

Financial Results Briefing Materials

for the First Quarter of the Fiscal Year Ending December 31, 2024

May 13, 2024

KINJIRO CO., LTD.

1

Consolidated Financial Results

for the First Quarter of the Fiscal Year
Ending December 31, 2024 (FY2024)

2

Growth Strategy

3

Topics

Summary of Consolidated Financial Results for the First Quarter of FY2024

■ Consolidated Statement of Income

- Solid performance for 1Q, on track with plan
- Highest 1Q net sales ever

(Unit: Million yen)

	FY2023 1Q results	FY2024 1Q results	YoY change	FY2024 H1 forecast	Achievement rate against FY2024 1H forecast
Net sales	966	998	+3%	2,029	49%
Operating profit	142	126	-12%	188	67%
Ordinary profit	142	125	-12%	188	66%
Profit	91	83	-9%	120	69%

YoY Changes in Net Sales by Business Segment

■ Net sales

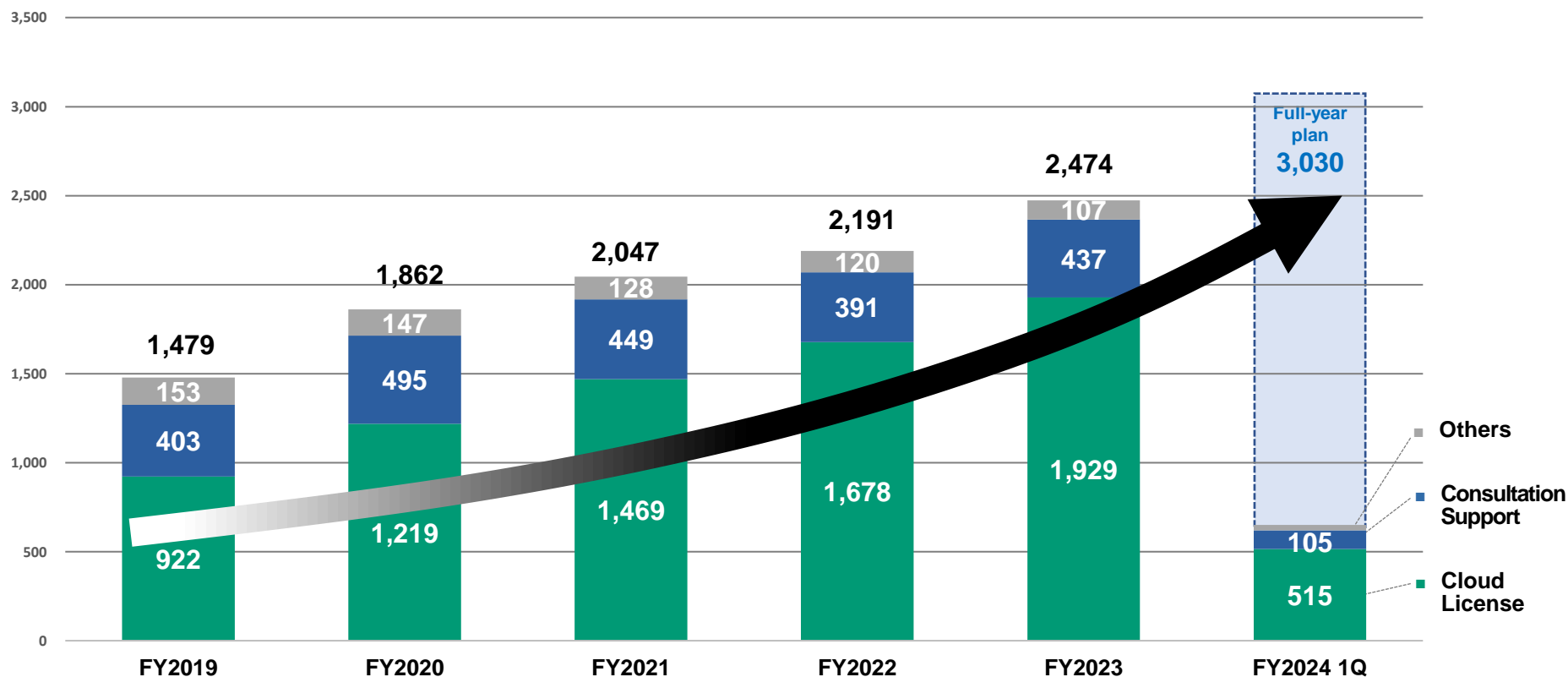
(Unit: Million yen)

Business segment	Sales segment	FY2023 1Q results	FY2024 1Q results	YoY change
Cloud business	Cloud License	459	515	+12%
	Cloud Consultation Support	112	105	-7%
	Others	25	31	+20%
	Subtotal	598	652	+9%
On-Premises Business	Premium support	141	144	+2%
	Software Products	69	88	+26%
	Software Consultation Support	55	44	-21%
	Employment Information Devices	52	21	-59%
	Subtotal	319	298	-7%
Total of HRM Business		918	950	+3%
Real Estate Rental Business		48	48	-0%
Net sales		966	998	+3%
Recurring revenue*		607	665	+10%

* Includes revenue from cloud licensing, premium support, and other services.

Sales in Cloud Business

Trend in Cloud Business sales (Unit: Million yen)



- Cloud License sales grew by 12% year on year to 515 million yen.
- Cloud Consultation Support sales decreased by 7% year on year to 105 million yen due to a decrease in introduction support projects.
- Meanwhile, sales in Others category (employment information devices, etc.) increased by 20% to 31 million yen.

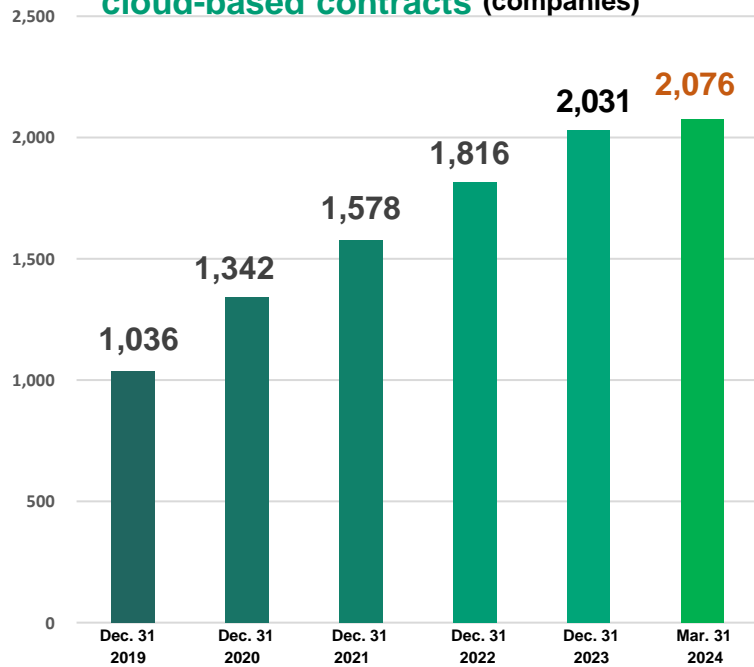
Number of Corporate Clients on Contract and Number of Licenses

■ High growth continues in the number of licenses, with an average annual growth rate (AAGR) of 21.6%.

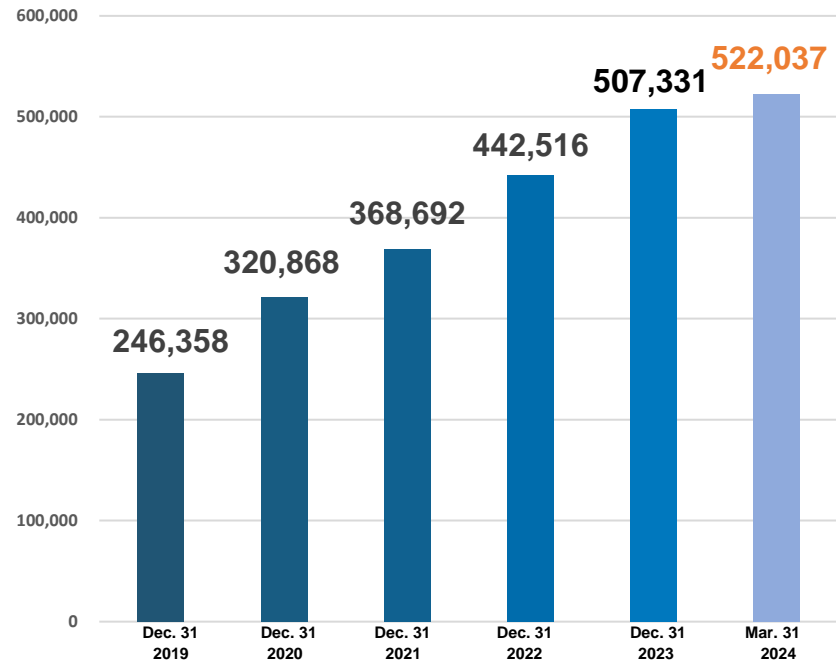
20.2%
AAGR (Mar. '19 - Mar. '24)

21.6%
AAGR (Mar. '19 - Mar. '24)

Number of corporate clients on cloud-based contracts (companies)



Number of cloud-based licenses* (persons)



ARPU trend

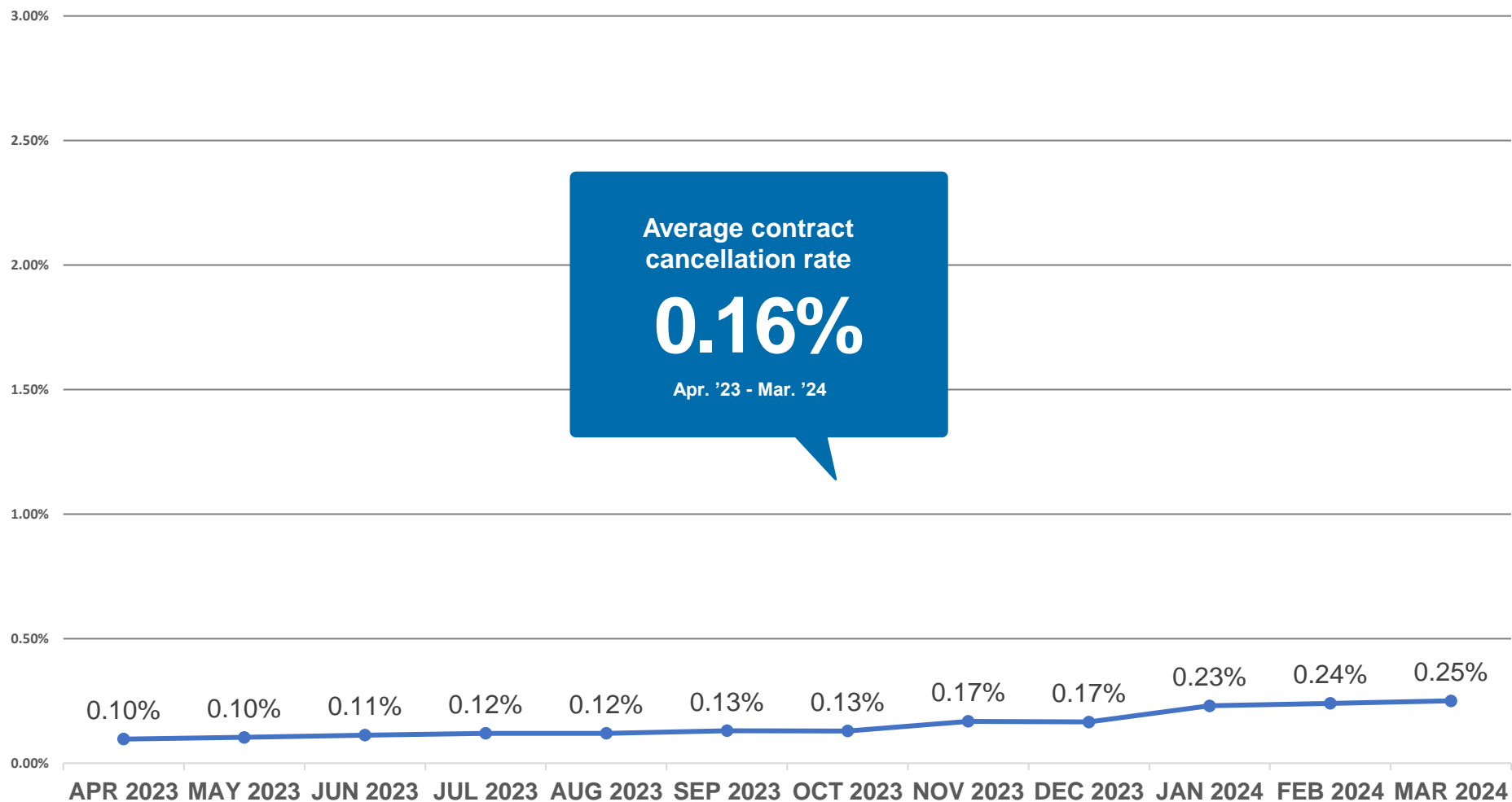
*The number of licenses for each employee at a corporate client is counted as one, even where the employee uses multiple services (Recruitment, HR, Salary, Health & Productivity Management).

ARPU	June 2022	September 2022	December 2022	March 2023	June 2023	September 2023	December 2023	March 2024
Enterprise	353 yen	351 yen	353 yen	351 yen	351 yen	353 yen	352 yen	351 yen
Smart	117 yen	115 yen	117 yen	118 yen	118 yen	118 yen	117 yen	117 yen

Cloud-Based Contract Cancellation Rate

■ The average rate of cloud-based contracts cancelled per month remains low at 0.16%.

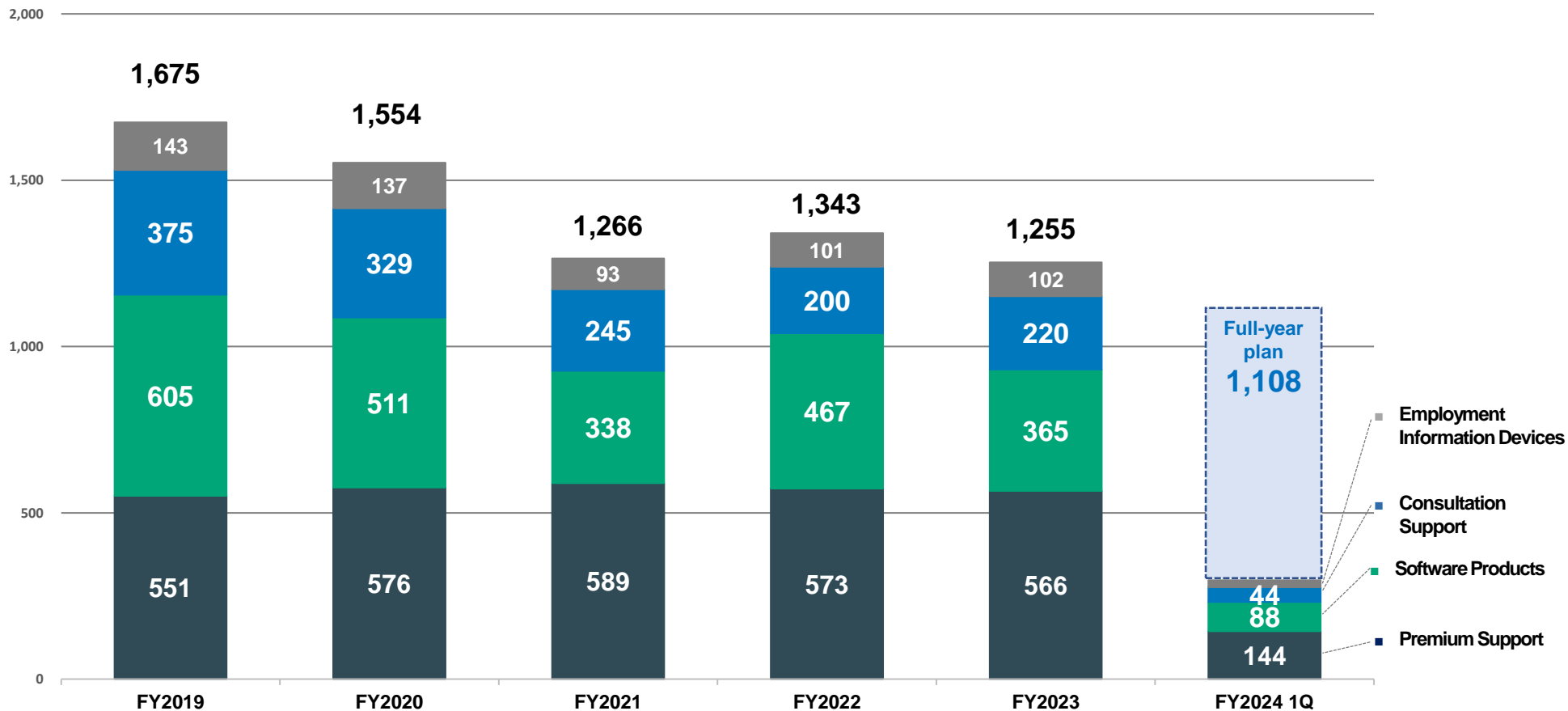
Cloud-based contract cancellation rate*



* Monthly average cancellation rate. Calculated by dividing revenue from customers who cancelled their contracts in the current month by revenue from total customers in the previous month.

Sales in On-Premises Business

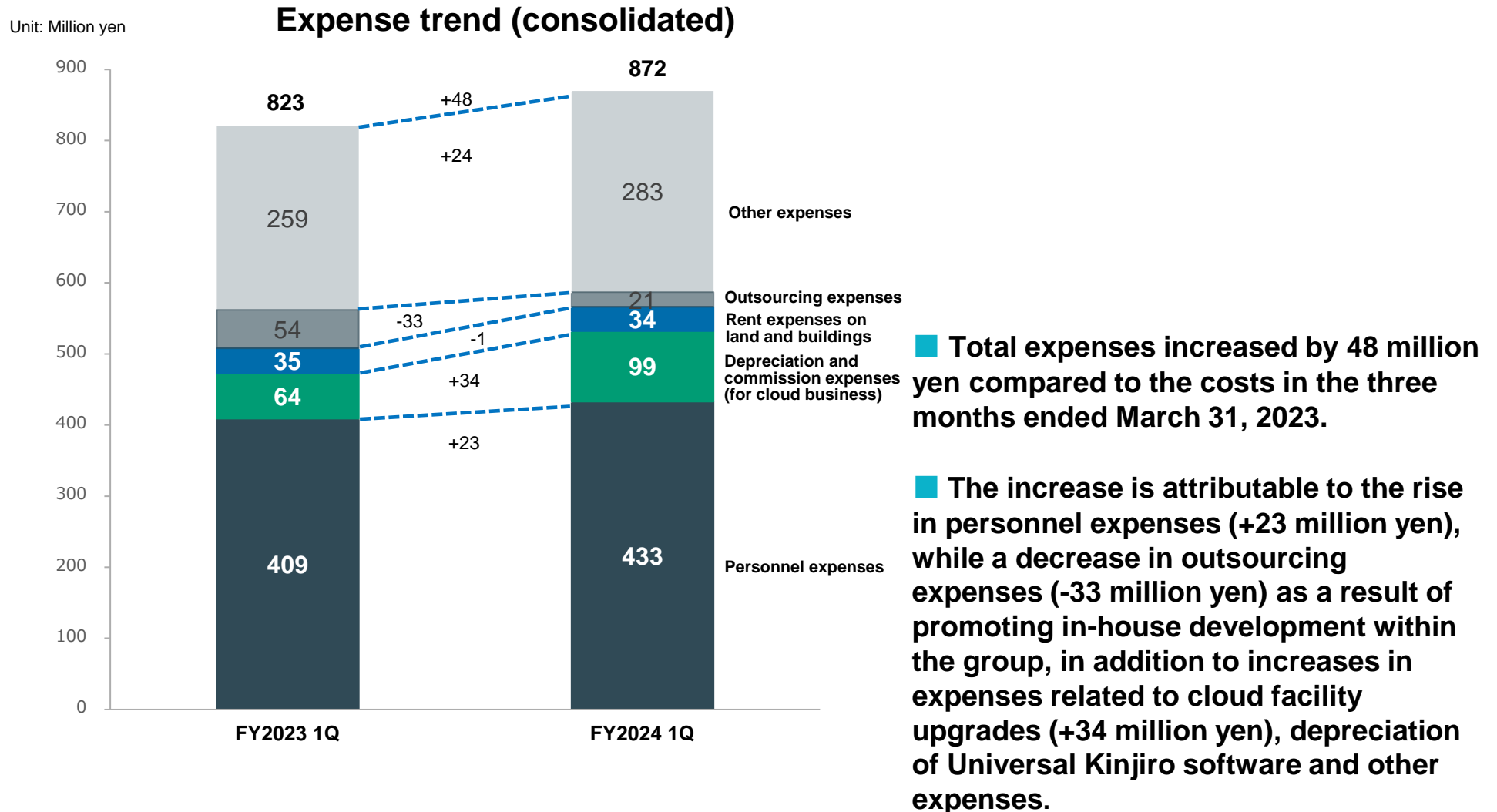
Trend in On-Premises Business sales (Unit: Million yen)



- Premium Support sales increased by 2% year on year to 144 million yen.
- Software Products sales increased by 26% year on year to 88 million yen.
- Software Consultation Support sales decreased by 21% year on year to 44 million yen.

Cost Structure

■ Cost structure for the first three months of the fiscal year ending December 31, 2024



1

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3

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Growth Strategy: Mid-Term Management Plan

Targeted Management Metrics

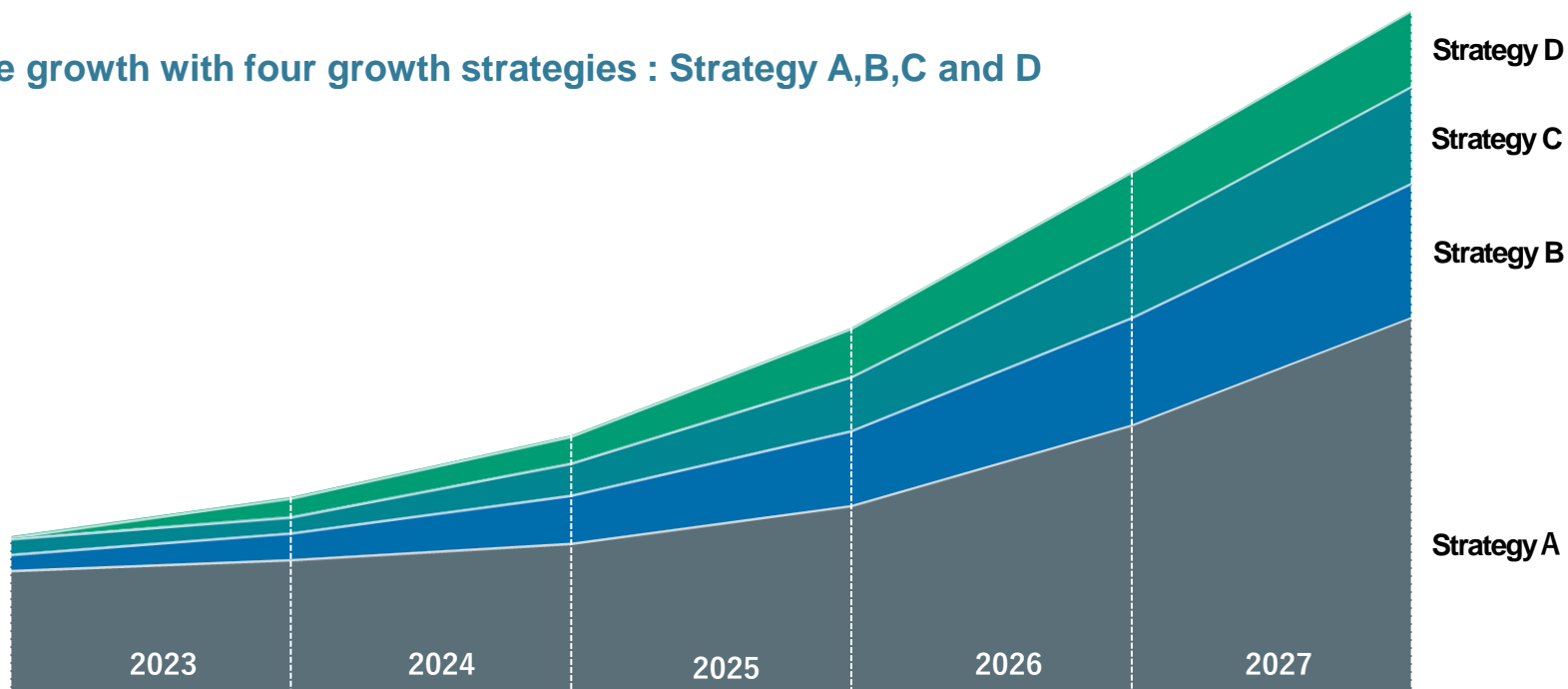
(Unit: Million yen)

Kinjiro Group consolidated	Three-year plan					
	FY2024 (current fiscal year)		FY2025		FY2026	
	Amount	Change	Amount	Change	Amount	Change
Net sales	4,300	10%	4,950	15%	5,700	15%
Operating profit	573	0%	953	66%	1,215	27%
Operating profit margin	13.3%	-	19.3%	-	21.3%	-

- In FY2024, we plan to increase upfront investments such as product development to accelerate the shift to cloud-based services.
- In FY2025, we aim for a 15% increase in net sales and a significant 66% increase in operating profit.

Growth Strategy

- Achieve growth with four growth strategies : Strategy A,B,C and D



Strategy A	BtoB Mainstay business: Accelerate acquisition of new customers for “work style reform and health & productivity management”
Strategy B	BtoB Mainstay business: Shift on-premises user licenses to cloud-based services
Strategy C	BtoB New business: Cloud front / private cloud
Strategy D	BtoE New business: Expand sales in platform businesses with revenues from monetization of registered users of B-to-E and B-to-C services, as well as AI, electronic medical records, third-party services, etc.

Growth Strategies A/B: Focuses for Improvement

■ Growth Strategies A/B: Three Focuses for Improvement

1 Shift Kinjiro Enterprise on-premises users to cloud-based services

2 Accelerate development of HRM all-in-one solutions

3 Pricing strategy

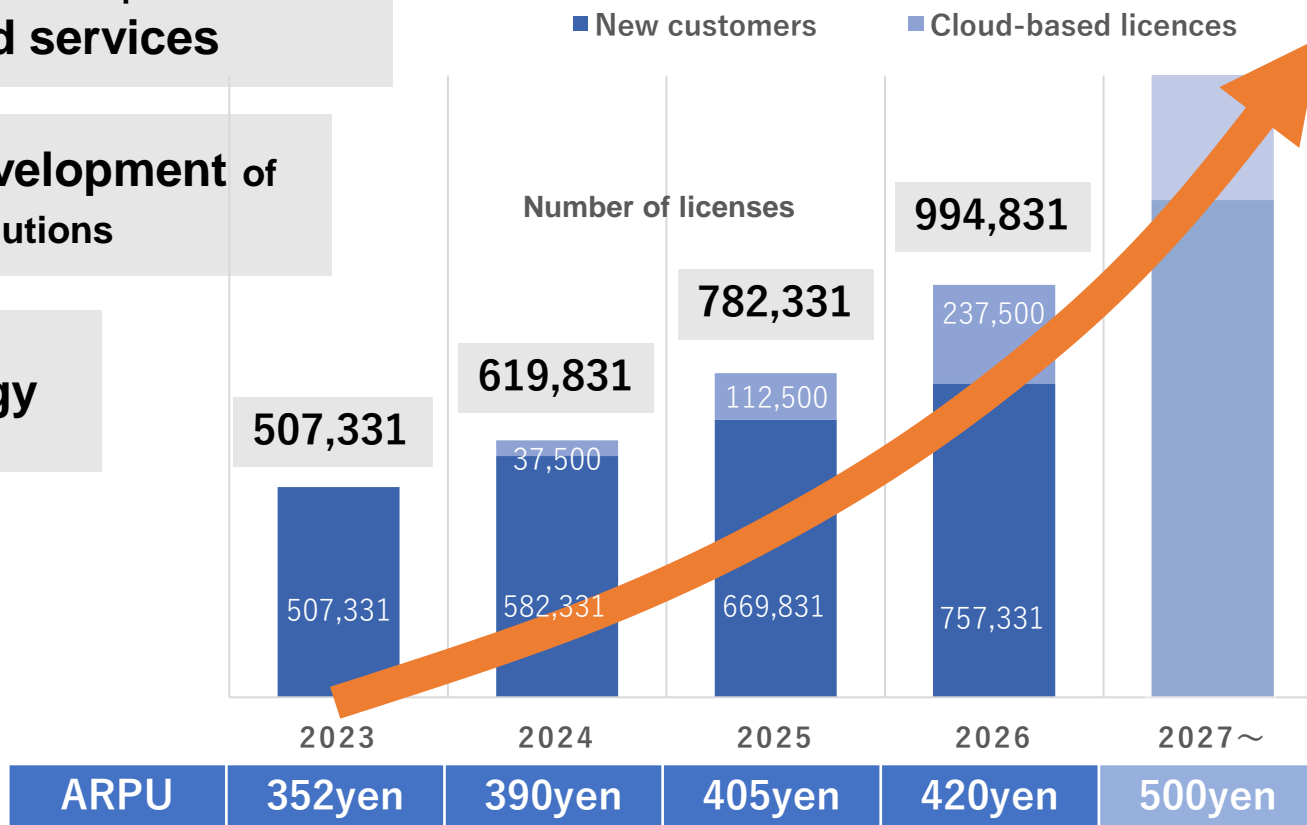
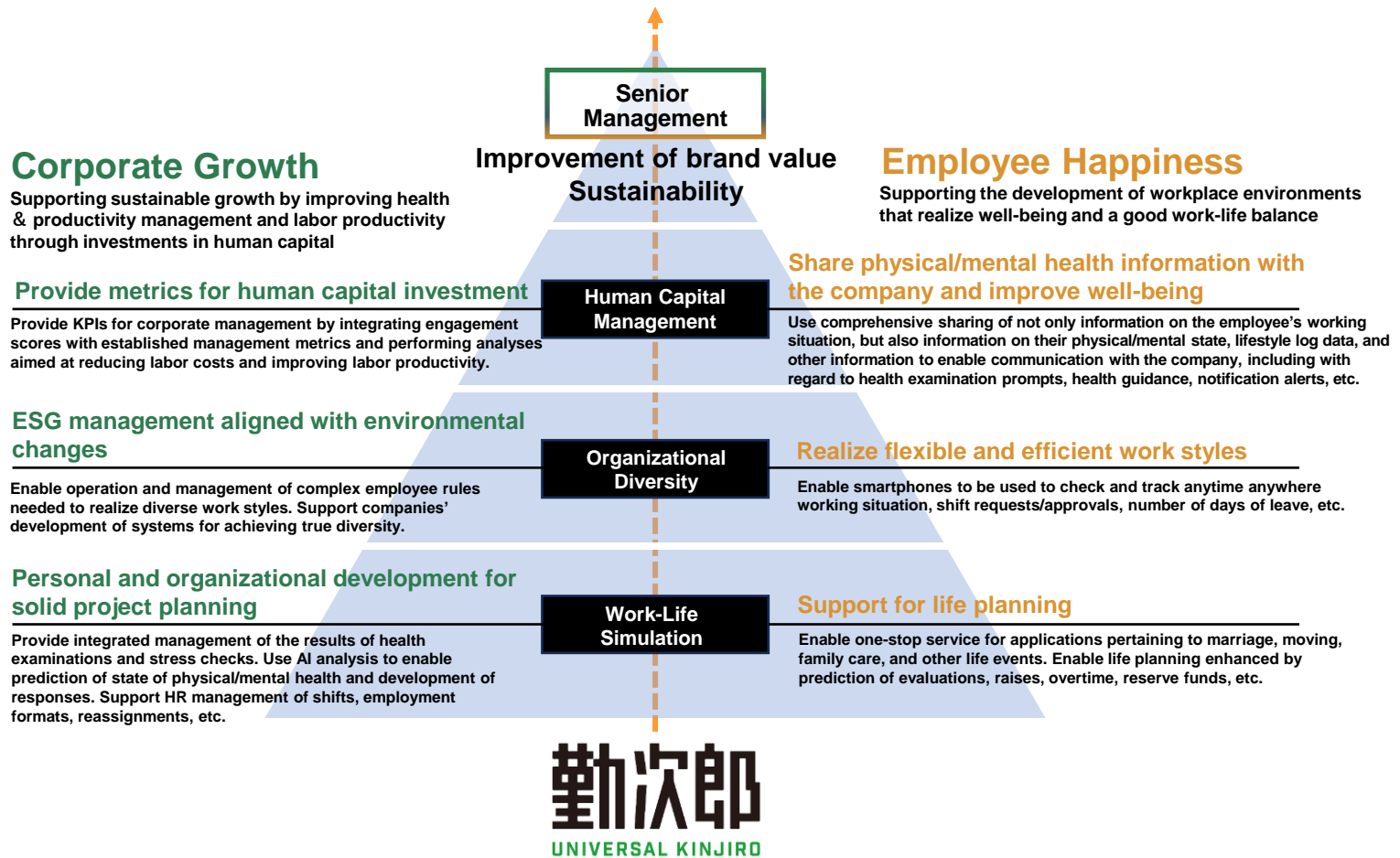


Chart: Image of target number of licenses and ARPU target

Growth Strategy A/B: Advancement in HRM Business

Product Concept of Universal Kinjiro

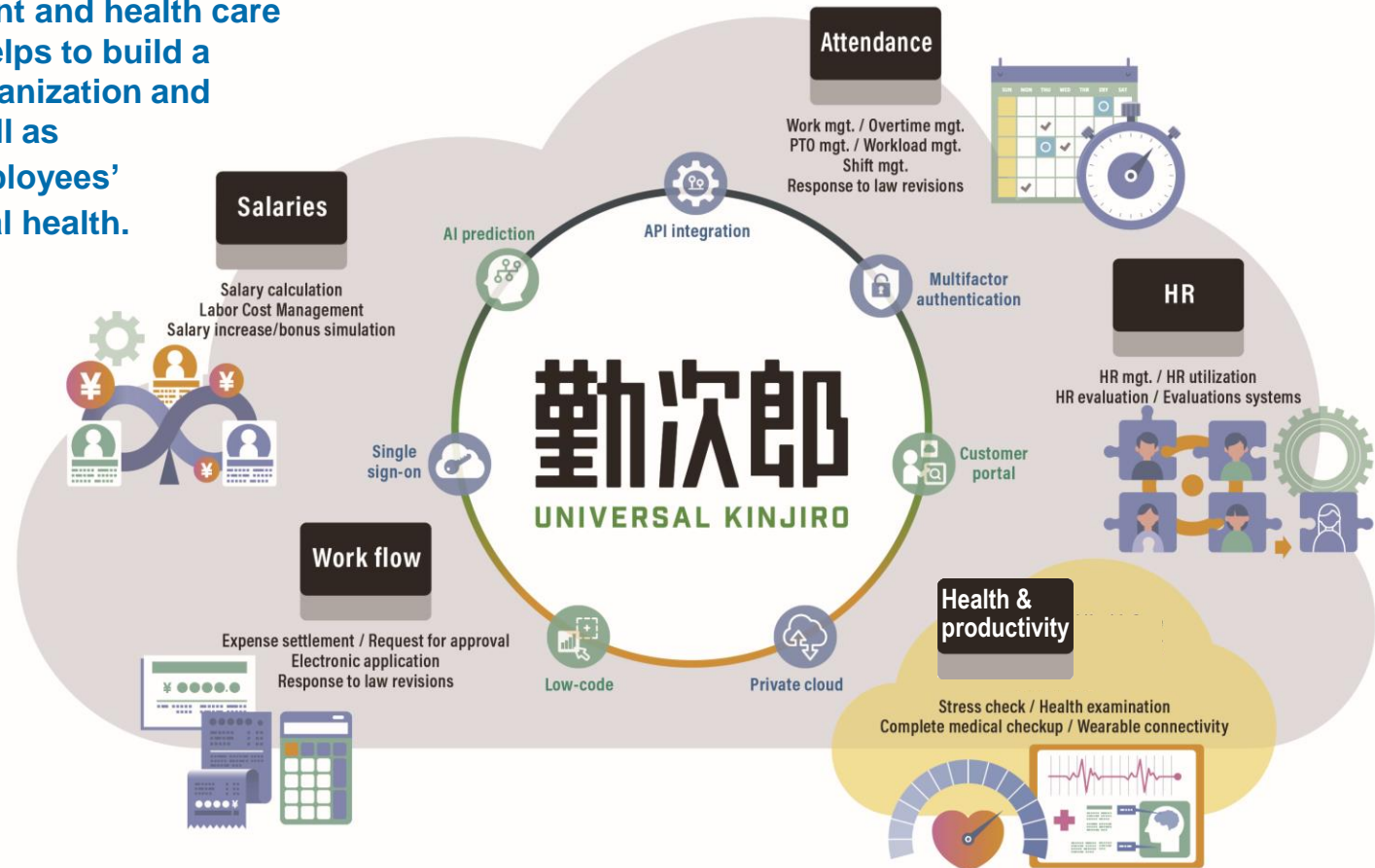
The health and happiness of employees builds the company's future



Growth Strategy A/B: Advancement in HRM Business

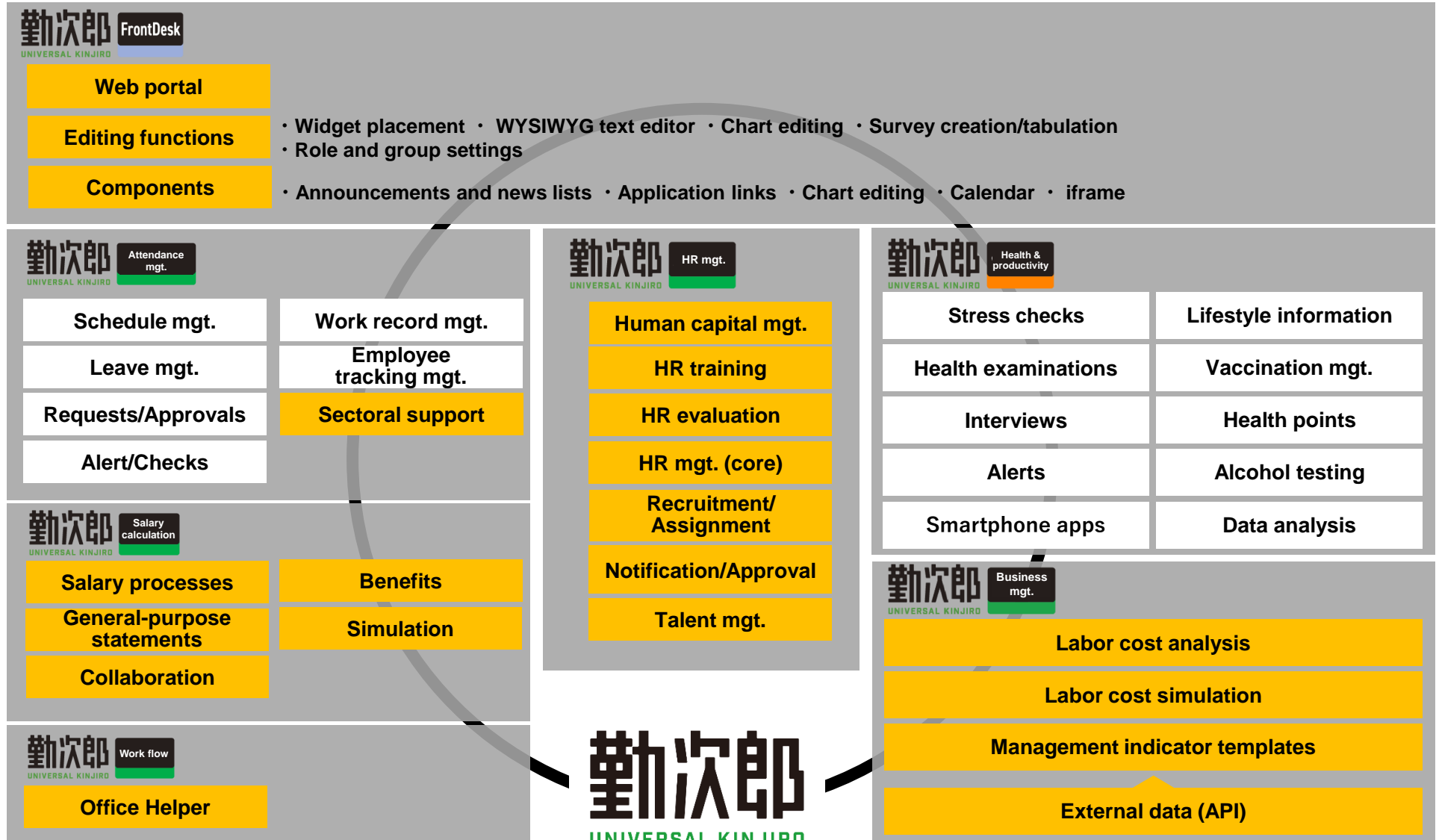
“Universal Kinjiro,” an HRM all-in-one solution for realizing corporate clients’ health & productivity management, supports business growth by enhancing employee labor productivity and work engagement.

■ Universal Kinjiro enables users to manage employment and health care in one go, which helps to build a worker-friendly organization and environment as well as to enhance the employees’ mental and physical health.



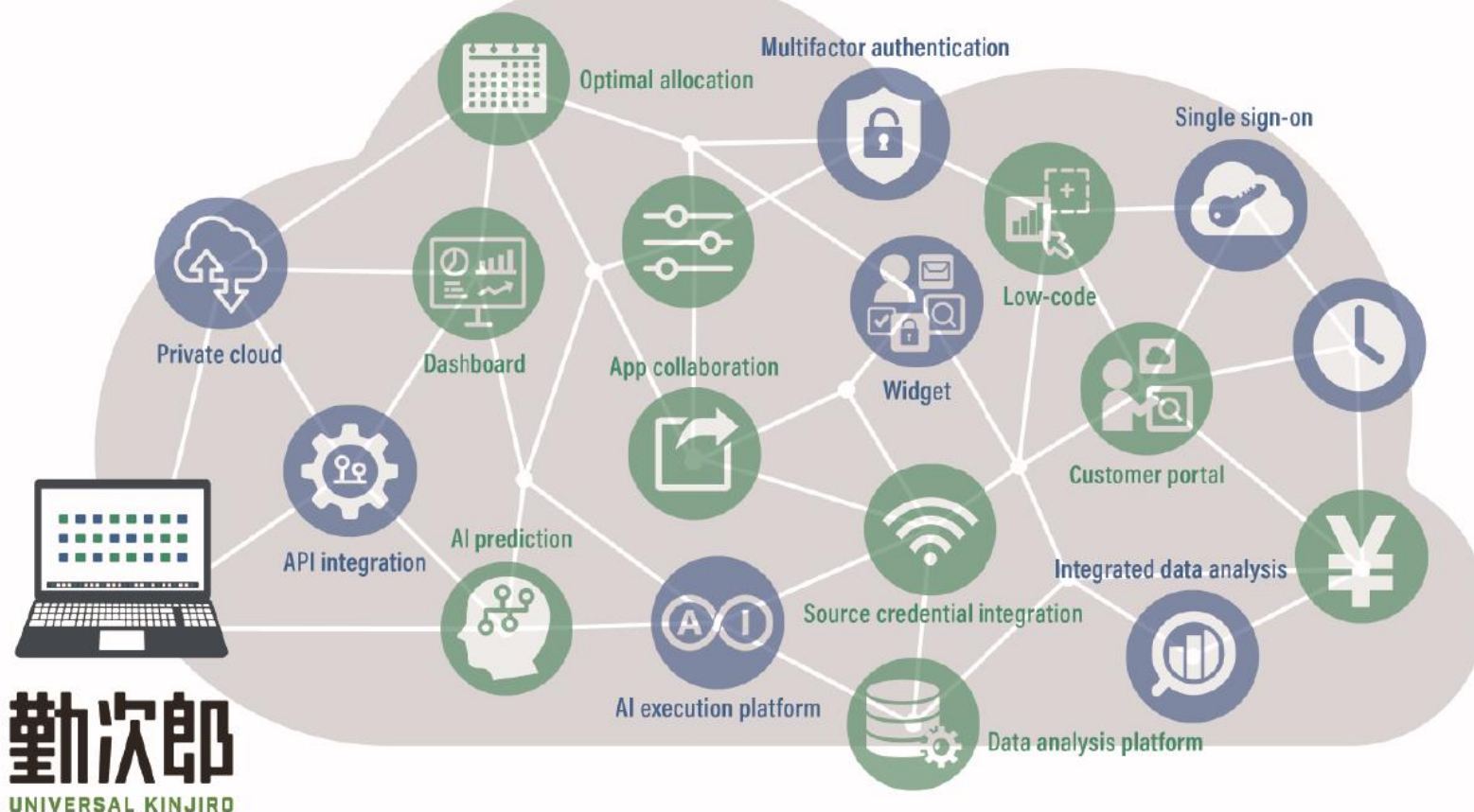
Growth Strategy A/B: System Strengthening Plan

■ Universal Kinjiro: System Composition Strengthening Plan



Growth Strategy C: New Business - Cloud Front Strategy

Enhance our services by evolving the cloud base business

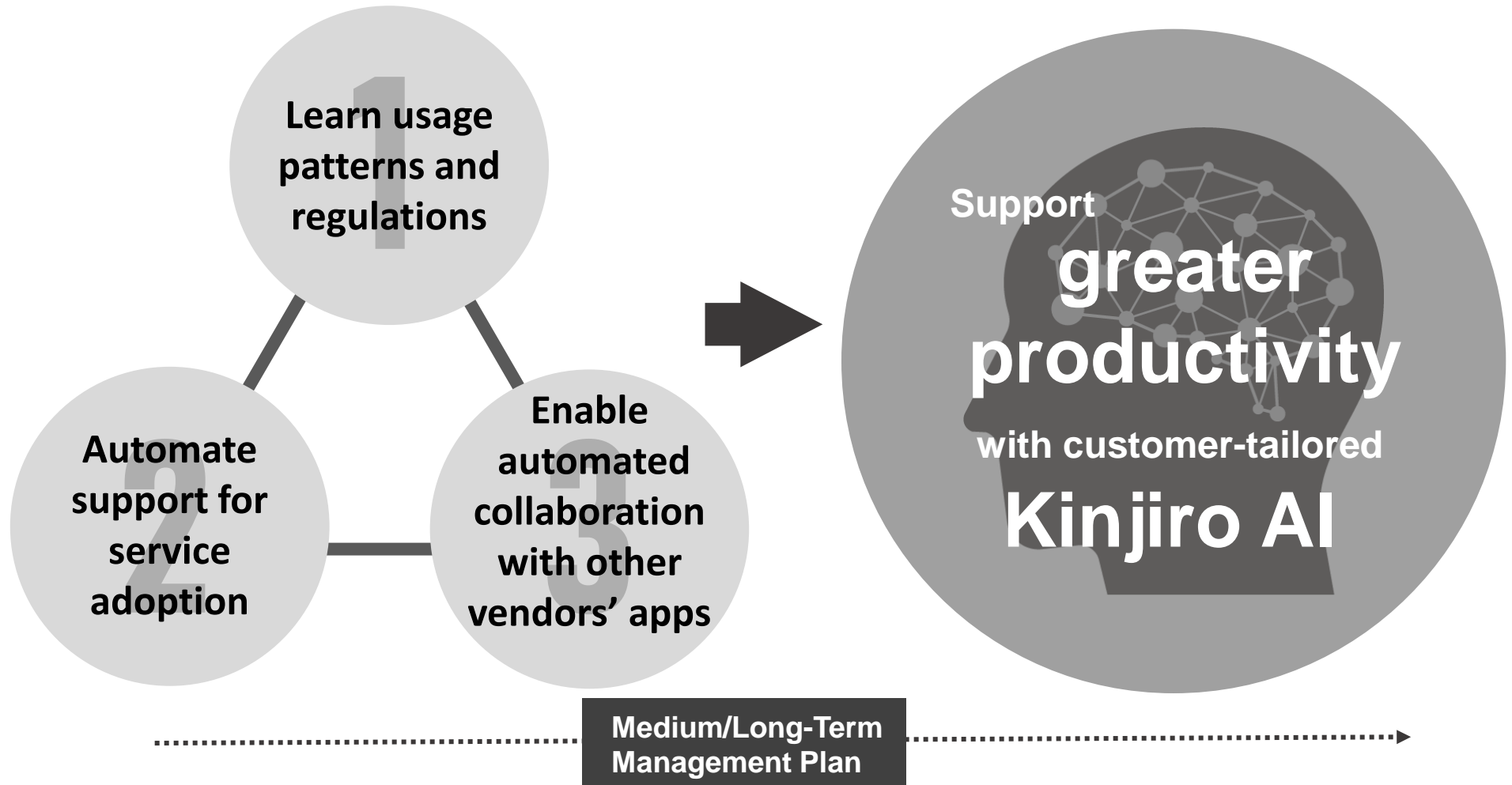


We will maximize contacts with users by utilizing data gathered by our core applications by expanding the menu unique to the cloud-based service, and offer new services that take advantage of data analysis and AI prediction.

We will also further evolve our platform in a way that appeals to business users by enhancing integration functions in the cloud environment.

Growth Strategy C: New Business - Cloud Front Strategy

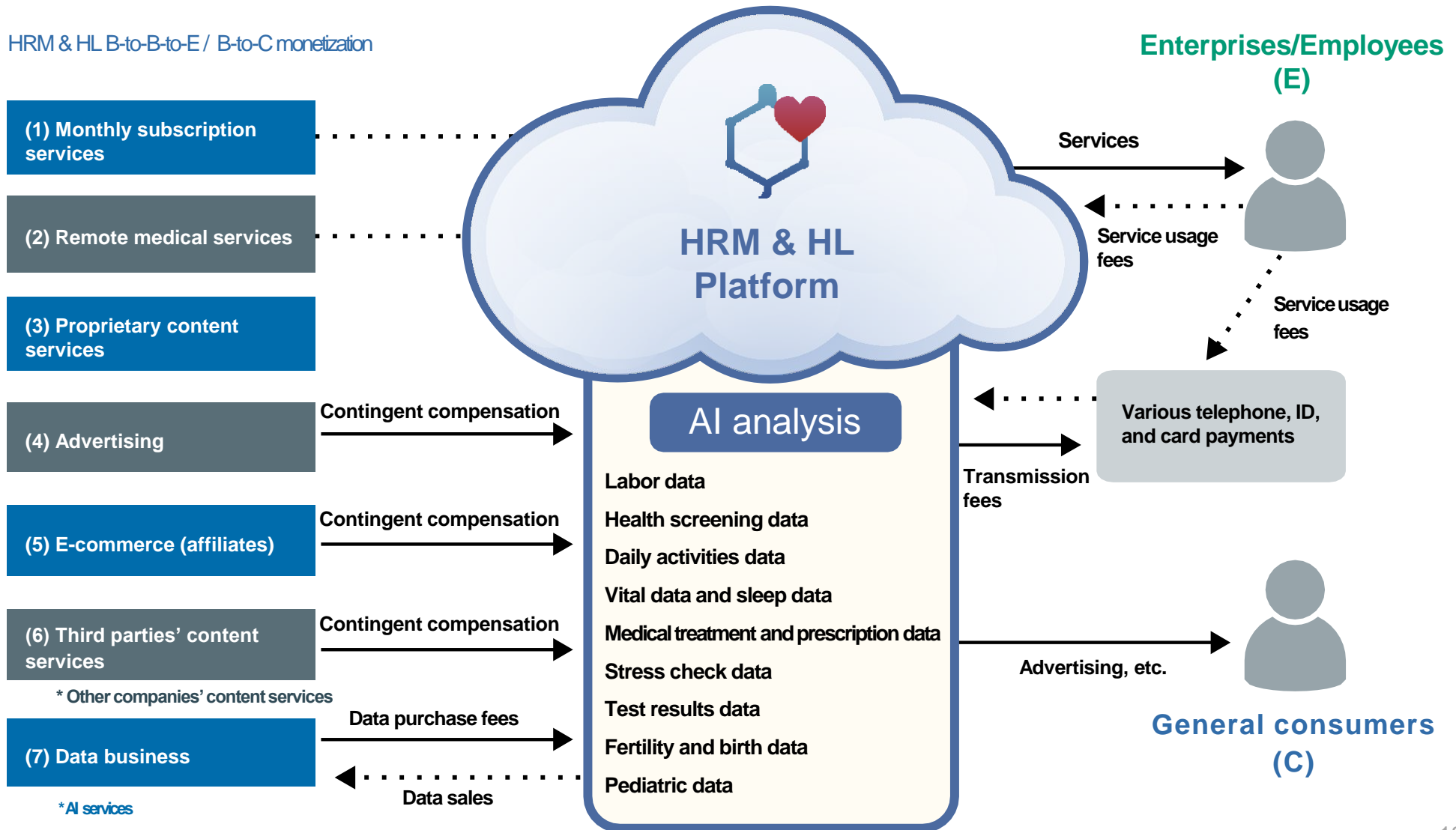
■ Kinjiro AI Generation Steps



Growth Strategy D: Consumer Business Utilizing Platforms

Monetizing registered users

HRM & HL B-to-B-to-E / B-to-C monetization



1

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Kinjiro's Mission and Strength

■ Offer products and services that solve social challenges faced by modern Japan

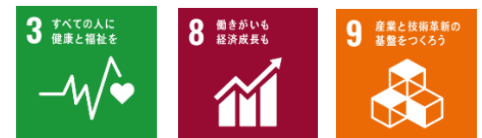
Performance delivered by each and every worker will become increasingly important going forward as the labor force is expected to decline significantly.

勤次郎
UNIVERSAL KINJIRO



Solve social challenges faced by Japan by contributing to corporate clients' HRM with "Universal Kinjiro" and "Health x Life."

SUSTAINABLE DEVELOPMENT GOALS

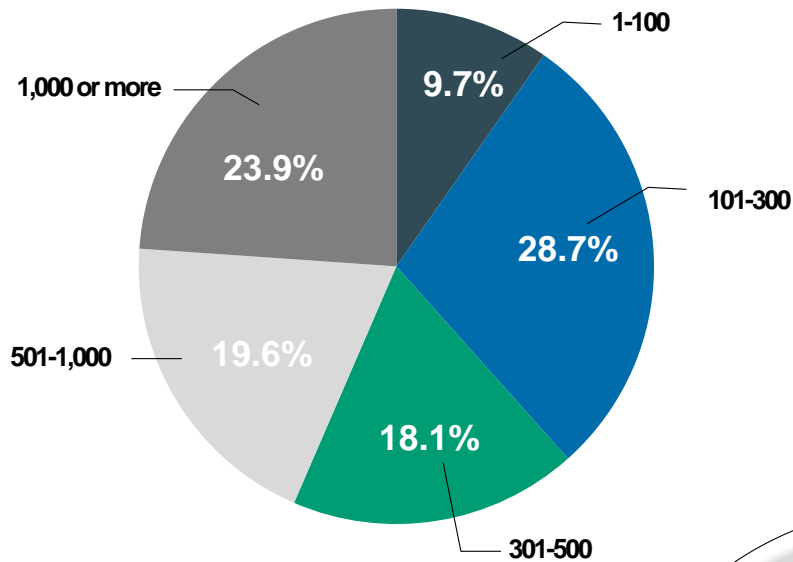


Kinjiro Enterprise Installations Breakdown by Scale and Industry

■ Meet the needs of diverse enterprises in different sizes, ranging from SMEs to large enterprises, in different industries

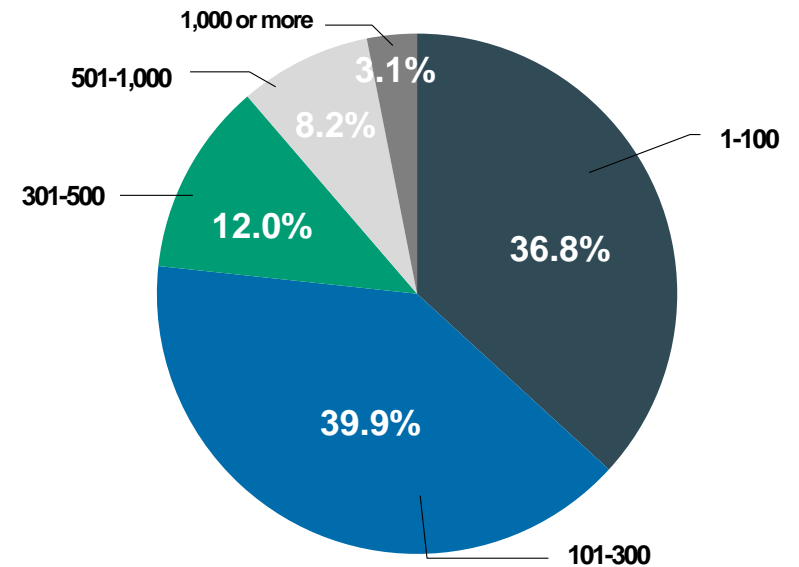
Breakdown of implementation by number of employees (On-premises)

*1.06 million users



Breakdown of implementation by number of employees (Cloud)

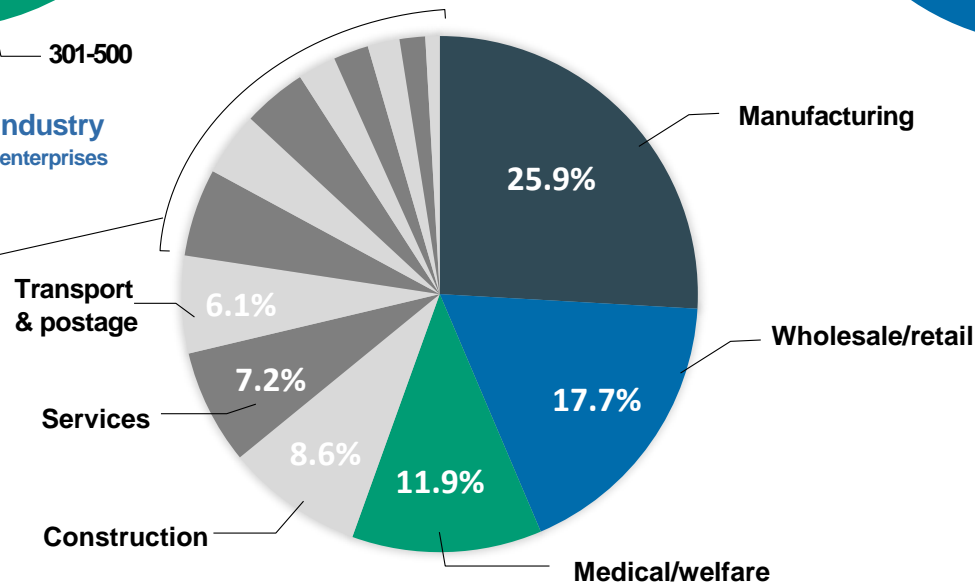
*0.52 million users



Breakdown of client numbers by industry

*Implementation at a diverse range of different enterprises

- Academic & specialist / technical services: 5.5%
- Information & communications: 4.0%
- Real estate & rental: 4.0%
- Accommodation & food: 2.4%
- Lifestyle services & entertainment: 2.2%
- Finance & insurance: 2.0%
- Education & learning support: 1.6%
- Others: 0.9%



* As of March 31, 2024

Sustainability: Health & Productivity Management Initiatives

Recognized as a “Certified Health & Productivity Management Outstanding Organization” for the Seventh Consecutive Year

Kinjiro was ranked in the top 100 among 3,520 organizations, which were recognized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as “Certified Health & Productivity Management Organizations (White 500).”

Health & productivity management initiatives

- Measure employees’ performance indicators as presenteeism quantitatively in conjunction with every stress check
- Implement a PDCA cycle on a regular basis using work engagement and pulse surveys

Using HRM platforms at our office

- Achieved early detection of declines in health data using “Universal Kinjiro / Health & Productivity Management”
- Used “Online Services & Support” to facilitate interactions between industrial physicians and in-house public health nurses, and used a remote consultation tool to provide consultations and treatments

Awarded the “Award for Outstanding Business Facilities under the Nagoya Health Declaration”

Kinjiro was also awarded as a company practicing outstanding initiatives to promote health & productivity management by Nagoya City and Japan Health Insurance Association (JHIA), in addition to receiving the “Healthy Declaration Excellent Office” award from the Aichi Branch of JHIA two years in a row.



2024
健康経営優良法人
Health and productivity
ホワイト500

Health & Productivity Management Survey Feedback Sheet

Fixed Ver.
CODE: 004013

Feedback Sheet for FY2023 Health and Productivity Management

Japanese Corporate Name: 勤次郎株式会社

English Corporate Name: **Kinjiro Co., Ltd.**

Health insurer: Aichi Brach of the Japan Health Insurance Association Listed

Industry type: Information and communications

I Evaluation Summary

Rank: **51 – 100th / 3,520**

Comprehensive evaluation: **64.2** ↓0.6 (Last year 64.8)

* “White 500” organizations are recognized only among organizations that apply for the 2023 Certified Health & Productivity Management Organizations Recognition Program. Thus, organizations that are ranked lower than the top 500 could be recognized as White 500 enterprises.

II Evaluation Breakdown

Four criteria	Weight	Your score	Best score among all responding organizations	Best score in your industry	Average score of your industry
Comprehensive evaluation	-	64.2	66.9	66.0	50.7
1. Management philosophy & policy	3	66.6	69.6	68.3	50.2
2. Organizational structure	2	66.3	68.8	68.6	50.3
3. Implementation of systems & measures	2	67.0	70.3	68.9	51.4
4. Evaluation & improvement	3	58.6	66.9	63.9	51.0

■ Your score
■ Best score among all responding organizations
▲ Best score in your industry
◆ Average score of your industry

* The numerical value of each criterion is an adjusted deviation score based on the average of responding companies and organizations. Comprehensive evaluation is calculated by multiplying the numerical value of each criterion by its weight.

* “-” is displayed at “the best score in your industry” only if four or fewer companies responded in your industry. The “best score” shows the highest score of each criterion and not the score of the organization ranked No. 1.

Seminars Held in January–March 2024

■ Seminars led by outside experts and our employees

To everyone in Healthcare, Transport & Construction: New laws on work styles are coming this April!

Practical Seminar on Complying with New Laws

We hosted a seminar for members of the healthcare, transport, and construction industries to help them navigate legal reforms on work styles that were going into effect in April. The event was led by former labor standards inspector Satoshi Hara.

医療 運送 建設 のみなさま
2024年4月働き方改革関連法 施行直前!
好評につき再配信
「実務レベル」で分かる
法令対応セミナー
元労働基準監督官が徹底解説!
ZOOM 参加無料 2024/2/15(木) 14:00-16:00
原論氏

What changes will Universal Kinjiro bring?

- How does it differ from Kinjiro Enterprise? • What does migration involve?
- What's the lead-in timeline? Get clear answers to everything you want to know!

Our staff gave a seminar for Kinjiro Enterprise on-premises users to explain the advantages of migrating to the cloud-based Universal Kinjiro's Attendance Management tool.

勤次郎
Universal 勤次郎で
どうかわる?
- 勤次郎 Enterprise との違いってなに?
- 移行するためには?
- 導入までのスケジュールは?
気になるアレコレを徹底解説!
ZOOM 参加無料 3月7日(木) 14:00-15:30

Here's what you can do with Kinjiro

Targeted at clients seeking to establish health & productivity management systems, this seminar focused on how to improve work engagement, a key element of successful H&PM and human capital management. The instructor was Keio University professor Akihito Shimazu, a leader in work engagement research.

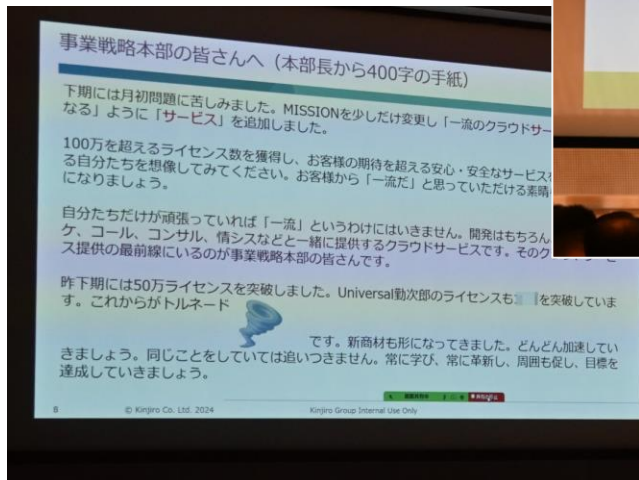
勤次郎なら、こうできる。 2024 3/21 THU. 14:00~15:00
健康経営セミナー
従業員の「元気度」と
ワーク・エンゲージメントの向上
第一節
ワーク・エンゲージメントを高める
戦略的企業実践事例
第二節
従業員に「元気度」を高める
実践的アプローチの活用
Keio University
Akihito Shimazu
Keio University
Akihito Shimazu

General Managers Pitch Their Policies at Town Hall Meetings

■ The President shared Kinjiro's Mission, Vision, and Values and General Managers presented their divisional policies to employees at an all-hands meeting on January 12, 2024

- Each GM explained to their division members the division's purpose and their aspirations
- All employees voted to select the best pitch
- The panel discussion explored Kinjiro's future, and GMs conveyed their wish lists to the President

■ Pitch by a GM (a "letter to employees")



■ Panel discussion by President & GMs



■ Best pitch award



FY2024 Kinjiro Genki Project Activities

- Further enhanced our health & productivity management initiatives through the “Kinjiro Genki Project” led by young employees, and held various events



Concept for FY2024 activities:

More fun, more laidback, more health-enhancing

- ◆ 2nd Wednesday of each month: Outdoor cleanup
 - A monthly event for cleaning up the area around the Nagoya headquarters and getting exercise



- ◆ Step Count Competition
 - Participants are divided into groups according to how much they walk each day, and compete with their fellow group members to see who can walk the most steps



- ◆ Getting in Shape with Samba project
 - Blowing off steam by dancing to Latin rhythms



Efforts to Strengthen Operations at Kinjiro Viet Nam (wholly-owned subsidiary)

We aim to grow together with Kinjiro Viet Nam by bringing out the potential of its employees towards further enhancing the Company's product development capabilities.

- Changed company name to “Kinjiro Viet Nam” (March 2023)
- President Kamura of Kinjiro Co., Ltd. was appointed as Chairman of Kinjiro Viet Nam (March 2023)
- President Kamura and Managing Director Hirata visited Viet Nam (September 2023)

Kinjiro Viet Nam Co., Ltd. Chairman: Kozo Kamura, President: Junichi Masaki, Employees: 53 persons

Mission

To serve as Kinjiro Group's development base for products that support the synchronized management of employment and health

Vision

To serve as a training center that provides high quality resources for Japan

Value

Offering development capabilities that deliver high “technological prowess,” “productivity,” “quality,” and “customer satisfaction”

Initiatives to Strengthen Operations

- Boost recruitment through internship - Hired: 8 persons (all are graduates of Hanoi University of Science and Technology)
- Increase the scale of business - Number of employees: 53 (136% of the previous year)
- Improve quality and productivity - 1) Reduce coding errors, 2) Regression testing, 3) Automate deployment
- Provide outstanding talents to parent company (Kinjiro) - Transferred 5 persons in the current fiscal year
- Cooperation with local partners - Outsourcing part of the development of Universal Kinjiro to a middle-ranking software houses

Launch of the Kinjiro Challenge Program / Patent Acquisitions

■ A program was launched to challenge employees to come up with novel ideas under three categories: patent acquisition, new business proposals, and workplace improvements

- ◇ Aims: Increase employees' involvement in management and their problem-solving skills, energize internal communication, and improve quality of internal services
- ◇ Proposals solicited: 1. Patentable ideas 2. New business ideas 3. Workplace improvement ideas
- ◇ Program scheme: Employees working alone or as a team submit an entry, and the program's screening committee selects recipients of awards with cash prizes (Gold Award, Silver Award, Bronze Award, Special Award, etc.)

■ FY2023 patents: 4 patents acquired on inventions that support health



Patent 1

Patent acquired on a system that supports community-based comprehensive perinatal care by networking maternity health record books and electronic medical records

Features

Perinatal Network is community-based medical information network whereby tertiary care centers and community medical care centers collaborate in providing perinatal care. The network connects mainly core hospitals, as well as collaborating clinics and midwives, and is used to share information through common medical care notes and maternity health record books.

Patent 2

Patent acquired on a system that enables composite tabulation of health points reflecting health examination, work, stress, and lifestyle assessments

Features

Health point schemes are an effective tool for supporting employees' voluntary efforts to improve their health. This system enables users to define health items needing improvement based on data from health examinations, stress checks, lifestyle profiles, etc., and to process the awarding of bonus points. It thus helps to motivate employees about staying healthy and to reduce the company's social insurance costs.

Patent 3

Patent acquired on a function for calculating cost of labor productivity losses due to presenteeism, absenteeism, etc.

Features

This function allows users to precisely determine the cost of labor productivity losses, not only in terms of working hours, but also including decreases in productivity stemming from employees' physical/mental health issues. This enables decisions on health-related investments to be made with clearer goals.

Patent 4

Patent acquired on a system that enables prioritization and appointment booking of industrial physician health guidance interviews based on employees' working and health conditions

Thank you for your attention.

KINJIRO CO., LTD.

Disclaimer

To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. These statements represent the judgment of our senior management, based on the information currently available, and involve risks and uncertainties. Actual results may differ significantly from the outlook for performance and other matters presented here, due to various factors including economic conditions, the status of competition within the industry, and the success or failure of new services.