Consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 30, 2020〔Japanese GAAP〕

February 6, 2020

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: February 7, 2020
Scheduled date to commence dividend payments: —
Availability of supplementary briefing material on quarterly financial results: None
Quarterly financial results briefing: None

（Figures are rounded down to the nearest million yen）

1. Consolidated Financial Results for the First Quarter of Fiscal Year ending September 30, 2020 (From October 1, 2019 to December 31, 2019)

(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	
First Quarter ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2019	419	—	100	—	101	—	69	—
December 31, 2018	—	—	—	—	—	—	—	—

(Reference) Comprehensive income: First Quarter ended December 31, 2019: 69 million yen, First Quarter ended December 31, 2018: —

	Basic profit per share	Basic diluted profit per share
First Quarter ended	Yen	Yen
December 31, 2019	1.44	—
December 31, 2018	—	—

（Note）The Company changed to consolidated quarterly financial results from the first quarter ended December 31, 2019, and therefore, the following are not presented: year-on-year changes between the first quarter ended December 31, 2019 and the previous corresponding period, figures for the first quarter ended December 31, 2018, and year-on-year changes between the first quarter ended December 31, 2018 and the previous corresponding period.

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
First quarter ended December 31, 2019	1,737	1,502	86.5
Fiscal year ended September 30, 2019	—	—	—

(Reference) Shareholder's equity: First Quarter ended December 31, 2019: 1,502 Million Yen Fiscal year ended September 30, 2019: —

（Note）Figures as of September 30, 2019 are not presented because the Company changed to consolidated quarterly financial results from the first quarter ended December 31, 2019.

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, 2019	—	0.00	—	1.00	1.00
Fiscal Year ending September 30, 2020	—				
Fiscal Year ending September 30, 2020 (forecast)		0.00	—	2.00	2.00

(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, 2020 (from October 1, 2019 to September 30, 2020)

（% 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
First Half（Cumulative）	900	－	280	－	300	－	195	－	4.05
Full Year	1,860	－	610	－	630	－	410	－	8.52

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

Regarding changes in financial results forecasts, please refer to the “notice on consolidated financial forecasts in connection with commencement of consolidated accounting” announced on February 6, 2020.

Year-on-year changes from the previous corresponding fiscal year or period are not presented because the Company changed to consolidated quarterly financial results from the first quarter ended December 31, 2019.

* Notes

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

New － (Company name:) , Exclusion －(Company name:)

（Note）Although not applicable to changes in specified subsidiaries, Kanamic (Dalian) Technology Co., Ltd., which was established on December 23, 2018, has increased in significance and is therefore included in the scope of consolidation from the first quarter ended December 31, 2019.

（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

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 fiscal year (including treasury shares):	First quarter ended December 31, 2019	48,132,000 Shares	Fiscal Year ended September 30, 2019	48,132,000 Shares
② Total number of treasury shares at the end of the fiscal year:	First quarter ended December 31, 2019	1,206 Shares	Fiscal Year ended September 30, 2019	1,206 Shares
③ Average number of shares during the first quarter (quarter-to-date)	First quarter ended December 31, 2019	48,130,794 Shares	First quarter ended December 31, 2018	48,131,010 Shares

（Note）The Company implemented a 3 for 1 stock split on the Company's common shares on September 1, 2019. Total number of issued shares at the end of the fiscal year (including treasury shares), total number of treasury shares at the end of the fiscal year, and average number of shares during the period were calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

＊ 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.

1. Quarterly Consolidated Financial Statements and Primary Notes

（1）Quarterly Consolidated Balance Sheet

（Thousands of Yen）

	As of December 31, 2019
Assets	
Current assets	
Cash and deposits	1,196,165
Accounts receivable - trade	63,450
Work in process	3,262
Other	27,943
Allowance for doubtful accounts	(12,217)
Total current assets	1,278,605
Non-current assets	
Property, plant and equipment	59,870
Intangible assets	
Software	312,289
Other	76
Total intangible assets	312,366
Investments and other assets	
Other	87,510
Allowance for doubtful accounts	(798)
Total investments and other assets	86,712
Total non-current assets	458,948
Total assets	1,737,553
Liabilities	
Current liabilities	
Accounts payable - trade	7,435
Income taxes payable	31,155
Provision for bonuses	13,695
Asset retirement obligations	16,000
Other	154,586
Total current liabilities	222,873
Non-current liabilities	
Asset retirement obligations	11,130
Other	877
Total non-current liabilities	12,008
Total liabilities	234,881
Net assets	
Shareholders' equity	
Share capital	192,060
Capital surplus	132,060
Retained earnings	1,179,221
Treasury shares	(478)
Total shareholders' equity	1,502,863
Accumulated other comprehensive income	
Foreign currency translation adjustment	(190)
Total accumulated other comprehensive income	(190)
Total net assets	1,502,672
Total liabilities and net assets	1,737,553

（2）Quarterly Consolidated Statement of Income and Comprehensive Income

（Quarterly Consolidated Statement of Income）

（Three months ended December 31, 2019）

(Thousands of yen)

	Three months ended December 31, 2019
Net sales	419,625
Cost of sales	47,573
Gross profit	372,052
Selling, general and administrative expenses	271,819
Operating profit	100,232
Non-operating income	
Interest income	1
Foreign exchange gains	1,533
Total non-operating income	1,535
Non-operating expenses	
Miscellaneous loss	239
Total non-operating expenses	239
Ordinary profit	101,528
Profit before income taxes	101,528
Income taxes - current	29,825
Income taxes - deferred	2,267
Total income taxes	32,093
Profit	69,435
Profit attributable to owners of parent	69,435

（Quarterly Consolidated Statement of Comprehensive Income）

（Three months ended December 31, 2019）

(Thousands of yen)

	Three months ended December 31, 2019
Profit	69,435
Other comprehensive income	
Foreign currency translation adjustment	236
Total other comprehensive income	236
Comprehensive income	69,672
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	69,672
Comprehensive income attributable to non-controlling interests	—