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

May 8, 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: May 11, 2020
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, 2020 (From October 1, 2019 to March 31, 2020)

(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	
Second Quarter ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	908	—	297	—	317	—	212	—
March 31, 2019	—	—	—	—	—	—	—	—

(Reference) Comprehensive income: Second Quarter ended March 31, 2020: 213 million yen, Second Quarter ended March 31, 2019: —

	Basic profit per share	Basic diluted profit per share
Second Quarter ended	Yen	Yen
March 31, 2020	4.42	—
March 31, 2019	—	—

（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 second quarter ended March 31, 2020 and the previous corresponding period, figures for the second quarter ended March 31, 2019, and year-on-year changes between the second quarter ended March 31, 2019 and the previous corresponding period.

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
Second quarter ended March 31, 2020	1,954	1,646	84.2
Fiscal year ended September 30, 2019	—	—	—

(Reference) Shareholder's equity: Second Quarter ended March 31, 2020: 1,646 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	—	0.00			
Fiscal Year ending September 30, 2020 (forecast)			—	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
Full Year	1,860	－	610	－	630	－	410	－	8.52

(Note) Changes in consolidated financial results forecasts subsequent to most recent announcement: None

Year-on-year changes from the previous fiscal year 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 period (including treasury shares):	Second quarter ended March 31, 2020	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 period:	Second quarter ended March 31, 2020	1,206 Shares	Fiscal Year ended September 30, 2019	1,206 Shares
③ Average number of shares during the 6 month period (quarter-to-date)	Second quarter ended March 31, 2020	48,130,794 Shares	Second quarter ended March 31, 2019	48,130,969 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.

（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 14, 2020. 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 March 31, 2020
Assets	
Current assets	
Cash and deposits	1,354,857
Accounts receivable - trade	103,461
Work in process	242
Other	56,371
Allowance for doubtful accounts	(13,283)
Total current assets	1,501,650
Non-current assets	
Property, plant and equipment	56,874
Intangible assets	
Software	303,196
Other	76
Total intangible assets	303,273
Investments and other assets	
Other	93,573
Allowance for doubtful accounts	(798)
Total investments and other assets	92,775
Total non-current assets	452,923
Total assets	1,954,574
Liabilities	
Current liabilities	
Accounts payable - trade	10,652
Income taxes payable	113,515
Provision for bonuses	24,906
Asset retirement obligations	16,000
Other	131,271
Total current liabilities	296,345
Non-current liabilities	
Asset retirement obligations	11,156
Other	851
Total non-current liabilities	12,008
Total liabilities	308,354
Net assets	
Shareholders' equity	
Share capital	192,060
Capital surplus	132,060
Retained earnings	1,322,763
Treasury shares	(478)
Total shareholders' equity	1,646,404
Accumulated other comprehensive income	
Foreign currency translation adjustment	(184)
Total accumulated other comprehensive income	(184)
Total net assets	1,646,219
Total liabilities and net assets	1,954,574

（２）Quarterly Consolidated Statement of Income and Comprehensive Income

（Quarterly Consolidated Statement of Income）

（Six months ended March 31, 2020）

(Thousands of yen)

	Six months ended March 31, 2020
Net sales	908,798
Cost of sales	117,081
Gross profit	791,717
Selling, general and administrative expenses	494,382
Operating profit	297,334
Non-operating income	
Interest income	12
Foreign exchange gains	680
Subsidy income	19,347
Miscellaneous income	81
Total non-operating income	20,121
Non-operating expenses	
Miscellaneous loss	416
Total non-operating expenses	416
Ordinary profit	317,039
Profit before income taxes	317,039
Income taxes - current	107,545
Income taxes - deferred	(3,483)
Total income taxes	104,062
Profit	212,976
Profit attributable to owners of parent	212,976

（Quarterly Consolidated Statement of Comprehensive Income）

（Six months ended March 31, 2020）

(Thousands of yen)

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