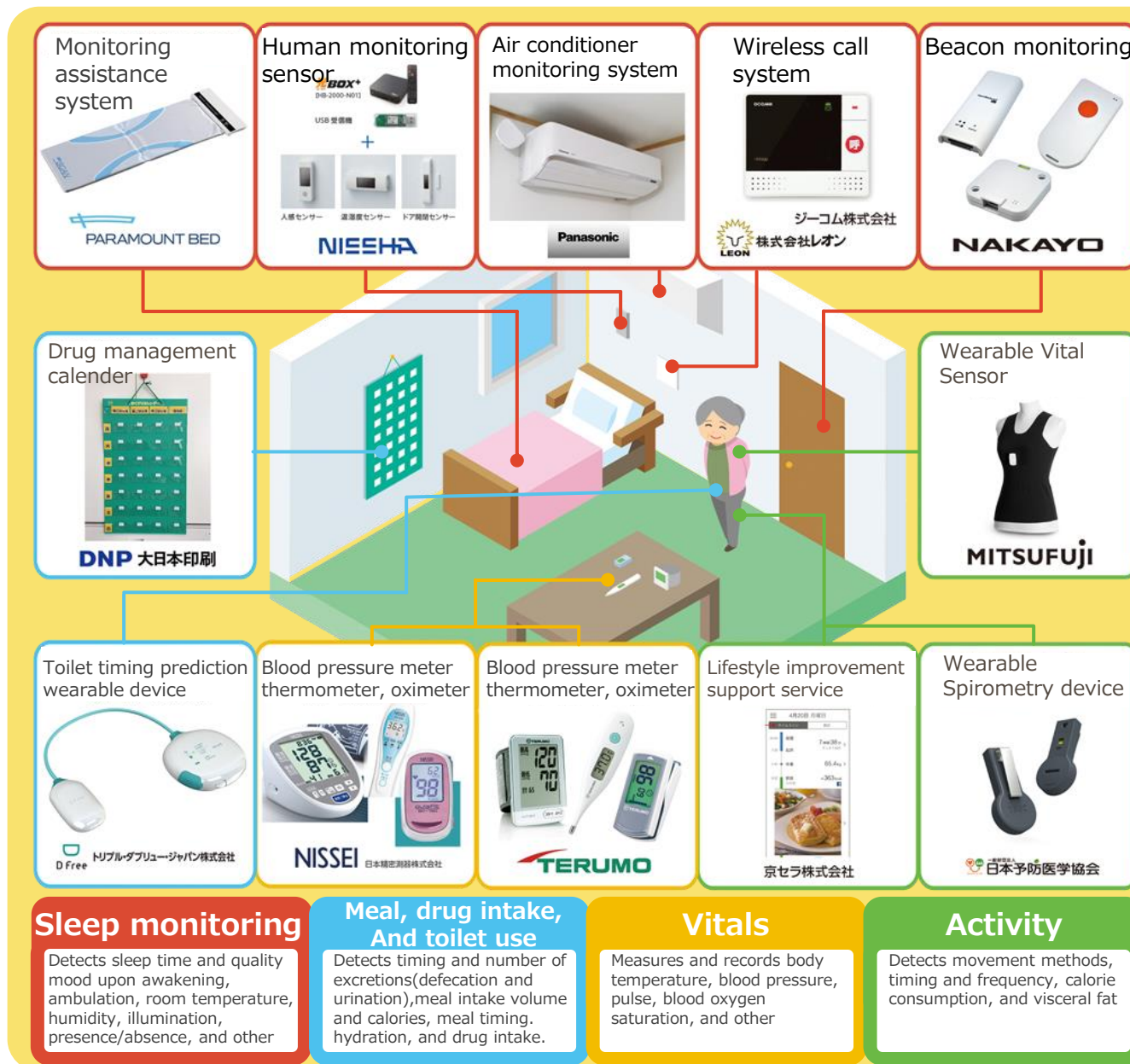


Source : Ministry of Health, Ministry of Labor and Welfare, Ministry of finance and cabinet office documents
Number of care facilities in 2025 are estimated based on the social security budget

4-4. Growth Strategy / Platform Strategy



4-5.Growth strategy / Platform x IoT



Data utilization and integration

Cloud service

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

Verification field

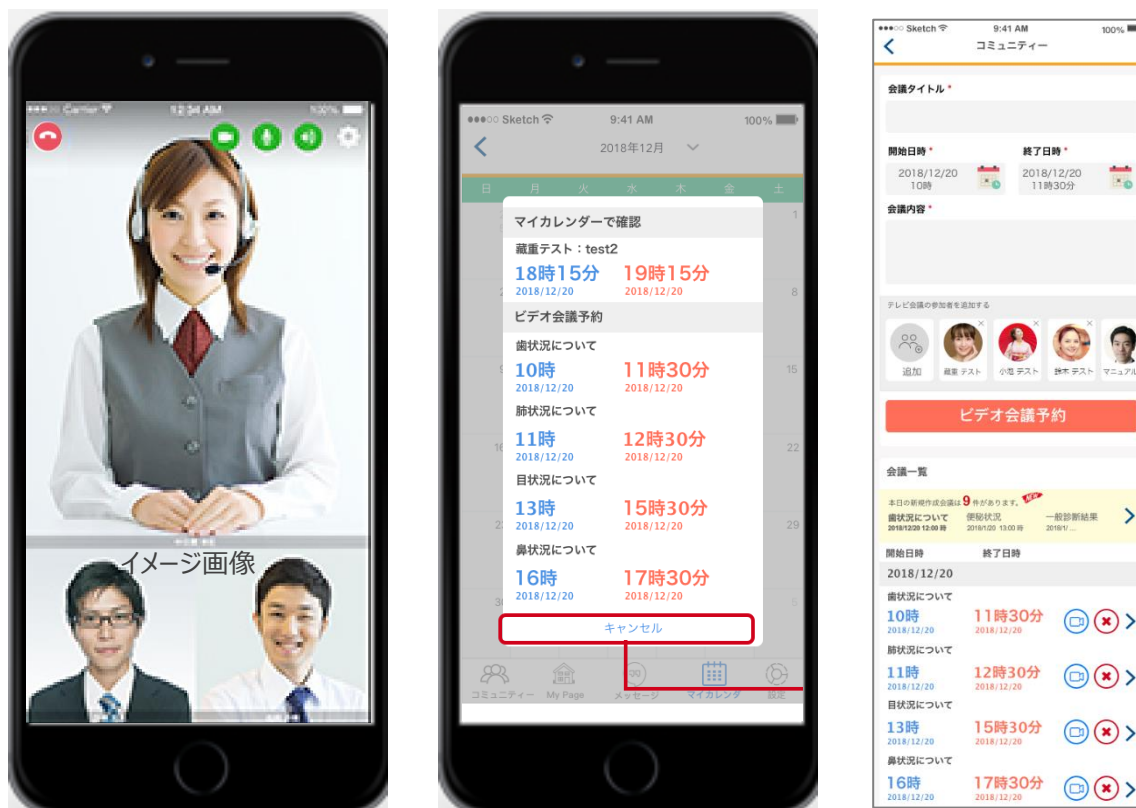


Kanamic's activities in the Ministry of Internal Affairs and Communications "IoT service creation support project"

4-6 Strategy –Teleconference System–

[Joining rehabilitation meetings using ICT]

During the 2018 revision to the long-term care insurance law, teleconference was suggested as one of the recommended means to get doctors involved in the meetings.



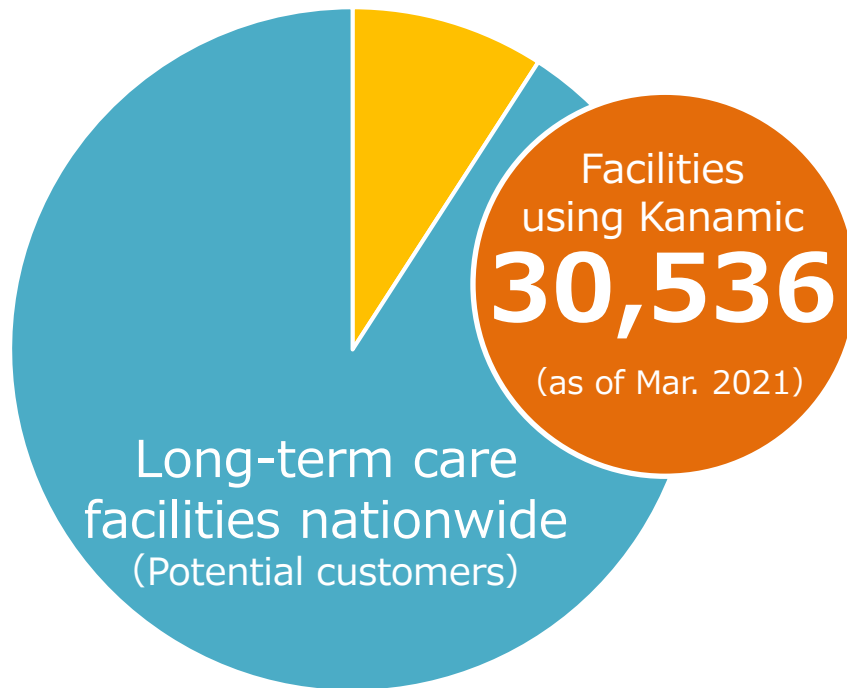
The teleconference function allows for multidisciplinary connectivity, telemedicine and conferences utilizing ICT

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

4-7. Room for Growth

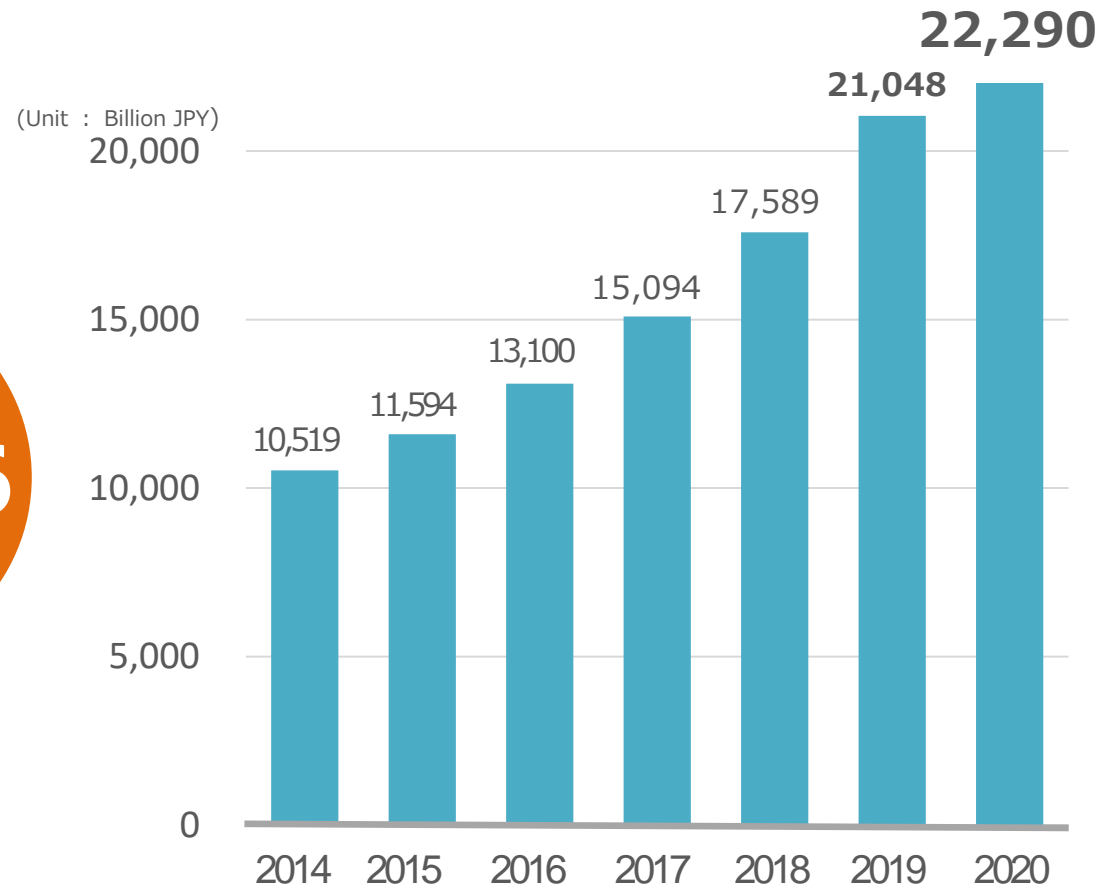
Each business area has great growth potential

Growth Potential for Care Management System



Roughly 10% market share

Internet Advertising Expenditure

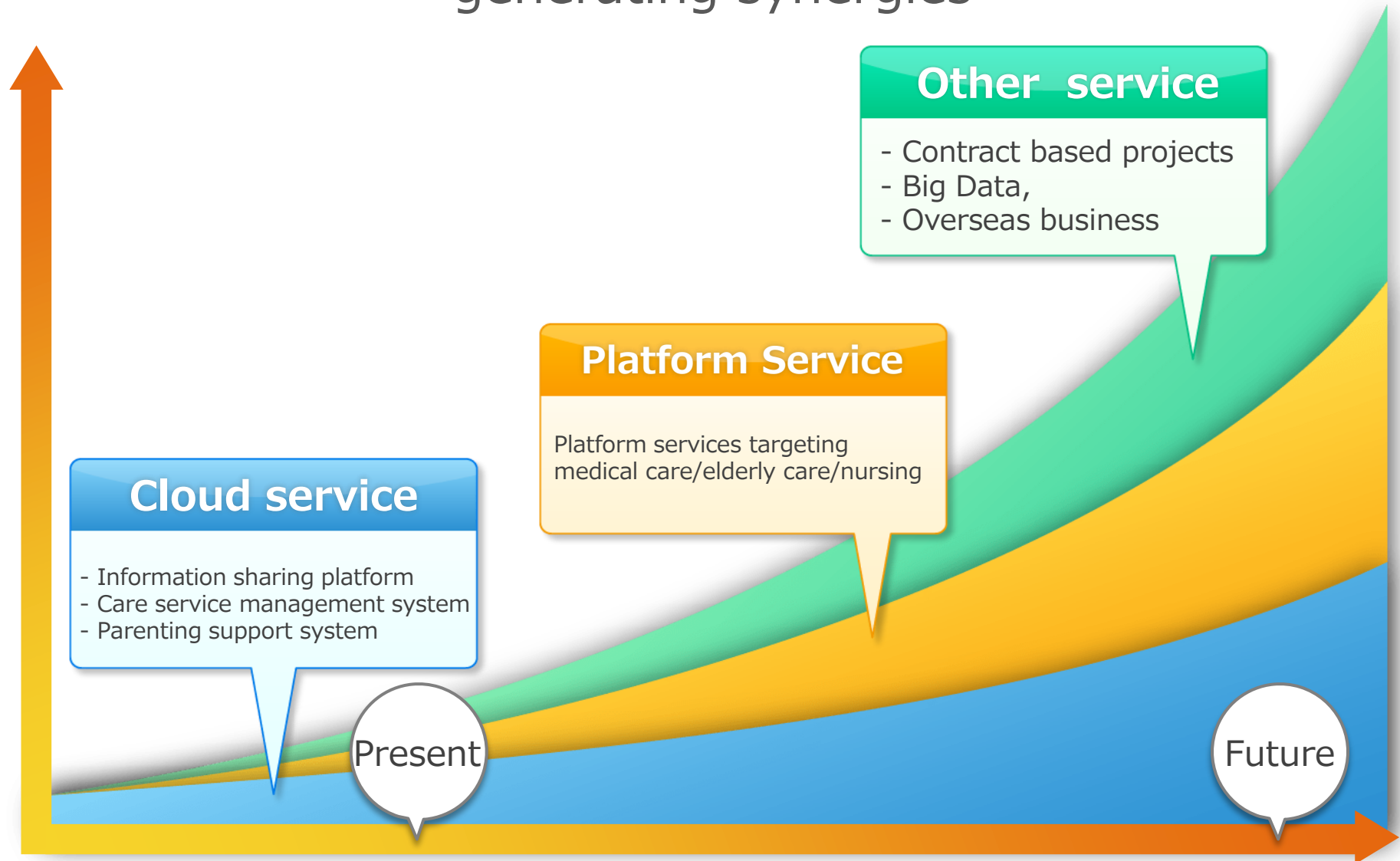


Source : Dentsu

Due to the coronavirus, total advertising expenditure decreased for the first time in 9 years, but internet advertisement still increased.

4-8. Future Growth Potential (changing composition of net sales)

The sales of each service volume will increase while generating synergies

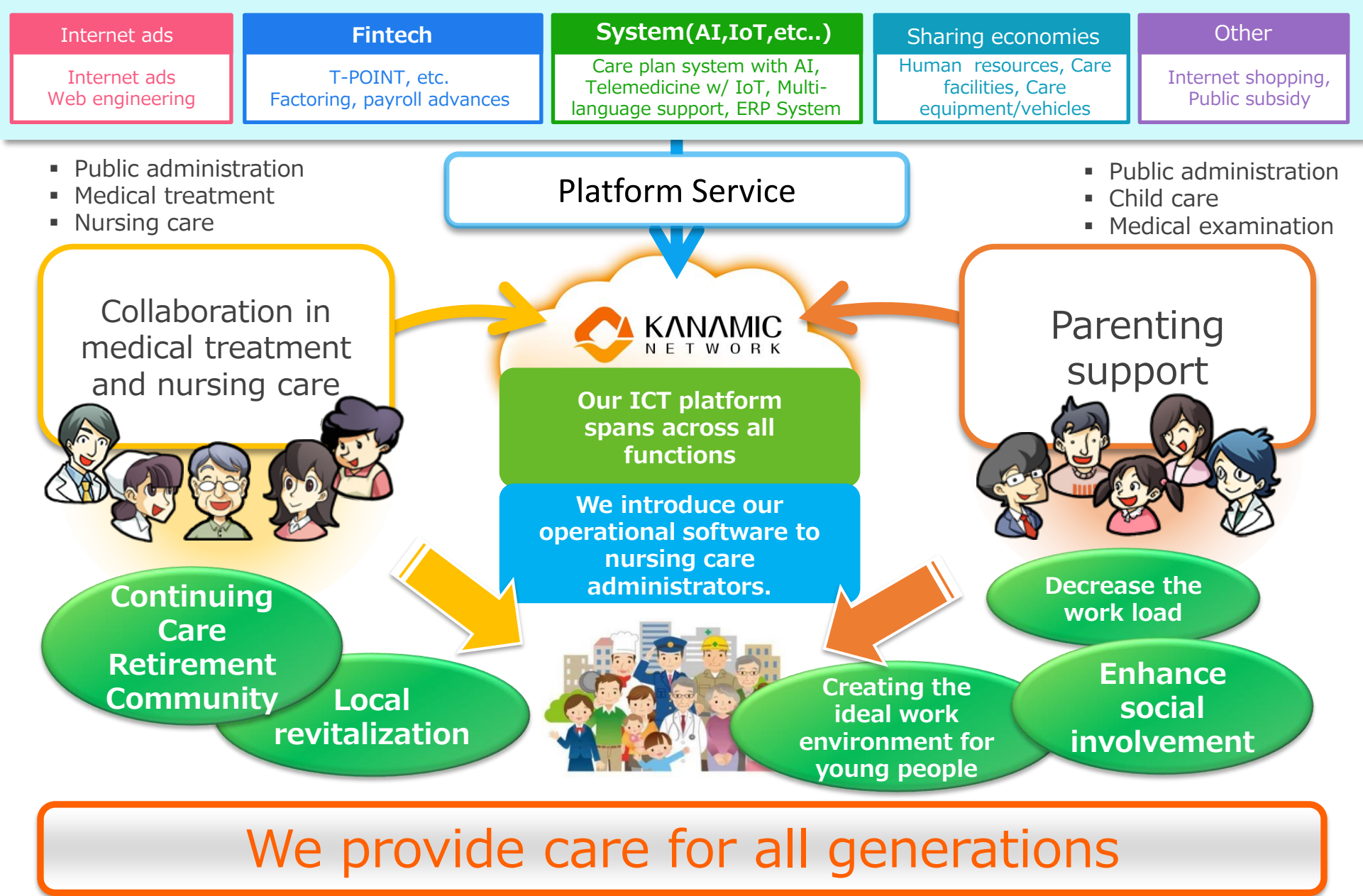


5. Business Outline



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5-1. Business Outline



5-2.Cloud Service : Medical & Nursing Care

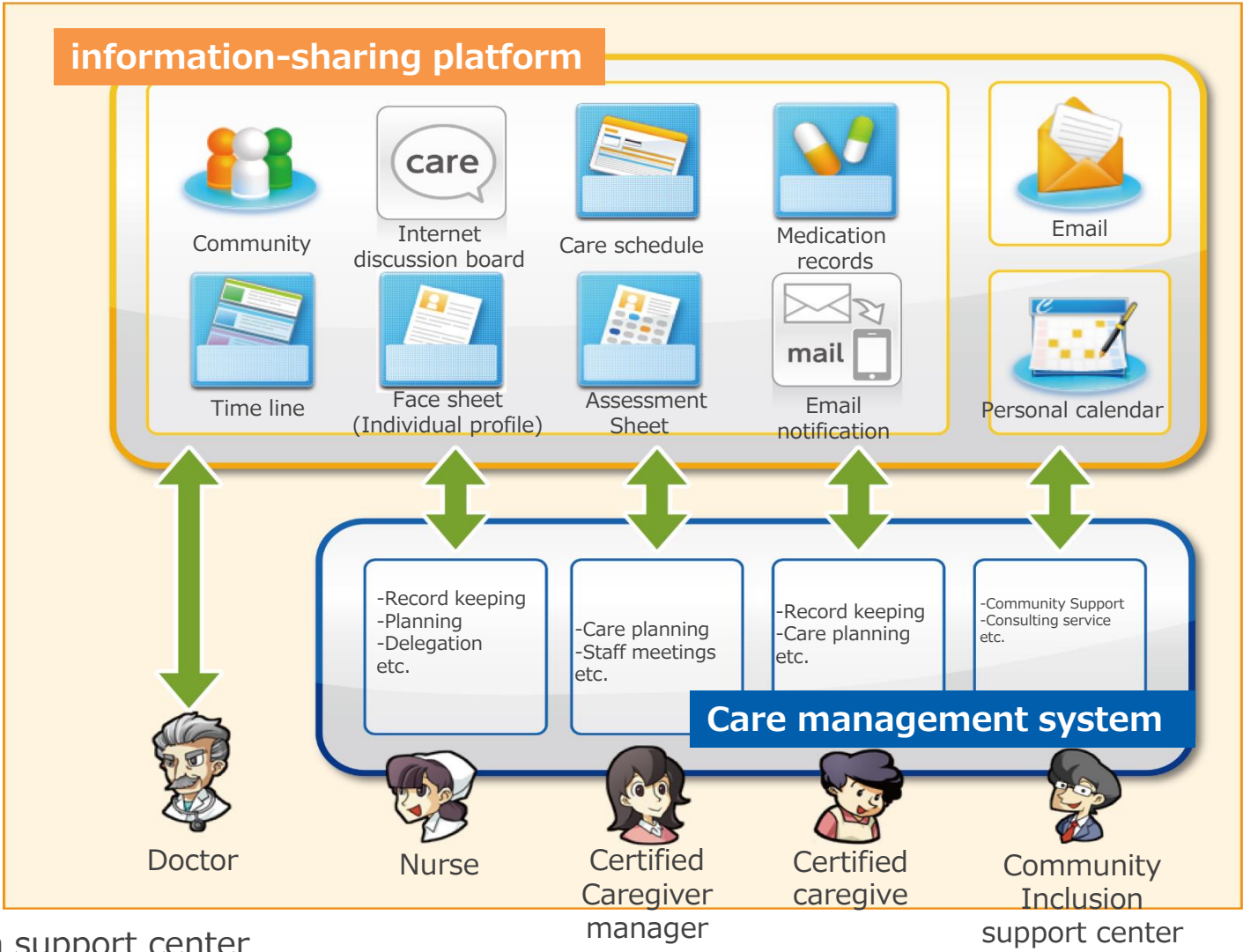
There is a function elsewhere

2nd layer

2nd layer Paying user

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

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



1st layer Paying user

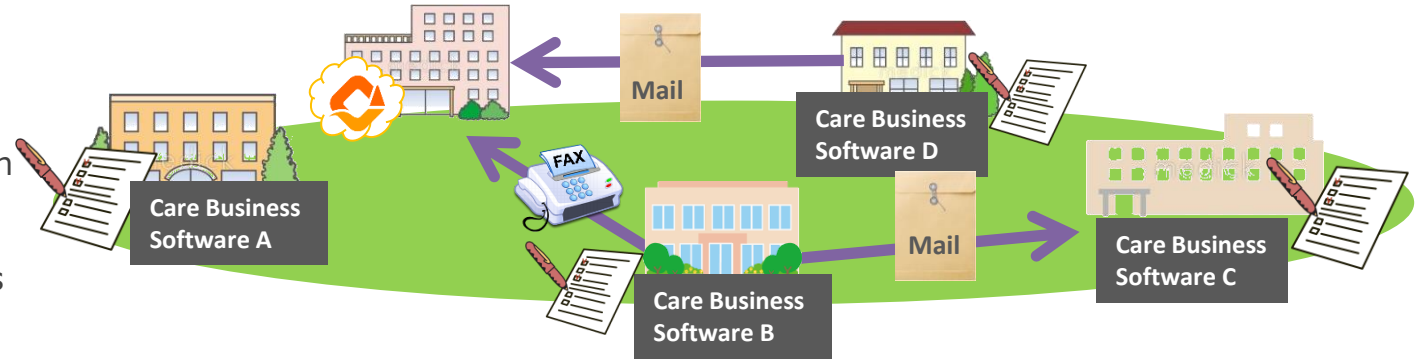
- Care manager
- Care company
- Community inclusion support center

1st layer

Care management system is introduced into every corporation, company

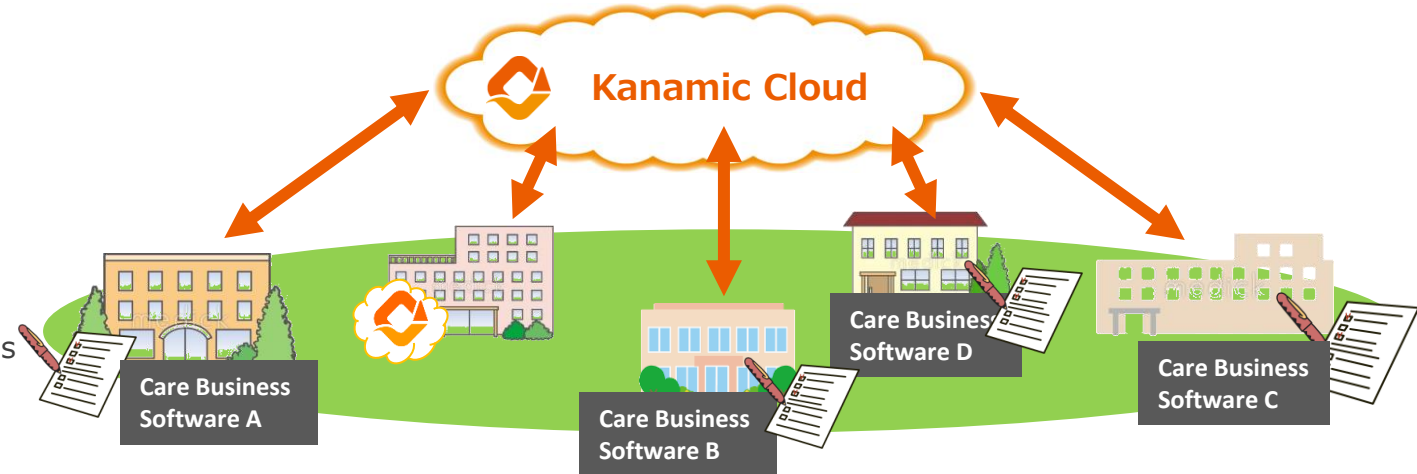
STEP.1

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.



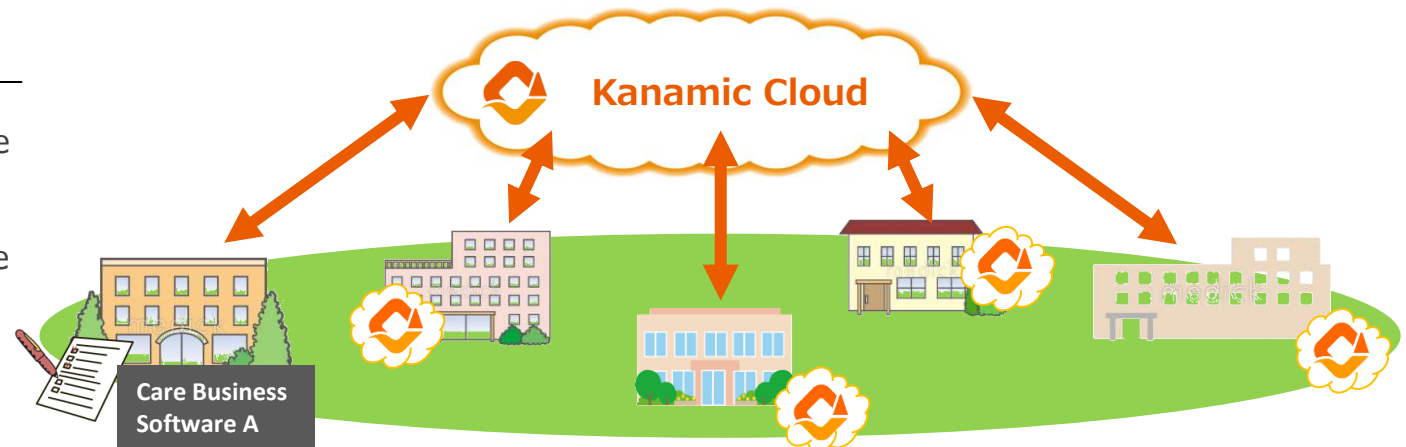
STEP.2

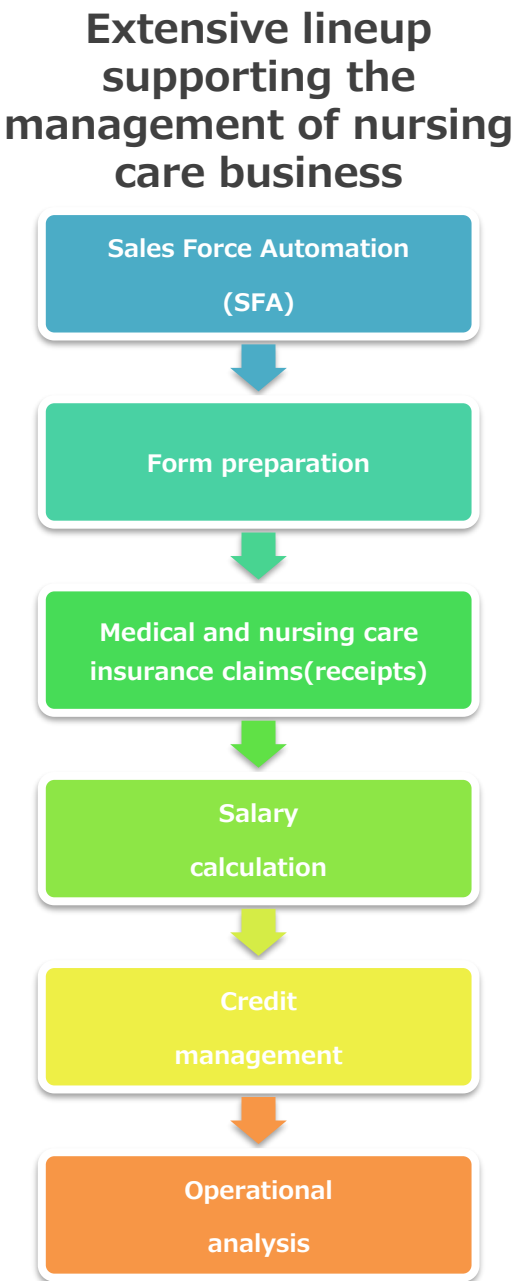
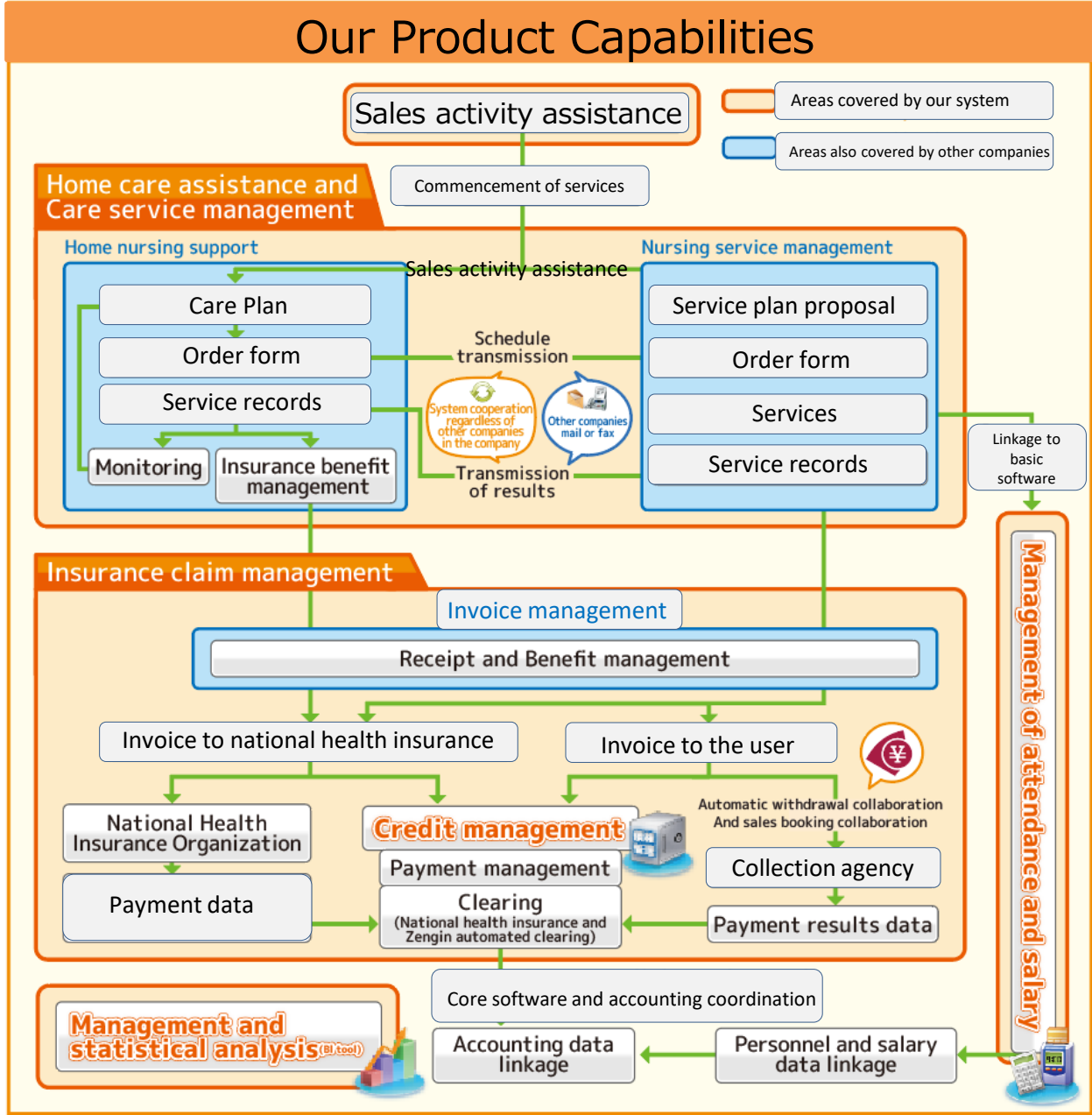
Our product is installed for regional nursing care information distribution (2nd layer), which leads to smoother distribution of information. However paperwork is still required on site.



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.





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

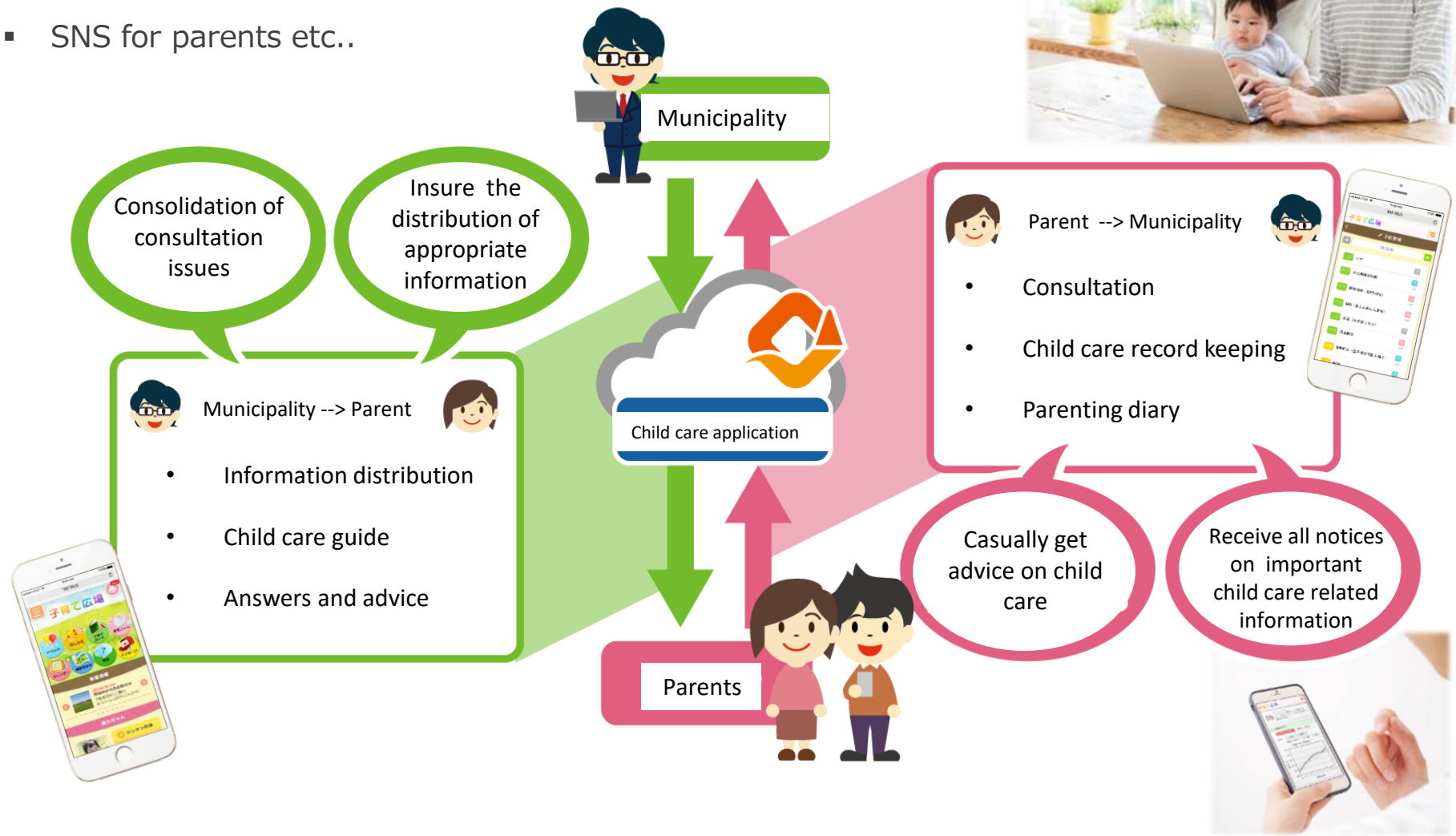
Care record for daily changes

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

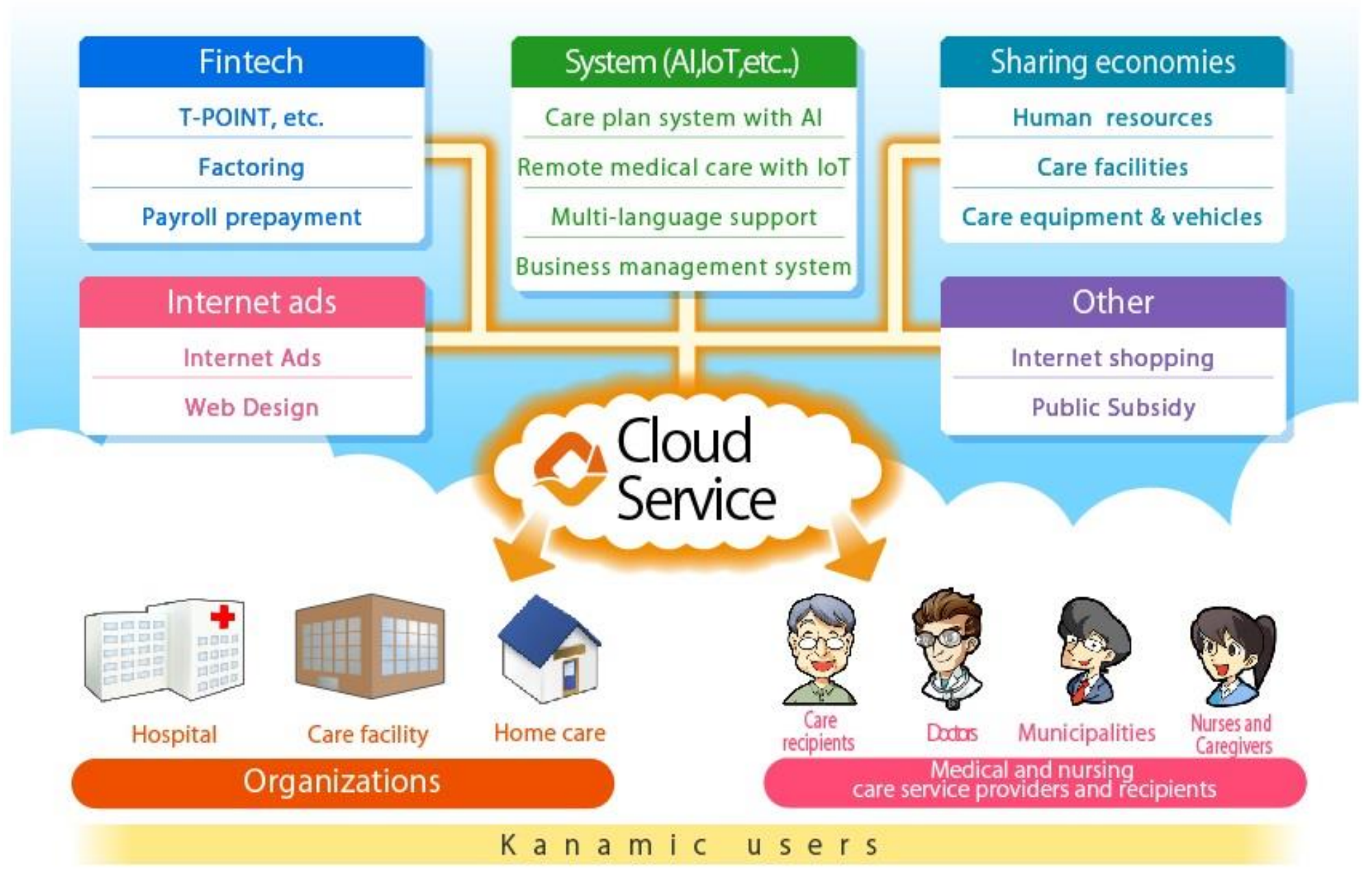
5-6.Parenting Support System

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..

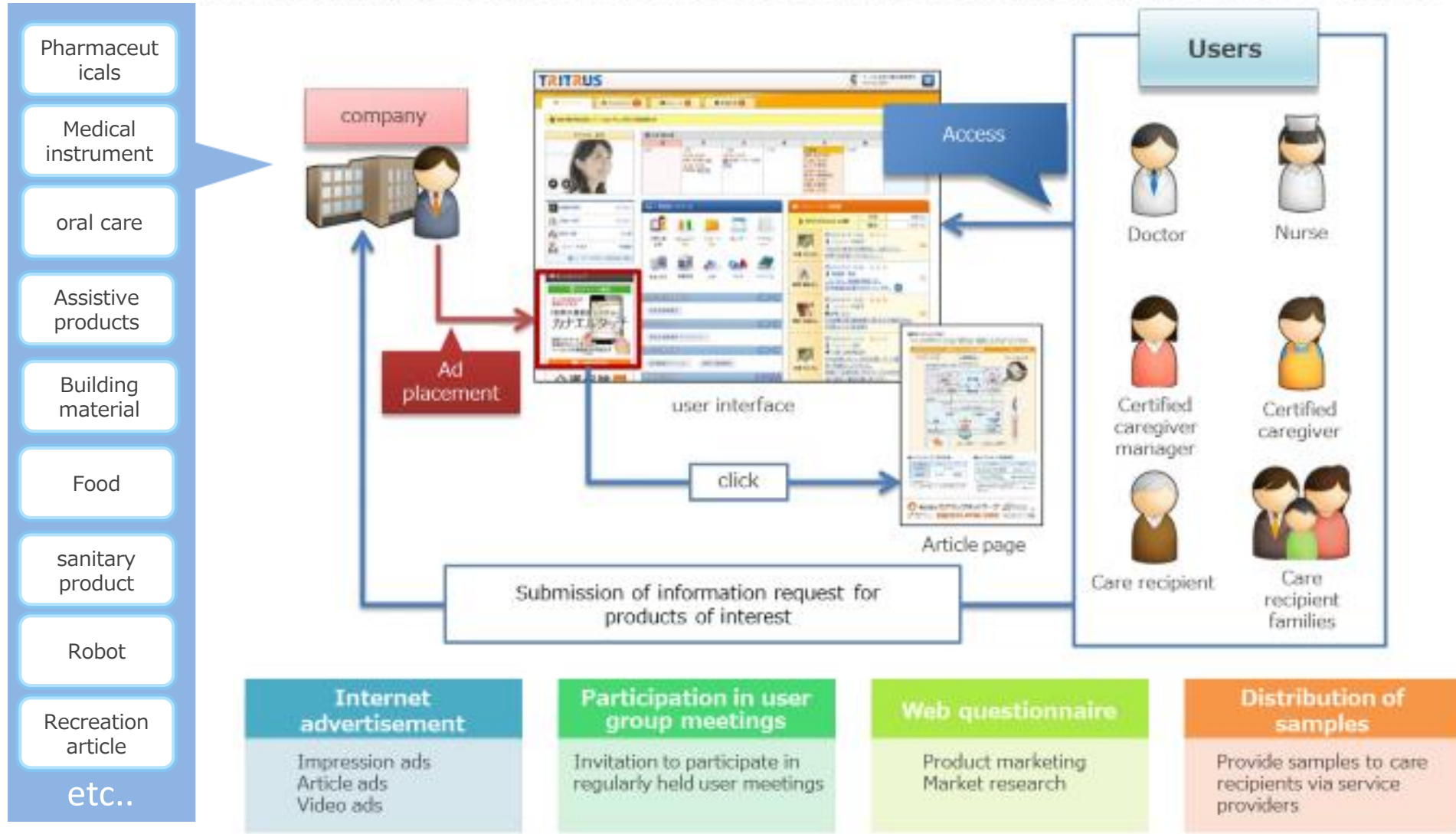


5-7. Growth Strategy / Platform Strategy (Repeated)



5-8. Advertising Content Service

Advertising content service focused on medical and nursing professionals



6. Strengths

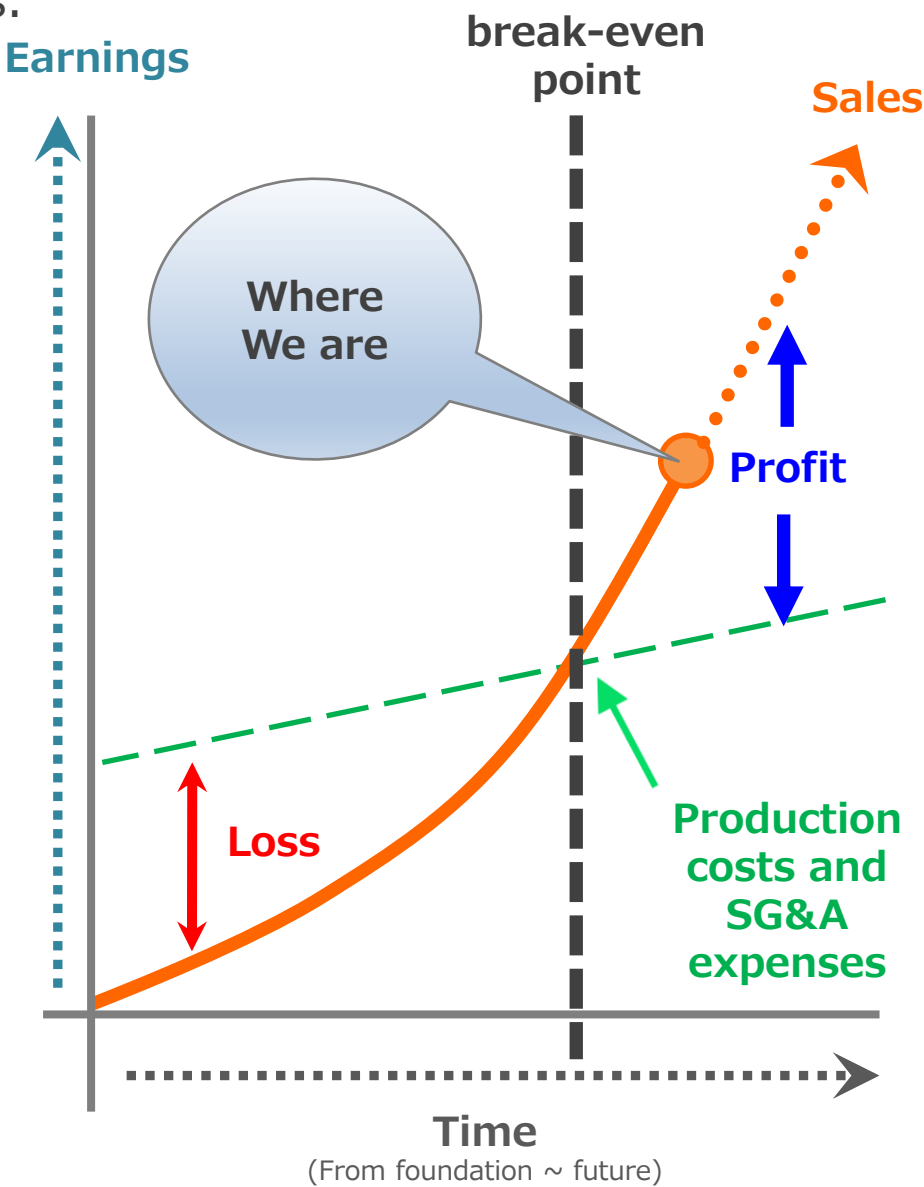
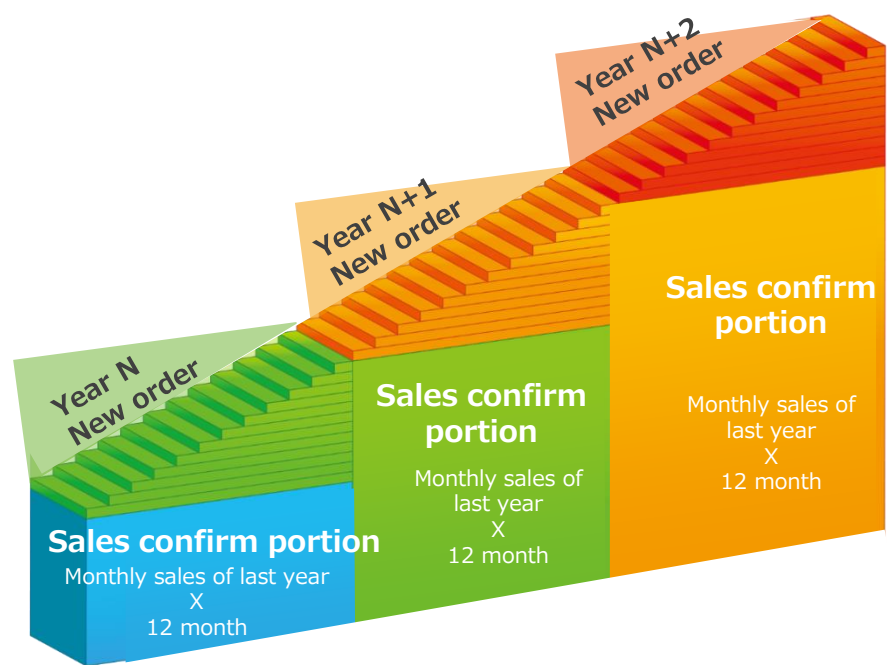


KANAMIMIC NETWORK

6-1.Profit structure

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

Earnings structure in recurring business



6-2. 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"



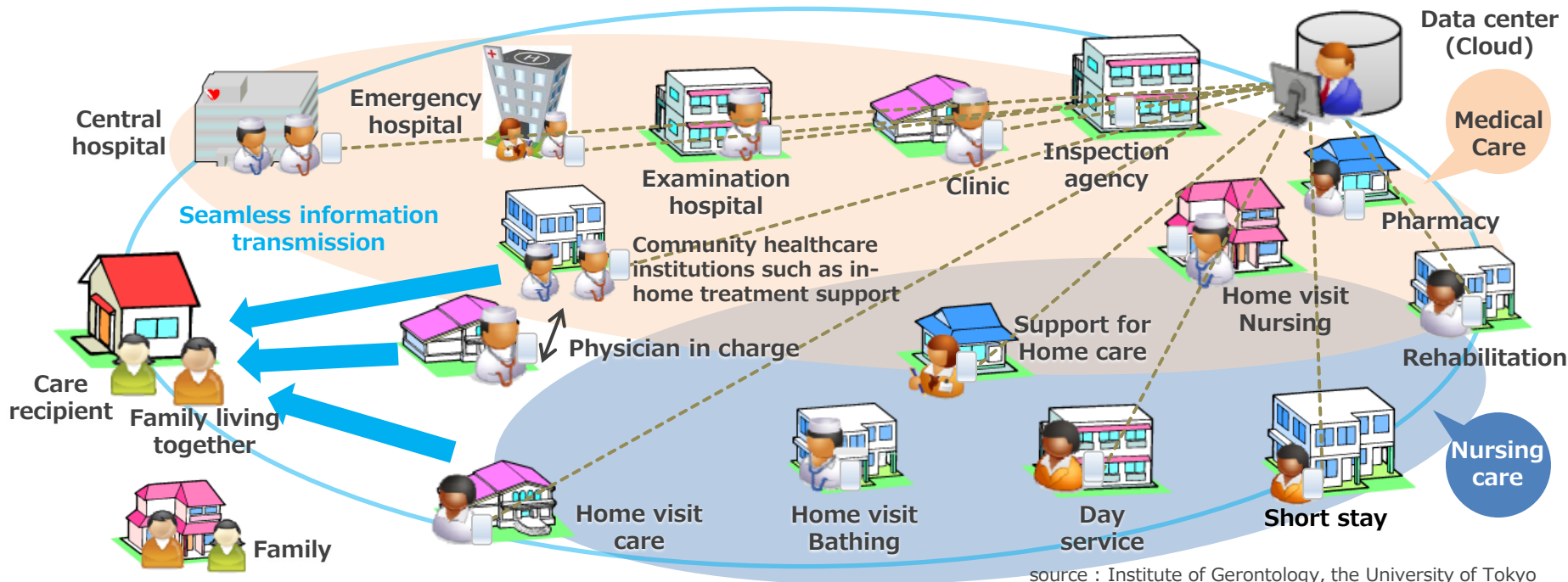
About ideal town for this institute

- In order to accomplish a local & comprehensive care system,

 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
- In order to get jobs for elderly people,

 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
- Constructing information sharing systems

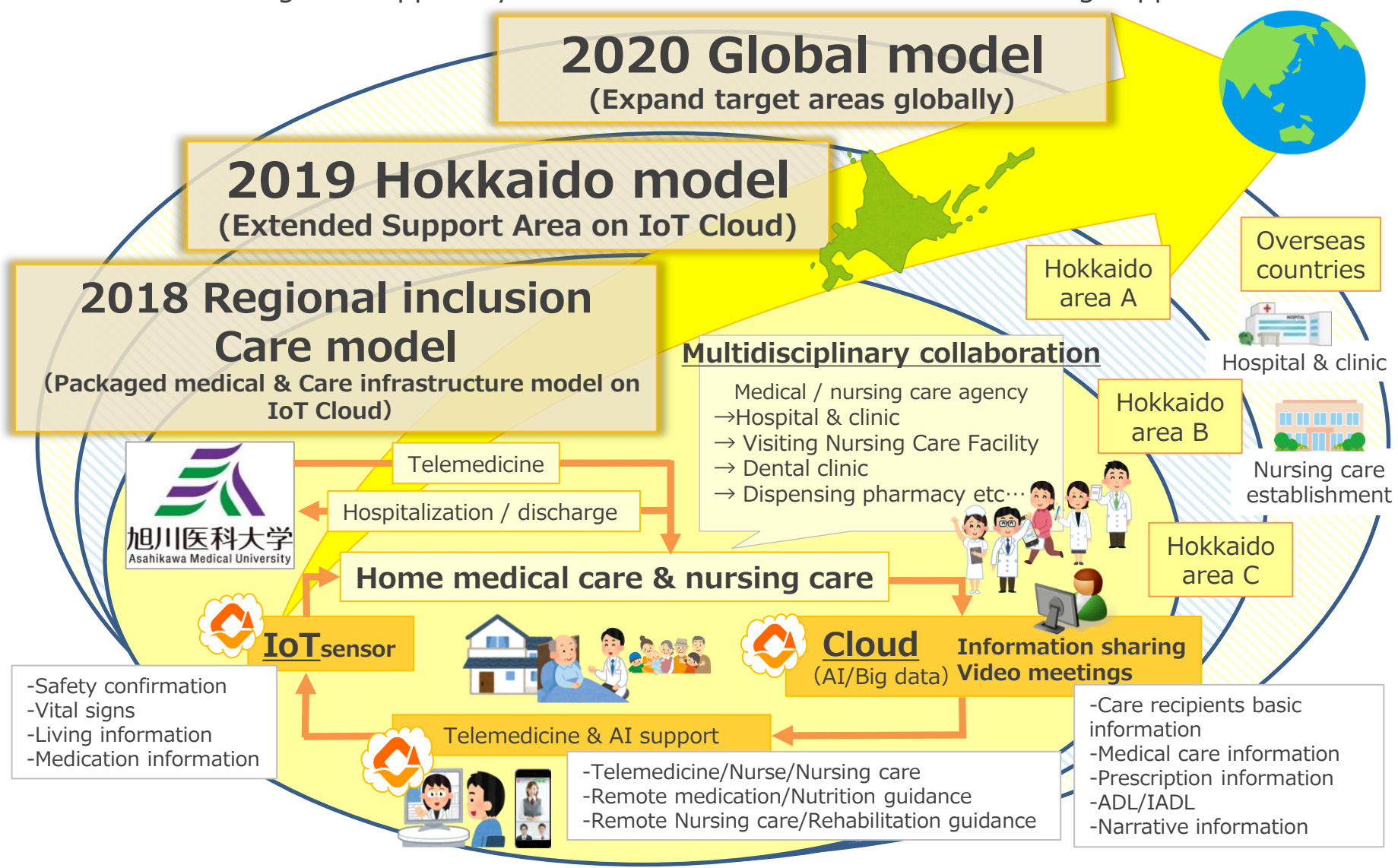
An easier way to share information that allows for multidisciplinary collaboration in home medicine and nursing care services.



source : Institute of Gerontology, the University of Tokyo

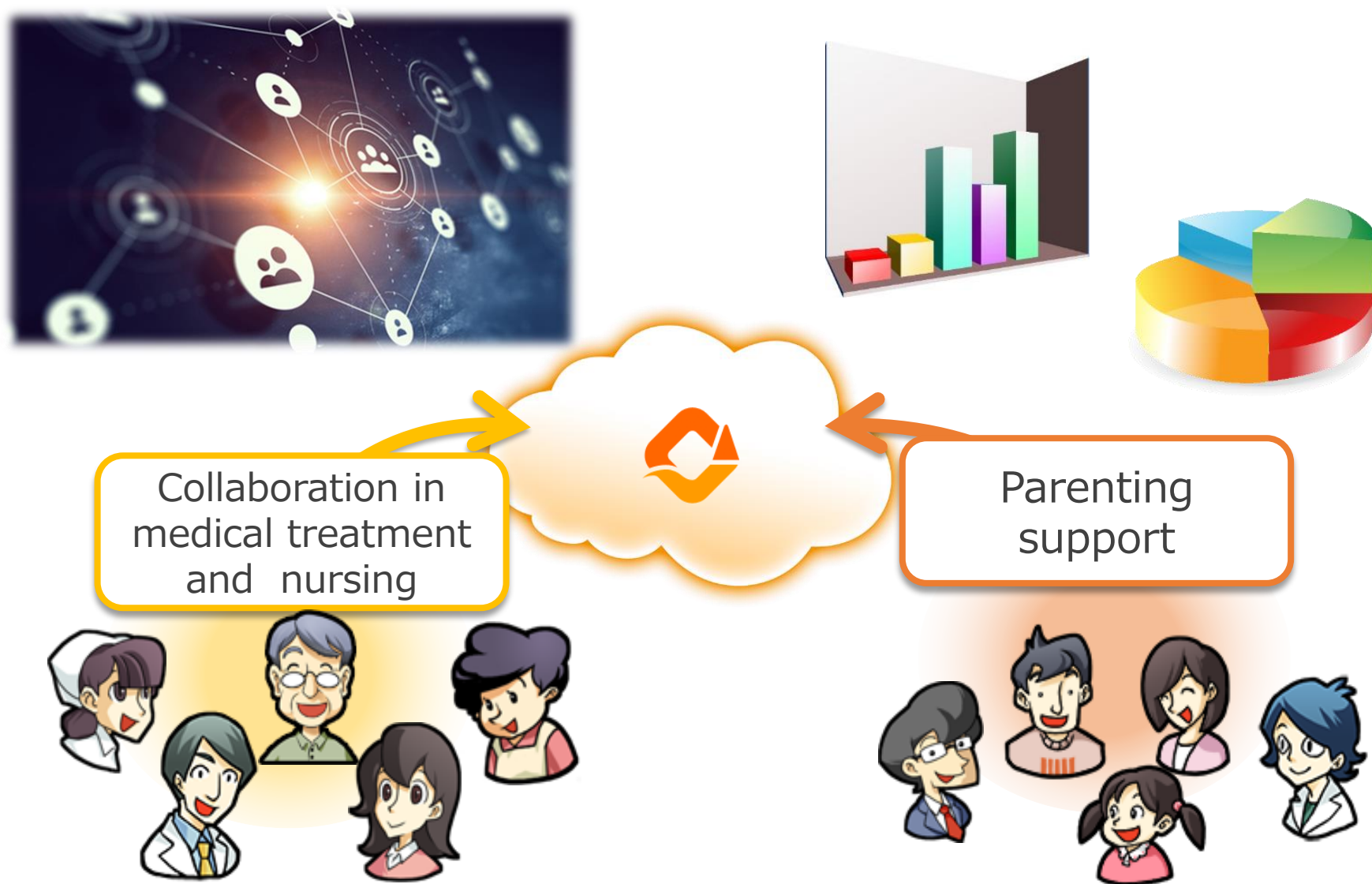
6-3.Growth Strategy / Research Collaboration

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.



6-4. 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.



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