

## Translation

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# Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024 (Japanese GAAP)

August 13, 2024

Company name: kaonavi, inc.  
 Listed stock exchange: Tokyo  
 Stock code: 4435 URL <https://corp.kaonavi.jp/en>  
 Representative: Representative Director, President & Co-CEO Hiroyuki Sato  
 Inquiries: Director & CFO Kimitaka Hashimoto TEL 03(6633)3258  
 Scheduled date to commence dividend payments: —  
 Supplementary materials: Yes  
 Meeting for institutional investors and analysts: Yes

(Figures are rounded to the nearest million yen)

## 1. Consolidated financial results for the three months ended June 30, 2024 (April 1, 2024 - June 30, 2024)

### (1) Consolidated operating results (cumulative)

(Percentages show year-on-year changes)

	Net sales		Adjusted operating profit		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2024	2,254	—	203	—	178	—	177	—	143	—
Three months ended June 30, 2023	—	—	—	—	—	—	—	—	—	—

Note: Comprehensive income

Three months ended June 30, 2024: 107 million yen (—%)

Three months ended June 30, 2023: —million yen (—%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	12.37	12.05
Three months ended June 30, 2023	—	—

Note 1: As consolidated quarterly financial statements are being prepared from the fourth quarter of the fiscal year ended March 31, 2024, figures for the first quarter of the fiscal year ended March 31, 2024 and percentage changes from the first quarter of the previous year for the fiscal year ended March 31, 2024 and ending March 31, 2025 are not shown.

Note 2: Adjusted operating profit = Operating profit + Stock-based compensation expenses + Amortization of goodwill by acquisition + Other one-time costs

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	7,253	2,424	32.5
As of March 31, 2024	6,544	2,312	33.7

Reference: Shareholders' equity

June 30, 2024: 2,356 million yen

March 31, 2024: 2,208 million yen

## 2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	—	0.00	—	0.00	0.00
Year ending March 31, 2025	—	—	—	—	—
Year ending March 31, 2025 (forecast)	—	0.00	—	0.00	0.00

Note : Amendments to dividend forecast compared with the most recent disclosure: None

### 3. Consolidated financial forecast for the fiscal year ending March 31, 2025 (April 1, 2024 - March 31, 2025)

(Percentages show year-on-year changes)

	Net sales		Adjusted operating profit	
	Millions of yen	%	Millions of yen	%
Full year	9,420 ~ 9,560	23.5 ~ 25.4	—	—

Note : Revisions of most recent financial results forecast: None

#### 4. Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting methods for preparing consolidated quarterly financial statements: Yes

(Calculation of tax expenses)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after application of tax-effect accounting to profit before income taxes for the fiscal year including the first quarter of the fiscal year under review, with quarterly profit before income taxes then multiplied by the estimated effective tax rate. However, in the event that this tax expense calculation using estimated effective tax rate results in a significantly improbable figure, a method using the statutory effective tax rate may be adopted.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement of prior period financial statements: None

(4) Number of shares outstanding (common shares)

1) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024: 11,595,800 shares As of March 31, 2024: 11,595,200 shares

2) Number of treasury stock at the end of period

As of June 30, 2024: 280 shares As of March 31, 2024: 280 shares

3) Average number of shares outstanding during the period

Three months ended June 30, 2024: 11,595,327 shares Three months ended June 30, 2023: 11,581,420 shares

Review of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

#### **\* Cautionary statement with respect to forward-looking statements**

The forecasts above are based on the judgments made in accordance with information currently available. Forecasts therefore include risks and uncertainties. Actual figures may differ from these forecasts due to subsequent changes in the circumstances.

# Consolidated Quarterly Financial Statements and Significant Notes Thereto

## 1. Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	4,688	5,423
Accounts receivable - trade	332	323
Contract assets	61	57
Prepaid expenses	188	207
Other	6	9
Allowance for doubtful accounts	(4)	(1)
<b>Total current assets</b>	<b>5,271</b>	<b>6,018</b>
Non-current assets		
Property, plant and equipment		
Buildings	28	28
Accumulated depreciation	(7)	(8)
Buildings, net	22	20
Vehicles	—	3
Accumulated depreciation	—	(0)
Vehicles, net	—	2
Tools, furniture and fixtures	51	51
Accumulated depreciation	(30)	(32)
Tools, furniture and fixtures, net	21	19
<b>Total property, plant and equipment</b>	<b>42</b>	<b>41</b>
Intangible assets		
Goodwill	615	598
Trademark right	0	0
Software	2	14
Software in progress	13	—
<b>Total intangible assets</b>	<b>630</b>	<b>612</b>
Investments and other assets		
Investment securities	59	39
Guarantee deposits	73	75
Distressed receivables	—	1
Deferred tax assets	469	469
Allowance for doubtful accounts	—	(1)
<b>Total investments and other assets</b>	<b>601</b>	<b>583</b>
<b>Total non-current assets</b>	<b>1,273</b>	<b>1,235</b>
<b>Total assets</b>	<b>6,544</b>	<b>7,253</b>

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	112	111
Short-term borrowings	100	100
Current portion of long-term loans payable	61	61
Accounts payable - other	324	354
Accrued expenses	308	374
Income taxes payable	141	65
Accrued consumption taxes	100	101
Deposits received	24	14
Deferred revenue	2,693	3,316
Contract liabilities	72	70
Provision for bonuses	40	22
Other	0	0
Total current liabilities	3,975	4,588
Non-current liabilities		
Long-term loans payable	257	242
Total non-current liabilities	257	242
Total liabilities	4,232	4,830
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,153	1,153
Capital surplus	1,143	1,148
Retained earnings	(87)	57
Treasury stock	(1)	(1)
Total shareholders' equity	2,208	2,356
Non-controlling interests	104	67
Total net assets	2,312	2,424
<b>Total liabilities and net assets</b>	<b>6,544</b>	<b>7,253</b>

**2. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**  
**Consolidated Statement of Income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2024
Net sales	2,254
Cost of sales	556
Gross profit	1,698
Selling, general and administrative expenses	1,520
Operating profit	178
Non-operating income	
Interest income	0
Foreign exchange gains	1
Miscellaneous income	0
Total non-operating income	1
Non-operating expenses	
Interest expenses	1
Share issuance cost	0
Miscellaneous losses	1
Total non-operating expenses	2
Ordinary profit	177
Extraordinary losses	
Loss on valuation of investment securities	20
Total extraordinary losses	20
Profit before income taxes	157
Total income taxes	50
Profit	107
Loss attributable to non-controlling interests	(37)
Profit attributable to owners of parent	143

**Consolidated Statement of Comprehensive Income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2024
Profit	107
Comprehensive income	107
(Breakdown)	
Comprehensive income attributable to owners of parent	143
Comprehensive income attributable to non-controlling interests	(37)

### 3. Notes on Consolidated Financial Statement

(Notes on Segment Information, etc.)

The reportable segment of our group is “HR Tech business” only, and “Other business” segment is not significant yet, hence the segment information is omitted. From the first quarter of the current fiscal year, the name of the reportable segment has been changed from “Talent management systems business” to “HR Tech business”. This name change has no impact on segment information.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Consolidated Quarterly Cash Flow Statement)

Consolidated quarterly cash flow statements for the first quarter of the current fiscal year have not been prepared. Depreciation and amortization (including which related to intangible assets excluding goodwill) and amortization of goodwill for the first quarter of the current fiscal year is as follows:

	Three months ended June 30, 2024
Depreciation and amortization	5 million yen
Amortization of goodwill	17 million yen

(Notes on Revenue Recognition)

Breakdown of revenue from contracts with customers

(Millions of yen)

	Three months ended June 30, 2024
Subscription revenue	1,996
Support revenue	256
Others	1
Revenue from contracts with customers	2,254
Other revenue	—
Net revenue from external customers	2,254

Note 1: Subscription revenue is net sales from basic fees for subscription services in each business.

Note 2: Support revenue derives from additional offerings to drive adoption of the subscription services including initial implementation, setup, and other one-off engagements for each business.

## (Per Share Information)

The basis for calculation of earnings per share and diluted earnings per share is as follows:

	Three months ended June 30, 2024
(1) Earnings per share	12.37 Yen
(The basis for calculation)	
Profit attributable to owners of parent (millions of yen)	143
Profit not attributable to common shareholders (millions of yen)	—
Profit attributable to owners of parent related to common stock (millions of yen)	143
Average number of shares of common stock outstanding during the period (shares)	11,595,327
(2) Diluted earnings per share	12.05 Yen
(The basis for calculation)	
Profit attributable to owners of parent adjustment (millions of yen)	—
Increase in common stock (shares)	307,698
Overview of dilutive shares that were not included in the calculation of diluted earnings per share due to not having a dilutive effect, which had significant changes from the previous consolidated fiscal year	—

## (Significant Subsequent Events)

(Allotment for Issuance of New Stocks as Restricted Stock (RS) Award Plan)

Kaonavi, inc. (the “Company”) at the Board of Directors meeting held on July 10, 2024, resolved to issue new stocks as the Restricted Stock Award Plan and the procedure for allotment was completed on August 1, 2024.

### 1. Overview of New Issuance

(1) Class and number of stocks to be issued	Common stocks of the Company: 11,600 stocks
(2) Issue price and Total amount of issue price	The New Issuance is for the purpose of issuing common stocks of the Company as compensation for the Company's directors and no payment of money or delivery of property in exchange for such common stocks will be required.  * The fair value of such common stocks is 1,621 yen per stock, which is the closing price of common stocks of the Company on the Tokyo Stock Exchange on the business day (July 9, 2024) immediately prior to the Board of Directors meeting held on July 10, 2024, and the total amount of the fair value is 18,803,600 yen, which is the amount of the fair value multiplied by the number of stocks to be issued above.
(3) Scheduled allottees	3 directors (*) 11,600 stocks  * Excluding directors who are Audit and Supervisory Committee members and outside directors.
(4) Allotment date	August 1, 2024

### 2. Purpose and Reason for New Issuance

The Company at the Board of Directors meeting held on May 22, 2020, resolved to adopt a Restricted Stock Award Plan (the “Plan”) as a new compensation plan for directors of the Company (excluding outside directors) in order to provide them with incentives to sustainably enhance the corporate value of the Company and to further promote sharing of value with shareholders.

In addition, at the 14th Annual General Meeting of Shareholders held on June 22, 2022, with the transition to a company with an Audit and Supervisory Committee, it was approved to grant restricted stocks to directors of the Company (excluding directors who are Audit and Supervisory Committee members and outside directors) based on the Plan, within 20,000 stocks per year and 50 million yen per year.