



FY25/3 2Q Financial Results

November 13, 2024 | kaonavi, inc. (TSE Growth : 4435)

Purpose

Implement technology to “WORK” and modify the specification of society leveraging individual power

HR Management



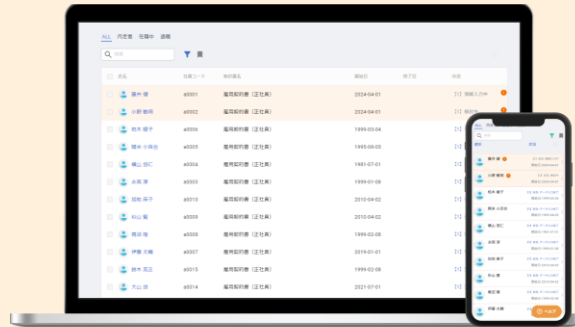
Talent management system designed to uncover individuality and talent of employees, driving strategic HR management



Labor Management



Labor management system that propels HR digital transformation, enabling organizations to go paperless with labor procedures



Business Management



Budget control system that empowers organizations to make informed business decisions with all management data in one place





1. Topics

2. FY25/3 2Q Financial Highlights

3. FY25/3 Forecast

4. Appendix

4-1. Company Overview

4-2. Our Services

4-3. Mid-term Management Policy

4-4. The Future of “WORK” and kaonavi

Launching a New Feature (TMS)

Launched "Insight Finder" for organizing and analyzing a vast amount of textual data within the company

New

Insight Finder

Provide visibility into employee voice and transforming information into knowledge



Feature Update (TMS)

Added IT skill templates to the skills management function. Enabling purposeful HR measures by managing increasingly complex and advanced IT skills in accordance with industry standards



Skills mgmt Ability Manager

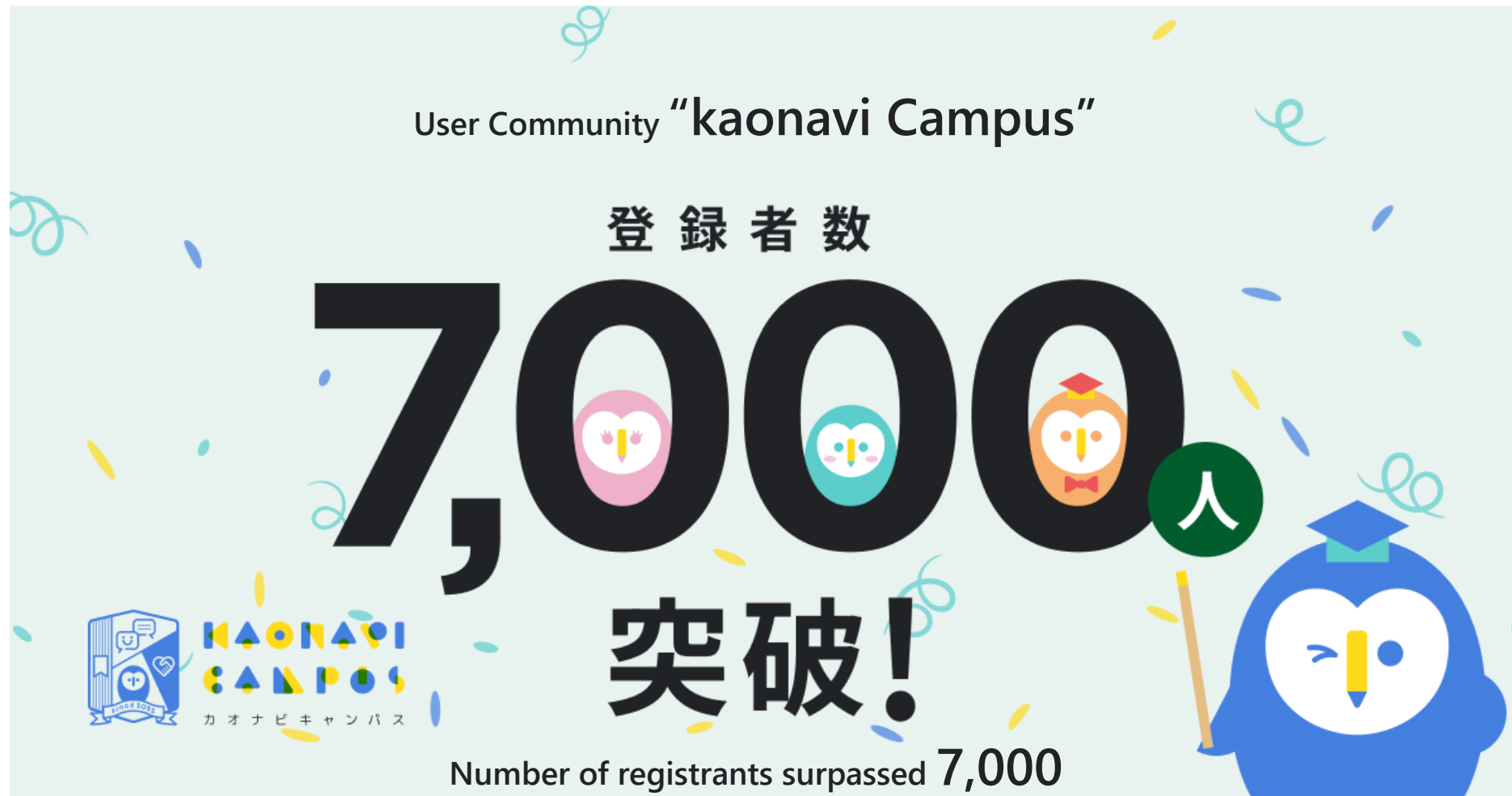
Additional IT skill templates based on iCD and ITS

105 Types



Customer Success Initiatives

"kaonavi Campus", formed in 2022, has grown into a user community scaled up with over 85% of our active users, and it ensures the success of their talent management efforts





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Highlights

- **Net sales (consolidated) progressed as planned**

Net sales for 2Q were JPY 2,308MM (+25.2% YoY), and overall results were in line with the initial forecast

As to orders for support revenue for 2Q falling behind plan, a set of measures is set out in 3Q including service offering expansion

Although WST's external sales were slightly lower than the initial forecast, the impact of the incident is bottoming out

- **Upfront investment for multi-product strategy**

Focusing on enhancing the value of both products, "Roummate" and "Yojitsutics" through intensive functional development

- **ARR continued to grow steadily**

ARR of the Talent Management System (TMS) grew steadily to JPY 8,947MM (+25.1% YoY)

Churn rate of TMS (last 12-month average) was 0.40%, remaining at a low level

The launch of "Roummate" service contributed to a pivot of Other ARR to upward trend QoQ

PL Summary*1

JPY MM	FY24/3 2Q Same period last year	FY25/3 1Q Previous quarter	FY25/3 2Q Current quarter	YoY	QoQ
Net Sales	1,844	2,254	2,308	+25.2%	+2.4%
Gross Profit	1,422	1,698	1,755	+23.4%	+3.3%
Margin	77.1%	75.3%	76.0%	-1.1pt	+0.7pt
Adjusted Operating Profit *2	246	203	175	-28.8%	-13.9%
Margin	13.3%	9.0%	7.6%	-5.7pt	-1.4pt
Operating Profit	211	178	152	-28.3%	-14.8%
Margin	11.5%	7.9%	6.6%	-4.9pt	-1.3pt
Ordinary Profit	210	177	146	-30.7%	-17.5%
Profit attributable to owners of parent	99	143	116	+17.3%	-19.2%

*1 : Consolidated financial results are shown starting from FY24/3 4Q, any results before that are non-consolidated

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

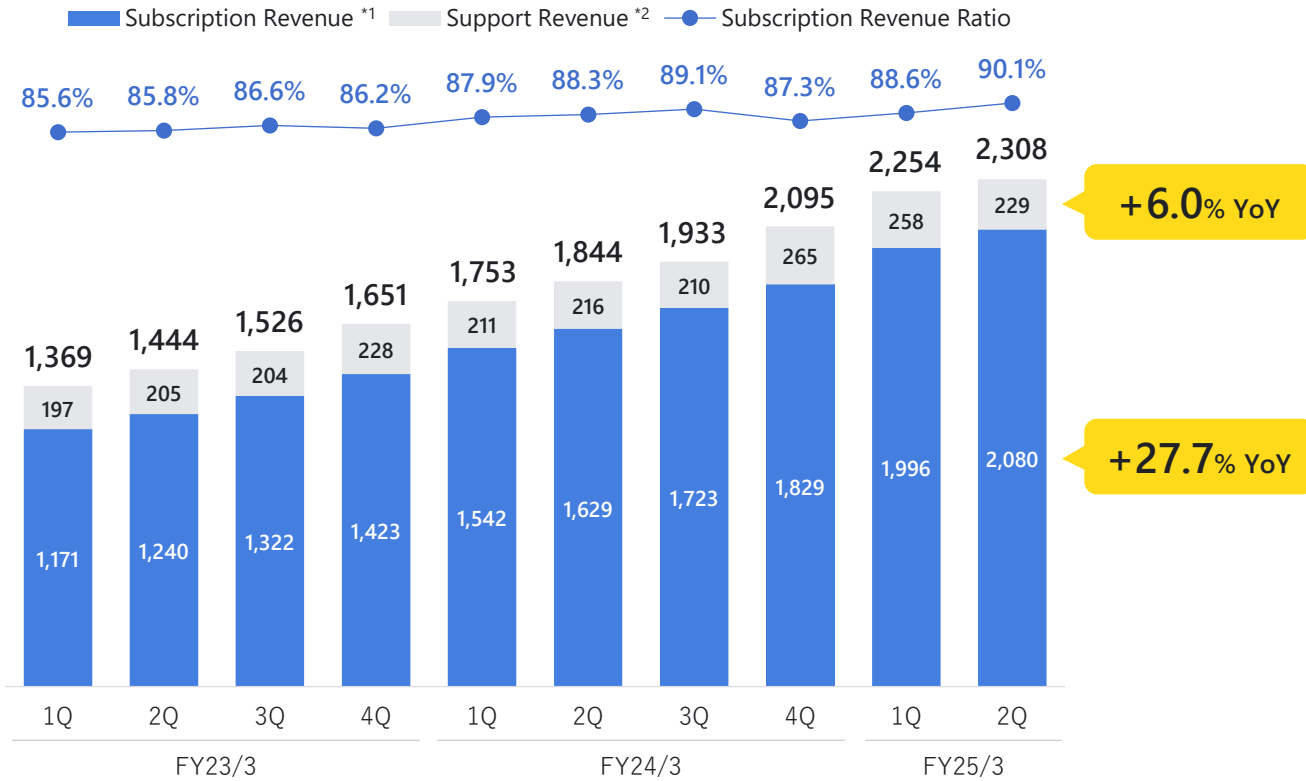
Net Sales

Subscription revenue and support revenue increased by 27.7% and 6.0% YoY, respectively

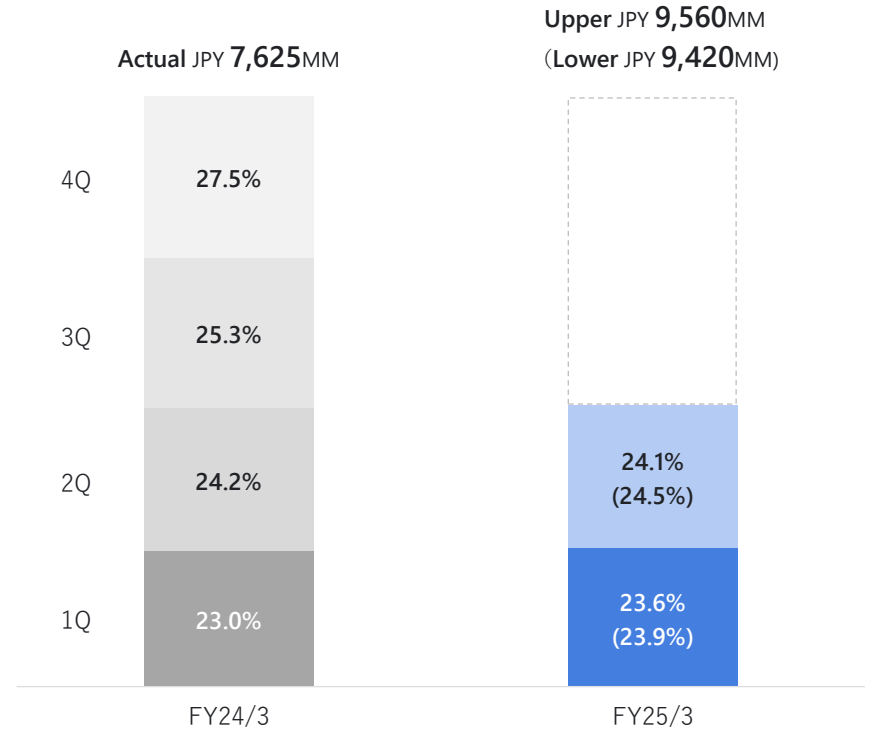
WST's external sales decreased from the previous quarter in both subscription and support due to the impact of the incident

Net Sales

JPY MM



Progress Against Full-year Forecast



*1 : Net sales from monthly subscription fees

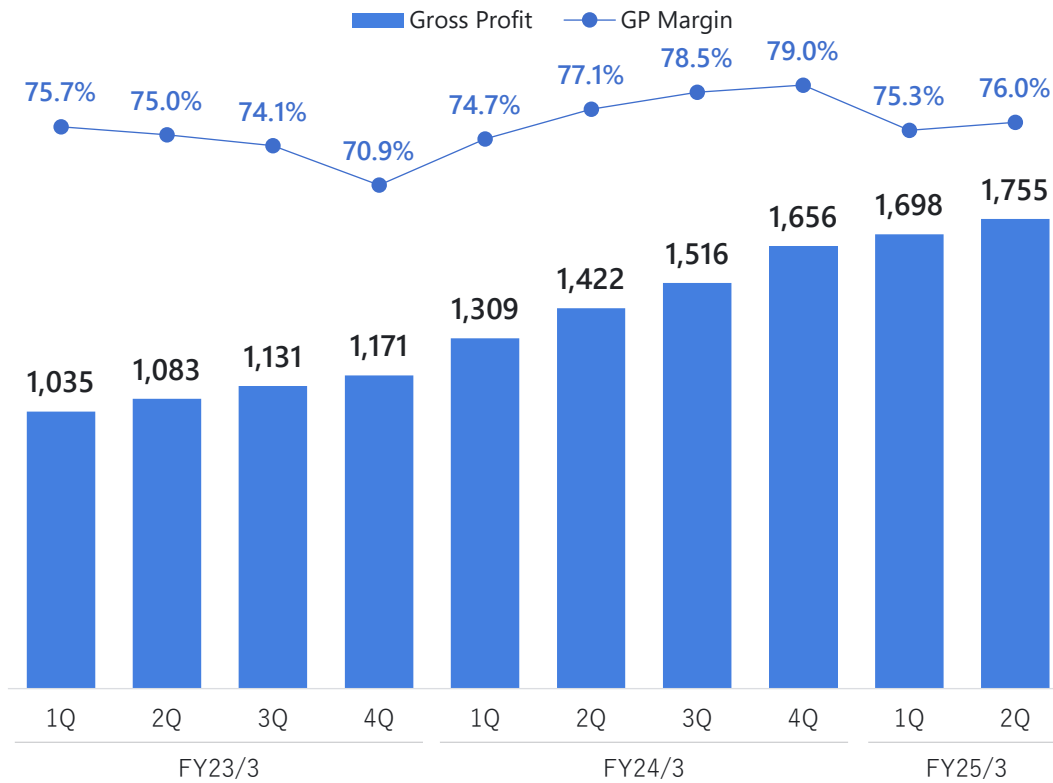
*2 : Net sales from initial setting support and other paid supports, etc.

Gross Profit and Cost of Sales

Continuing to invest in product development to expand the functionality of “Roummate” primarily, and the cost of sales was at the same level as 1Q

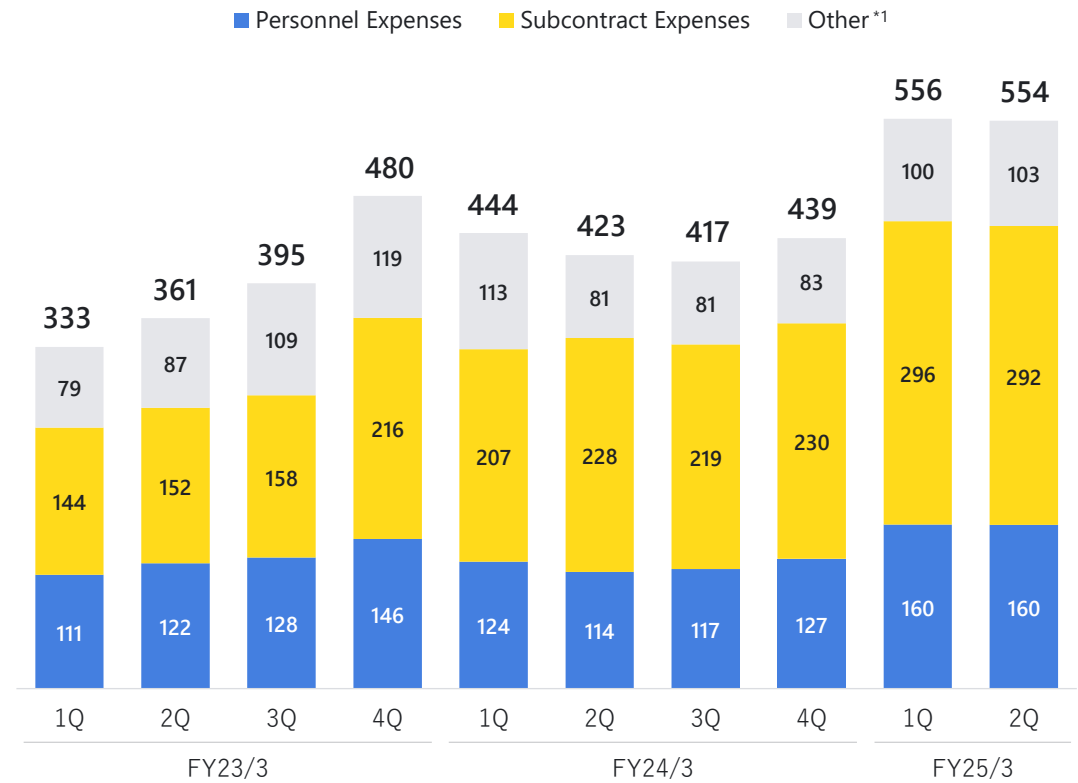
Gross Profit

JPY MM



Cost of Sales

JPY MM



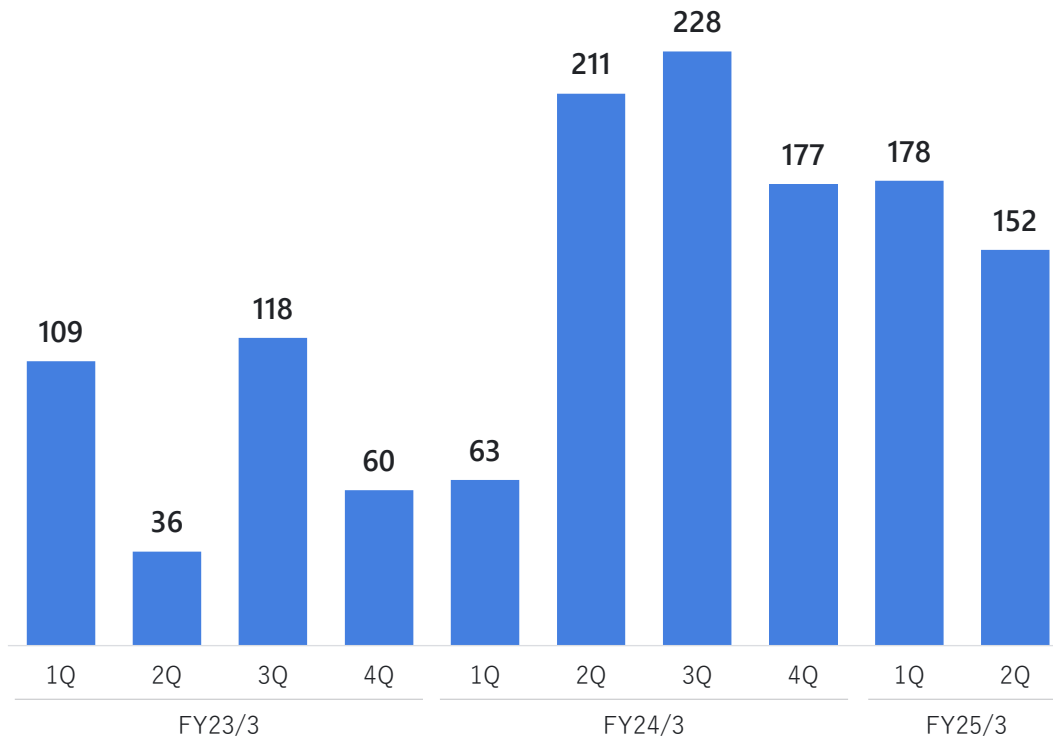
*1 : “Other” in this quarter mainly includes Rents of JPY 19MM and Server costs of JPY 71MM

Operating Profit and SG&A

SG&A increased QoQ due to the rising personnel expenses by active hiring to bolster organizational structure, among others

Operating Profit

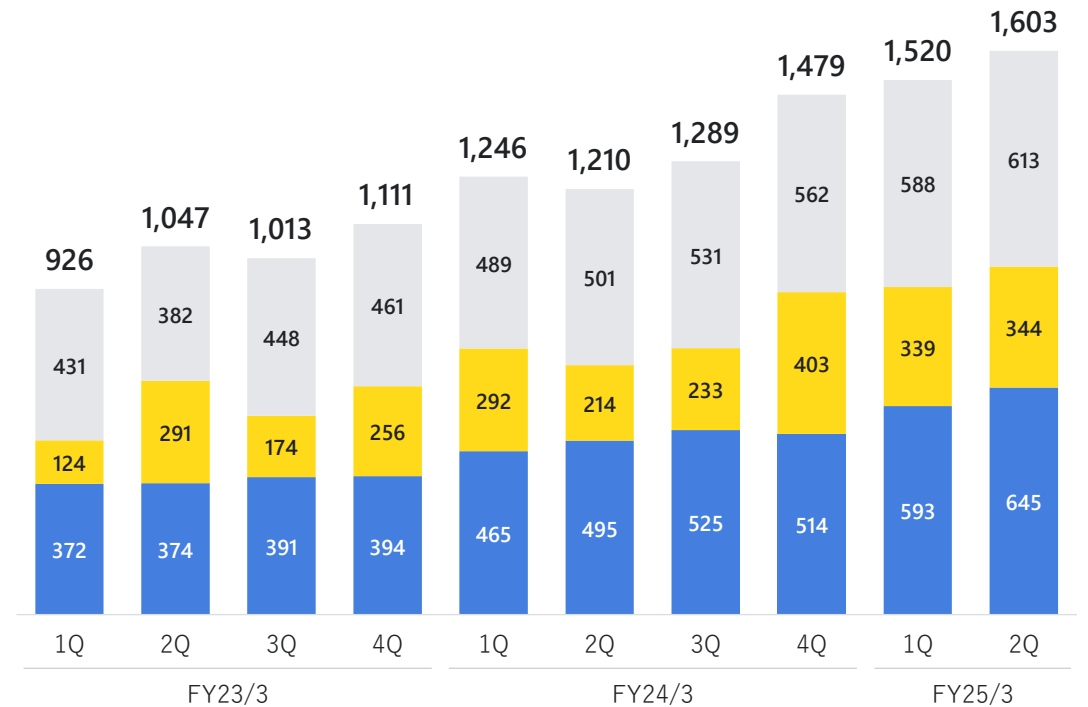
JPY MM



SG&A*1

JPY MM

■ Personnel Expenses ■ Advertising Expenses ■ Other*2



*1 : Ratios of S&M, R&D and G&A to net sales in this quarter were 41.4%, 10.5% and 17.5%, respectively. Please see page 54 for definitions of each expense

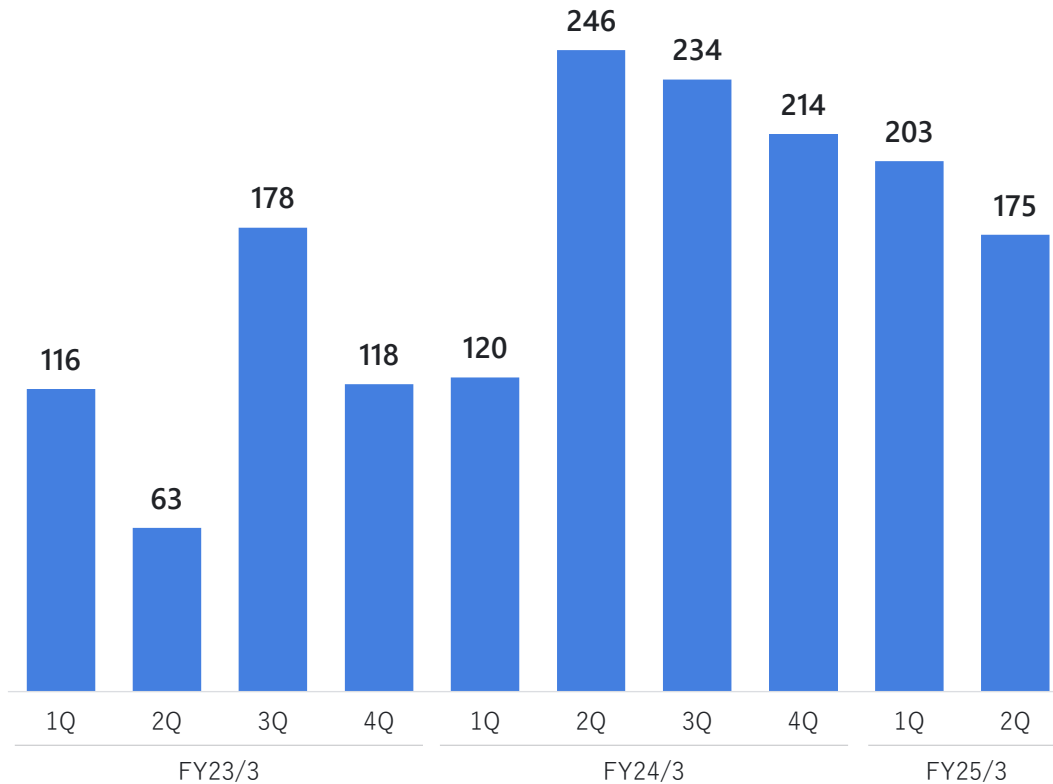
*2 : "Other" in this quarter mainly includes Rents of JPY 43MM, Outsourcing expenses of JPY 219MM, Sales promotion expenses of JPY 119MM, Recruiting expenses of JPY 61MM, Communication expenses of JPY 62MM and Amortization of goodwill of JPY 17MM

Adjusted Operating Profit

Adjusted operating profit decreased by 28.8% YoY with increased costs resulting from the growth of headcount (full-time employees and subcontracts), advertising and server usage as well

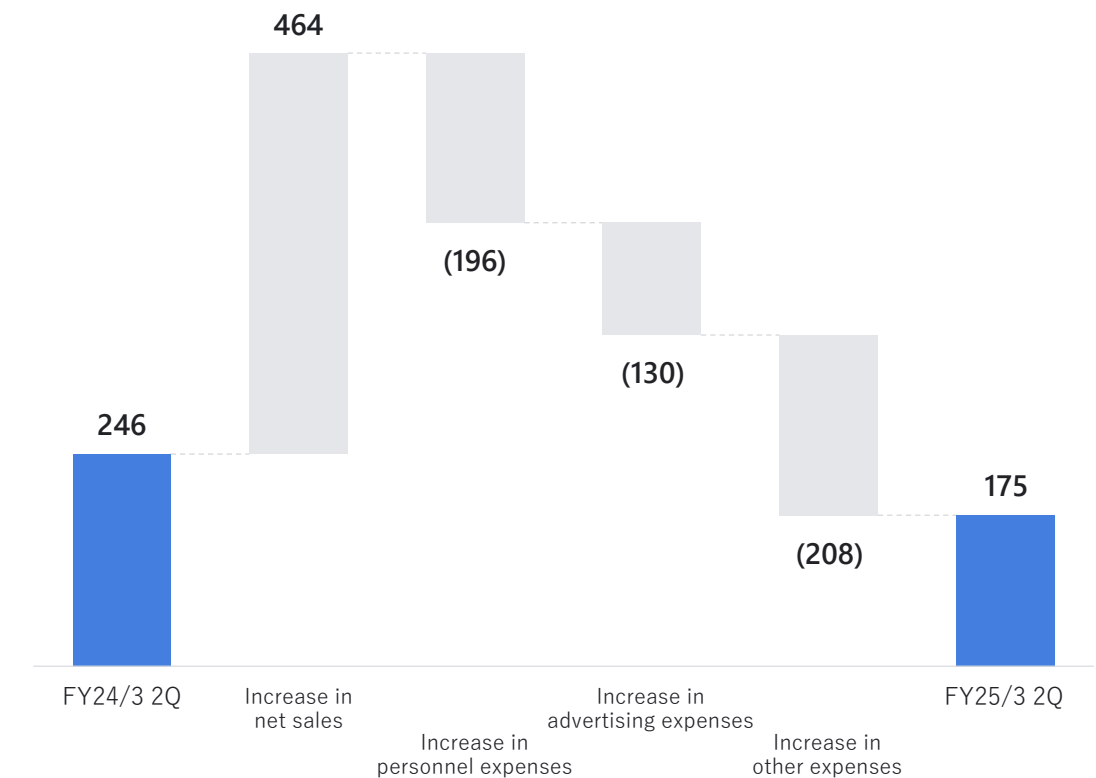
Adjusted Operating Profit*1

JPY MM



YoY Change Analysis

JPY MM



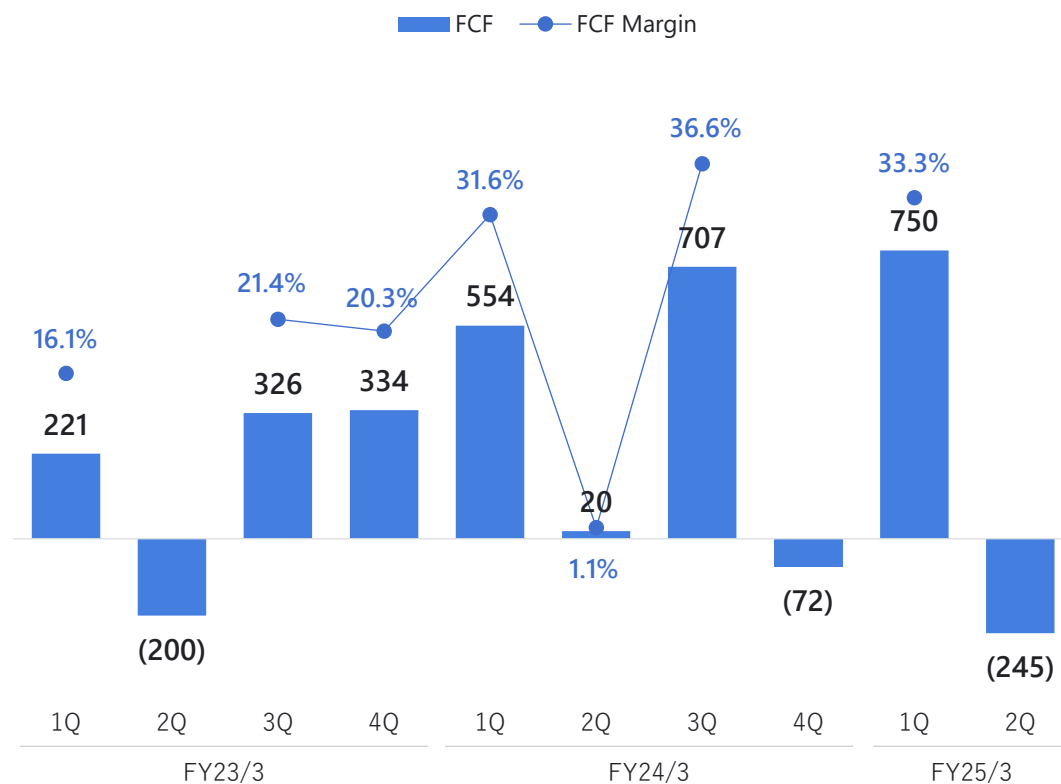
*1 : Adjusted operating profit = Operating profit + Stock-based compensation expenses + Amortization of goodwill by acquisition + Other one-time costs

Free Cash Flow and Balance Sheet*1

Although FCF declined due to a QoQ decrease in deferred revenue (consistent over recent years) and increased spending on mass advertising during 1Q and 2Q, cash and deposits grew by 32.0% YoY, which is attributed to the business's constant cash generation

FCF

JPY MM



B/S

JPY MM

	FY24/3			FY25/3	
	2Q	3Q	4Q	1Q	2Q
Cash and deposits	3,912	4,355	4,688	5,423	5,162
Other current assets	555	506	582	595	716
Property, plant and equipment	38	41	42	41	40
Intangible assets	4	2	630	612	604
Investments and other assets	617	339	601	583	571
Total assets	5,125	5,243	6,544	7,253	7,094
Loans payable	264	—	418	403	388
Deferred revenue	2,410	2,620	2,693	3,316	3,188
Other liabilities	825	836	1,121	1,110	1,006
Total liabilities	3,499	3,456	4,232	4,830	4,582
Total net assets	1,627	1,787	2,312	2,424	2,512
Total liabilities and net assets	5,125	5,243	6,544	7,253	7,094

*1 : Consolidated financial results are shown starting from FY24/3 4Q, any results before that are non-consolidated

KPI Summary

Consolidated

ARR*1

9,151 JPY MM

(+28.0% YoY)

* Comparison with the same period last year (non-consolidated)

Number of Employees*2

369 People

(+72people YoY)

* Comparison with the same period last year (non-consolidated)

Non-consolidated

ARR of TMS*3

8,947 JPY MM

(+25.1% YoY)

Active Users of TMS*4

3,963 Companies

(+19.0% YoY)

ARPU of TMS*5

188 JPY Thou.

(+5.1% YoY)

Churn Rate of TMS*6

0.40 %

(-0.08pt YoY)

LTV/CAC*7

10.6 x

(+0.4pt YoY)

*1 : MRR (Monthly Recurring Revenue) at the end of the quarter multiplied by 12

MRR is total monthly subscription revenue based on the contract value that does not reflect the new revenue recognition standard or limited-time offers such as free months (one of the managerial accounting figures)

*2 : Number of full-time employees at the end of the quarter

*3 : Monthly subscription revenue from all the subscriptions of the talent management system "kaonavi" at the end of the quarter (MRR of TMS) multiplied by 12

*4 : Number of companies and organizations implementing the talent management system "kaonavi" at the end of the quarter

*5 : Average monthly subscription revenue per user is calculated by dividing the MRR of TMS by the active users of TMS at the end of the quarter

*6 : Last 12-month average MRR churn rate of TMS

*7 : Last 12-month average of the ratio calculated by dividing LTV (Lifetime Value) by CAC (Customer Acquisition Cost)

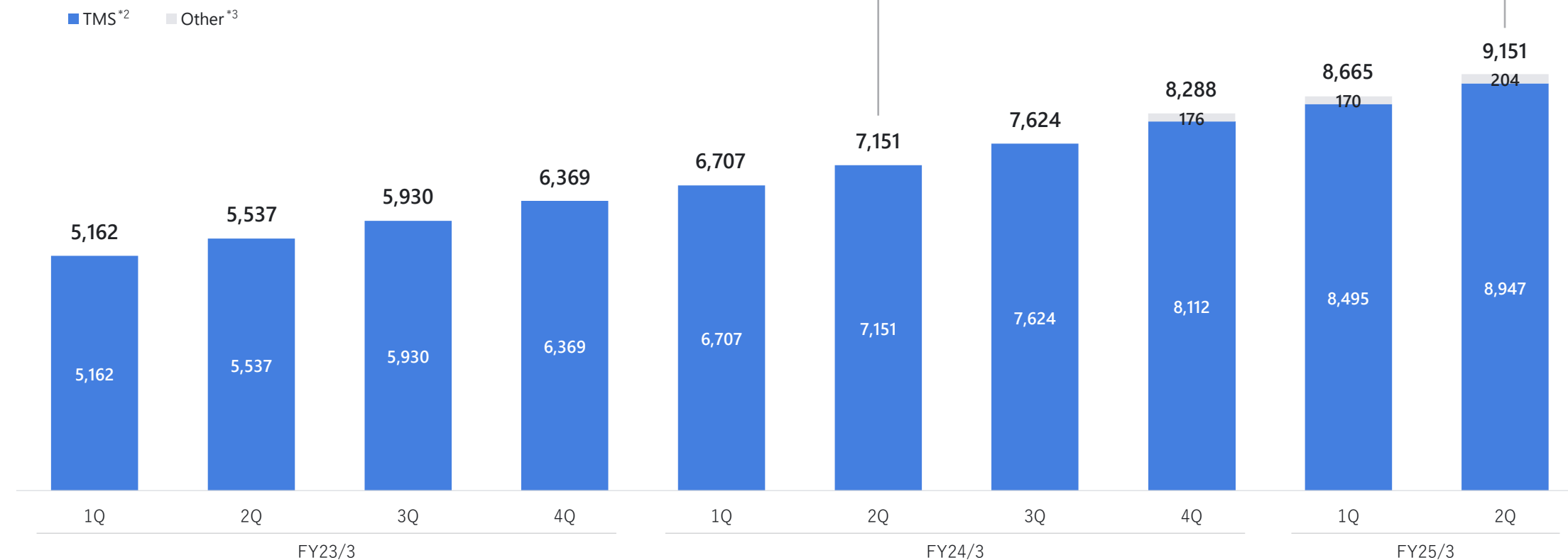
ARR*1

Consolidated ARR increased by 28.0% YoY, demonstrating durable growth

An uptick in ARR of our new businesses such as "Roummate" compensated for "Welcome HR"'s drop and resulted in a net increase of Other ARR QoQ

ARR

JPY MM



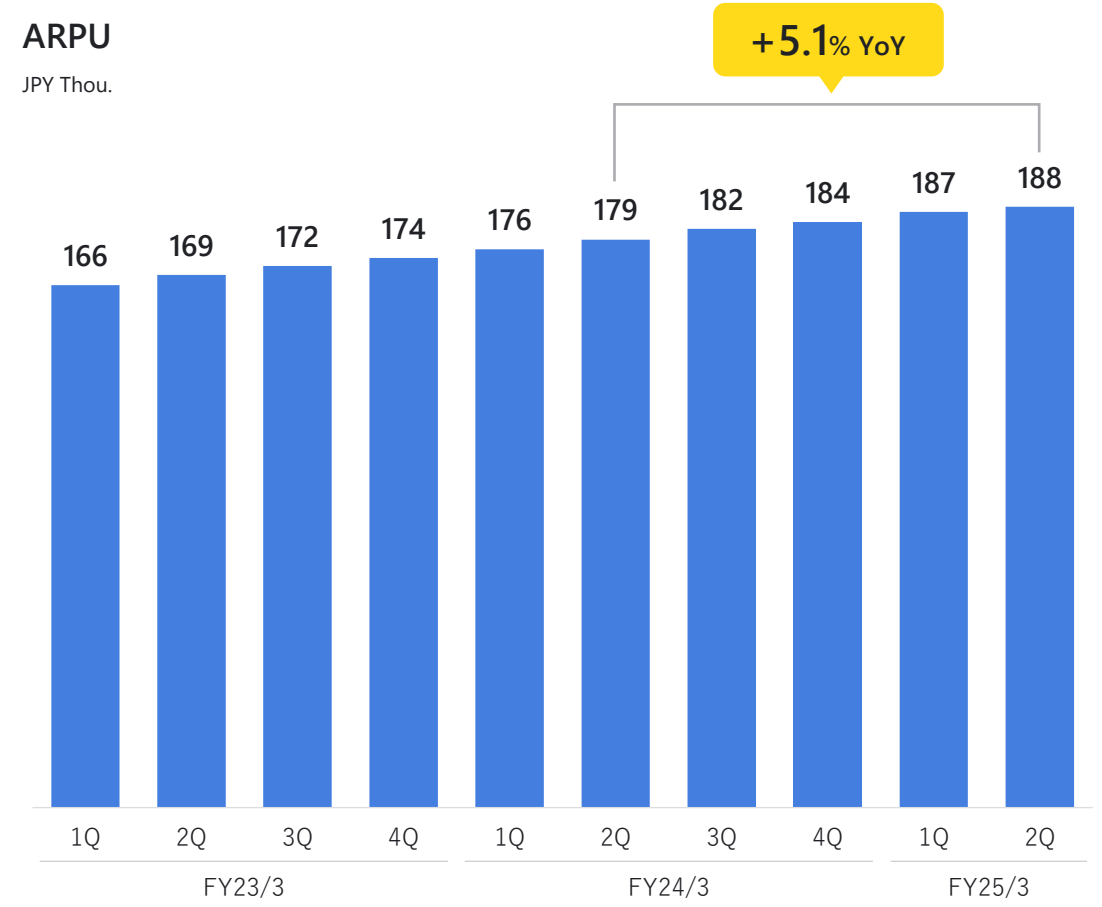
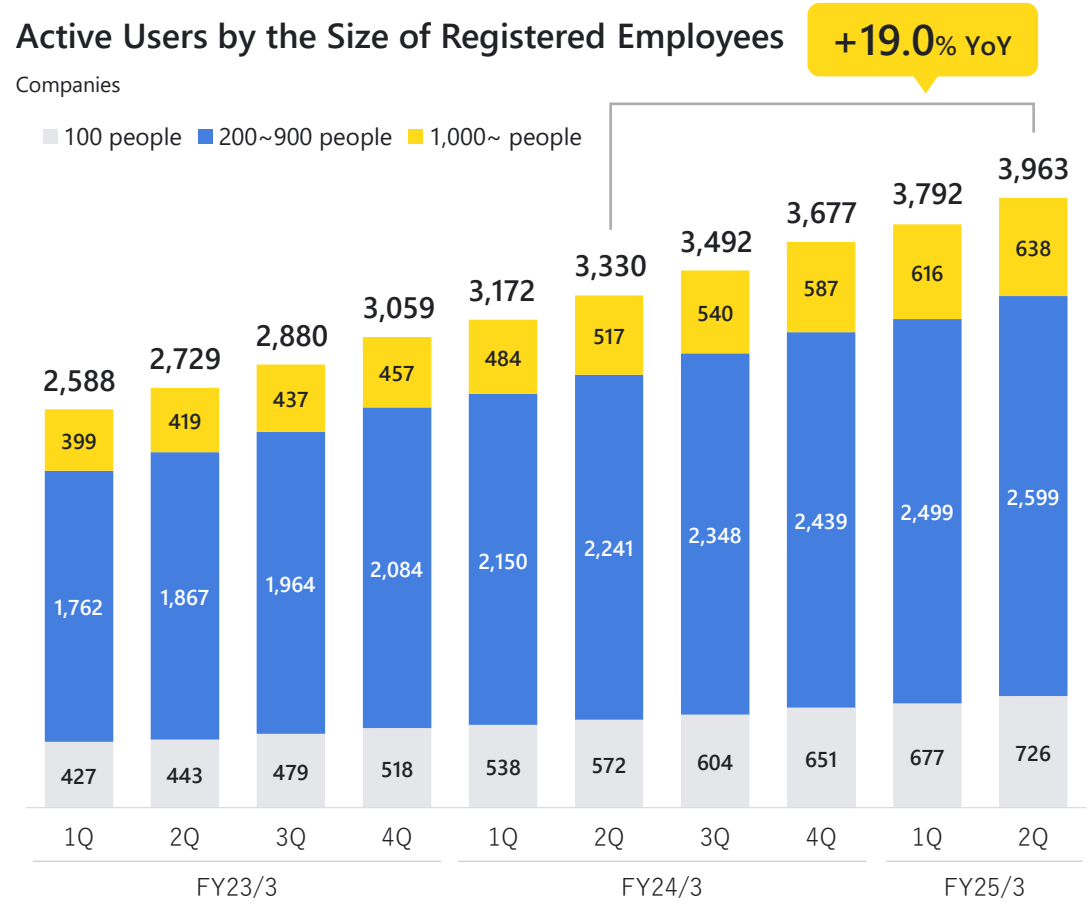
*1 : Consolidated figures are shown starting from FY24/3 4Q, any figures before that are non-consolidated

*2 : ARR of the talent management system "kaonavi"

*3 : ARR of other subscription services except TMS

Active Users and ARPU of TMS

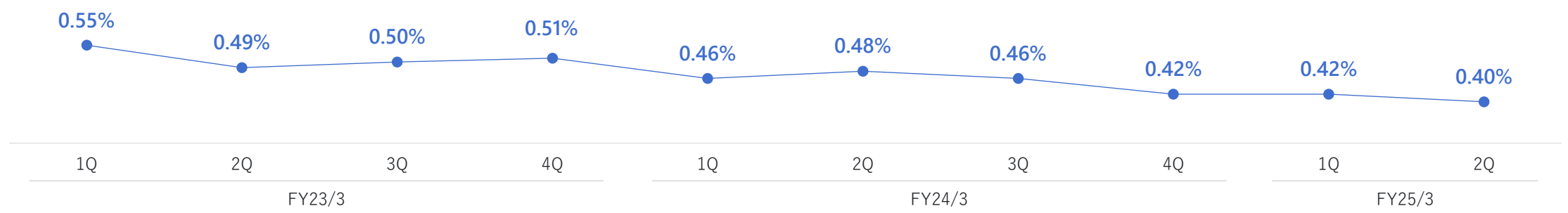
The number of active users has grown to 3,963 adding 171 after the previous quarter. ARPU increased steadily to JPY 188 thousand



Churn Rate of TMS

Maintaining a low churn rate due to product enhancement and customer success initiative

Last 12-Month Average of MRR Churn Rate*¹



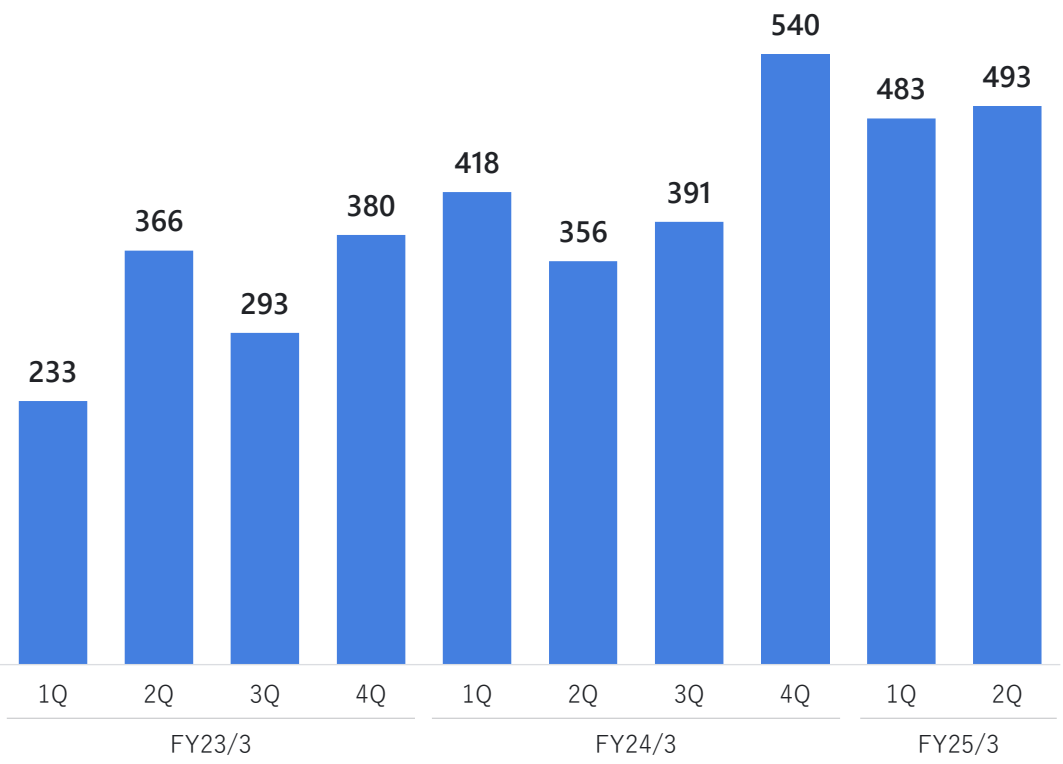
*1 : MRR churn rate = MRR lost in the month / MRR as of the end of the previous month

Unit Economics

Made an aggressive investment in marketing, including mass advertising for "Roummate"

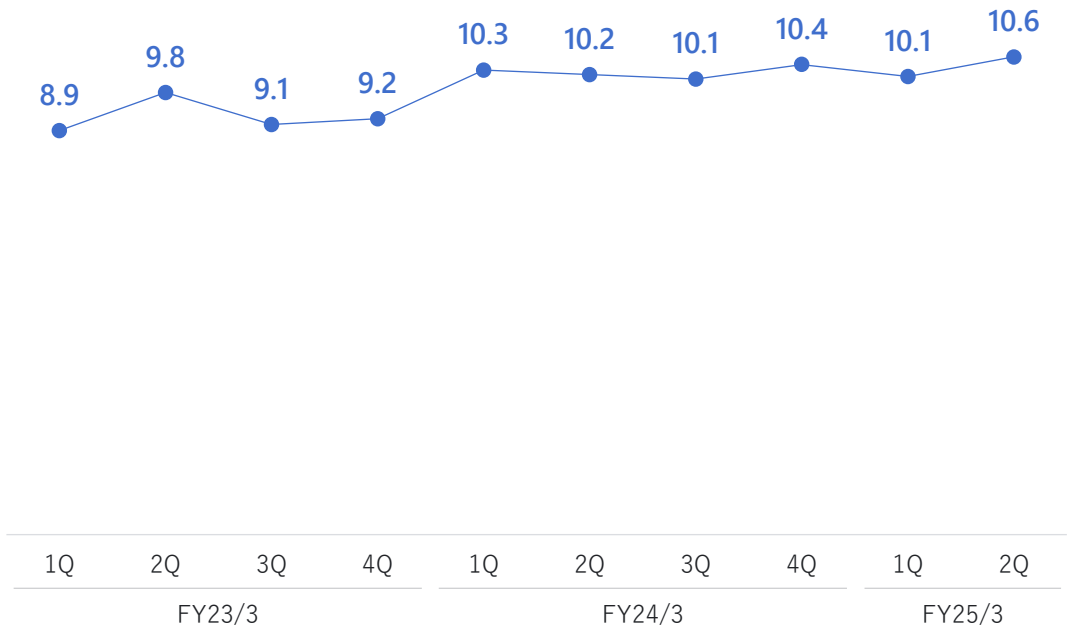
Marketing-related Expenses*1

JPY MM



Last 12-Month Average of LTV/CAC*2

X



*1 : Expenses related to marketing activities such as advertising and sales promotion

*2 : LTV = (ARPU of the end of the month / MRR churn rate of the month) x Gross profit margin of the month

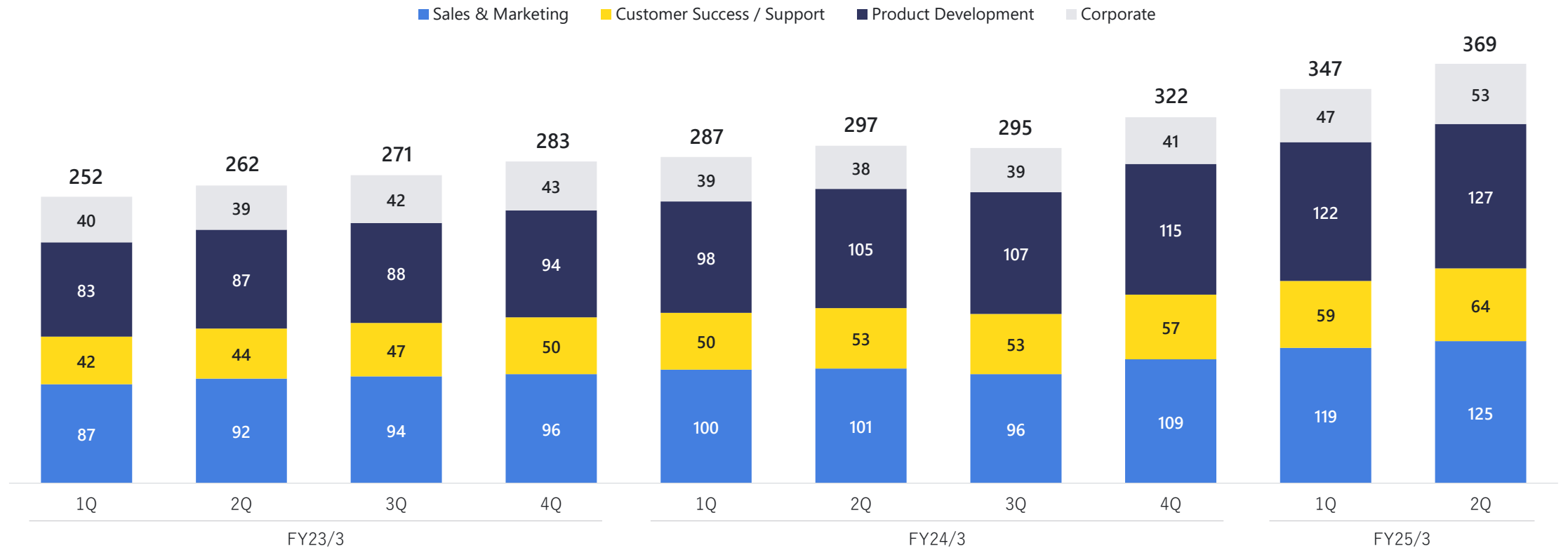
CAC = Sales & Marketing expenses (Please see page 54 for definitions of expense) of the month / # of new customers acquired in the month

Number of Employees

Net headcount addition was 72 YoY. We will aggressively hire more employees in FY25/3, aiming to strengthen the organizational structure to deliver on our multi-product strategy

Number of Employees*1

People



*1 : The number of full-time employees at the end of the quarter . Consolidated figures are shown starting from FY24/3 4Q, any figures before that are non-consolidated



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Accelerate Mid-term ARR Growth

Expand existing business (TMS)

- Toward maximizing the number of active users and ARPU, we execute on our business strategies under the mid-term management policy

Cultivate new businesses

Launch of new services (Labor management, Budget control)

- Enhance product value through functional development
- Build organizational structure to provide services (hiring)
- Marketing activities to raise recognition

Others

- In addition, sow the seeds for future business including but not limited to other service development and potential M&A deals

FY25/3 Forecast

No change to the full-year forecast considering the net sales progress aligned with the plan

The forecast for adjusted operating profit will be disclosed once we get to increase the resolution of our upfront investment to adapt to the evolving trajectory of our new business

JPY MM	FY24/3 Actual	FY25/3 Forecast	YoY	FY25/3 1-2Q Actual	vs. Forecast
Net Sales	7,625	9,420 ~ 9,560	+23.5% ~ +25.4%	4,562	47.7% ~ 48.4%
Subscription Revenue	6,723	8,465 ~ 8,565	+25.9% ~ +27.4%	4,076	47.6% ~ 48.2%
Support Revenue	903	955 ~ 995	+5.8% ~ +10.2%	486	48.9% ~ 50.9%
Adjusted Operating Profit ^{*1}	814	Not disclosed		378	-
Margin	10.7%			8.3%	-

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



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Company Overview

Name	kaonavi, inc.
Offices	Tokyo, Osaka, Nagoya, Fukuoka
Established	May 27, 2008 (Commencement of business: April 2012)
Representative	Hiroyuki Sato (Representative Director, President & Co-CEO) Hiroki Yanagihashi (Representative Director & Co-CEO)
# of Employees	322 (Consolidated, March 2024)
Business	Development, sales and support of HR tech services, etc.



Materiality

Aim to contribute to the development of a sustainable society and realize our purpose by addressing these material issues

Implement technology to “WORK” and modify the specification of society leveraging individual power

Contribution to
society through
our business



Realization of a society that respects the individual

Employees

- Fundamental rights of employees
- Diversity and inclusion
- Workplace health and safety
- Employee training and development

Society

- Respect for human rights across the value chain
- Community engagement and development
- Stakeholder communication



Transition to a decarbonized society

- Actions for climate change
- Energy use

Business
foundation



Secure and user-friendly platform

- Customer responsibility
- Data security and privacy



Transparent and fair business

- Corporate governance
- Anti-corruption

Values

Our common principles and ethics for realizing the Purpose



1 Value Integrity

Integrity comes first when doing business
Drive results on that basis

2 Think from the User's Perspective

Always think through from the user's perspective
And go beyond their expectations

3 Persist with Systemization

Simplify what you can do to make it
reproducible for others

4 Take Ownership

Own your work and career
Always set one-step-ahead goals and keep challenging

5 Do Not Fear Conflicts

Create new value as a team after an in-depth
discussion without fear of conflicting interests

Empowering Employees

With an aim of productivity boost, every single employee can choose his/her optimal work style

Super Flextime

Allows employees to decide their work hours and clock-in/out time freely



Switch-work

Flexibly combining work hours and rest breaks enable individualized work style



Work from Anywhere

Allows employees to choose where to work, such as office or home



Second Job Encouragement

Supports self-development through experiences outside of work at kaonavi



Activities to Spread the Purpose



Building a diorama of "kaonavi Town", a town of the future that embodies people's living and working underpinned by individuality



Our employees evolved an idea arising from our Purpose and put it into the form of a diorama together with a professional LEGO® builder Mr. Mitsui



Invited our partners and family members to the unveiling event to foster lively communication



Our employees and their families



LEGO® Certified Professional
Jumpei Mitsui



Focusing on "Individuality"

Exploring and communicating ideas and concepts of individuality through our owned media



Information Security, Protection of Personal Data and Privacy

Committed to protecting, managing and handling information assets properly and responsibly

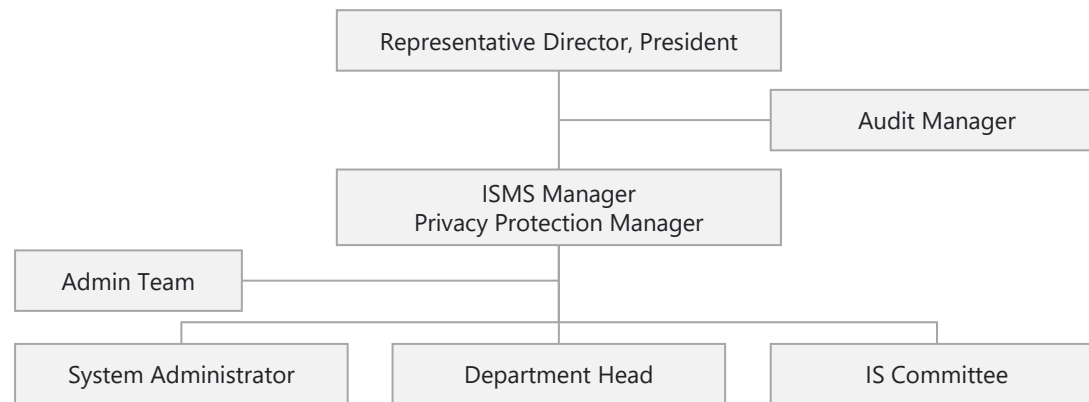


Information Security

Information Security Policy

Defined safe and appropriate information security measures in accordance with "Information Security Policy" to be entrusted by our customers and other stakeholders

Information Security Management Structure



Information Security Training

Conduct annual security training for all employees to improve their experience and ability to respond quickly in the event of a problem

Implementation of Information Security Measures

Obtained ISMS certification and ISMS cloud security certification to maintain a continuous security management system. In addition, kaonavi was certified as satisfying the security requirements of the government and registered on the "Information System Security Management and Assessment Program (ISMAP)" cloud services list

Protection of Personal Data and Privacy



Certification

Obtained the Privacy Mark

Acquisition of Permissions

When collecting personal information, users' permissions are acquired and other measures are taken

Safety Management Measures

Secure control measures are thoroughly implemented to safeguard personal data

Philanthropic Initiatives

Contributing to the sustainable development of society by supporting talent management for academic institutions, healthcare providers, and public sector organizations



Applicable	School corporations and other academic institutions
Price	Special price



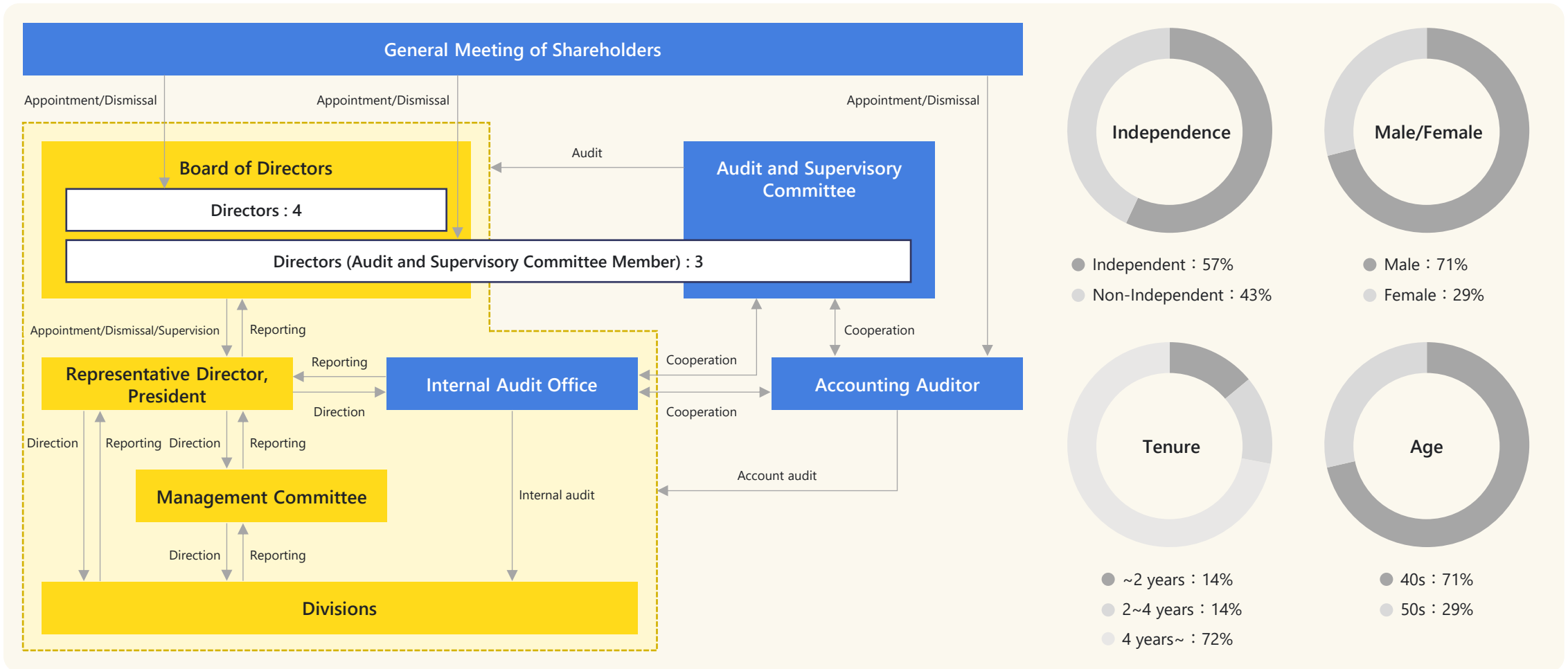
Applicable	Medical corporations and other medical institutions
Price	Special price



Applicable	Government offices, municipal governments, independent administrative agencies
Price	Special price

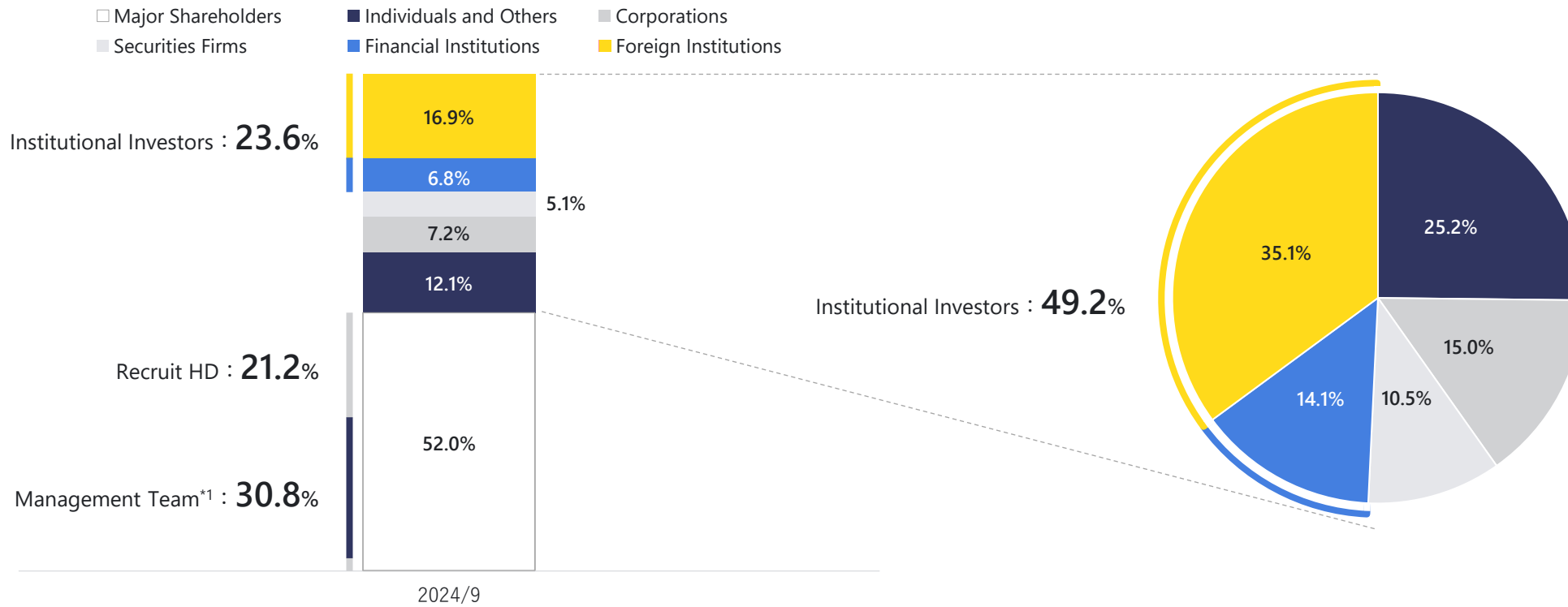
Corporate Governance (June 2024)

Corporate Governance Structure and Board Attributes



Ownership Structure (September 2024)

Ownership and Distribution of Shares



*1 : Includes ownership of internal executive directors, as well as their asset management companies

Financial Highlight*1

JPY MM	FY20/3	FY21/3	FY22/3	FY23/3	FY24/3
Net Sales	2,625	3,402	4,496	5,990	7,625
Subscription Revenue	2,102	2,991	3,931	5,156	6,723
Support Revenue	523	411	565	834	903
Gross Profit	1,972	2,461	3,295	4,420	5,903
GP Margin	75.1%	72.3%	73.3%	73.8%	77.4%
Adjusted Operating Profit *2	(278)	86	218	474	814
Adjusted OP Margin	—	2.5%	4.8%	7.9%	10.7%
Operating Profit	(278)	(11)	174	322	679
OP Margin	—	—	3.9%	5.4%	8.9%
Profit attributable to owners of parent	(357)	(131)	210	246	699
Free Cash Flow	(482)	147	948	682	1,209
FCF Margin	—	4.3%	21.1%	11.4%	15.9%
Cash and Deposits	1,635	1,955	2,835	3,400	4,688
Total Assets	2,398	3,014	3,993	4,623	6,544
Shareholders' Equity	995	961	1,208	1,491	2,208
Equity Ratio	41.5%	31.9%	30.3%	32.3%	33.7%

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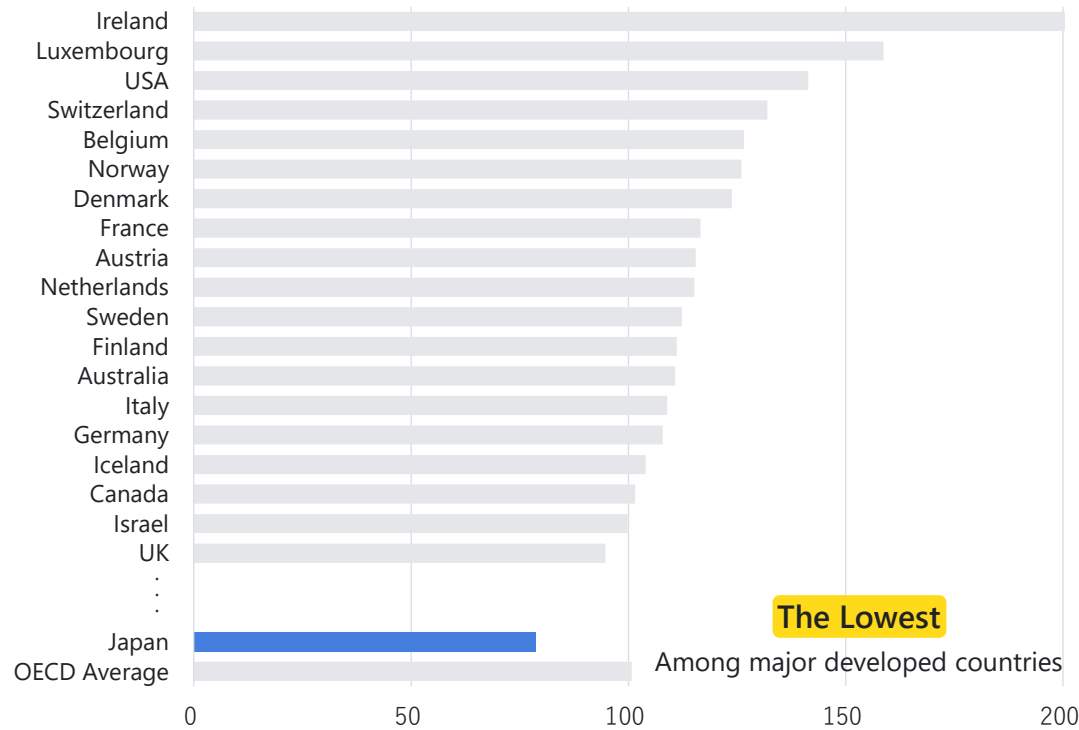
4-4. The Future of “WORK” and kaonavi

Japan's Labor Market Challenges

Raising labor productivity and promoting diverse work styles are some of the urgent issues in the face of a declining working-age population

OECD Countries' Labor Productivity (2020, per workers)

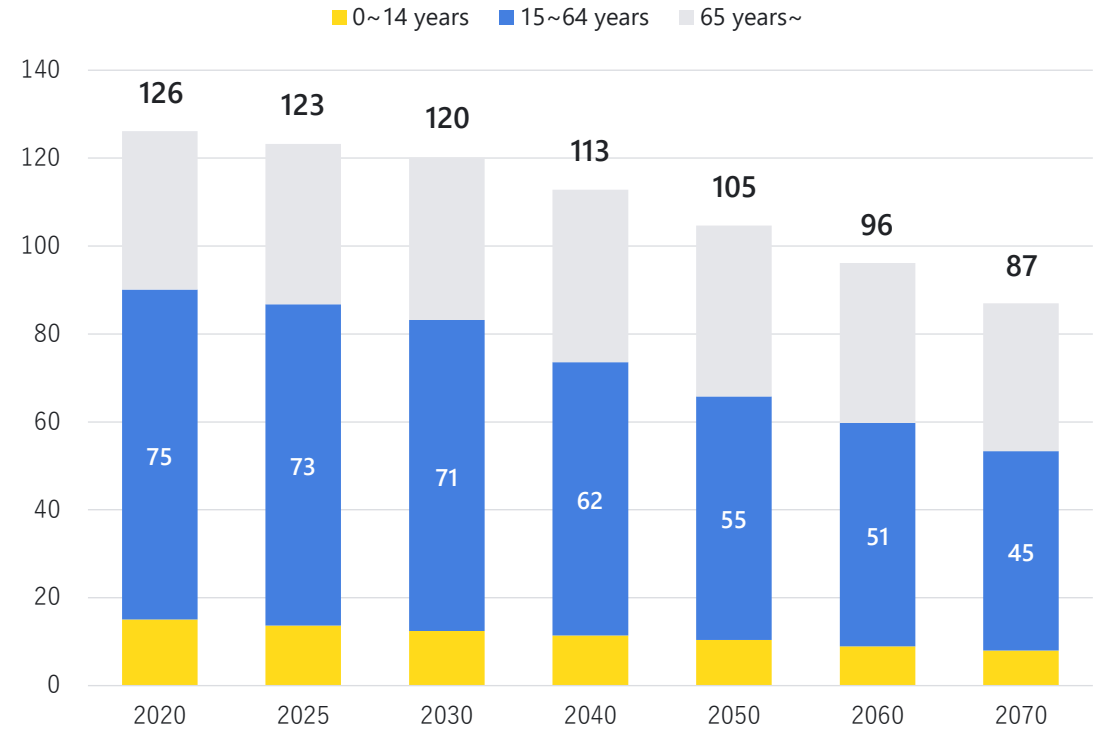
PPP Conversion : US\$ 1,000



Source : Japan Productivity Center "International Comparison of Labor Productivity 2021"

Japan's Population Projections by Age

Million people



Source : Cabinet Office "White Paper on Aging Society 2023"

Rising Demand for Talent Management

Talent management is gaining traction for solving various HR issues that companies confront



Talent Management



It intends to help organizations maximize their employee performance to drive business results through purposeful recruitment, placement and development by making use of information on employees' skills and abilities

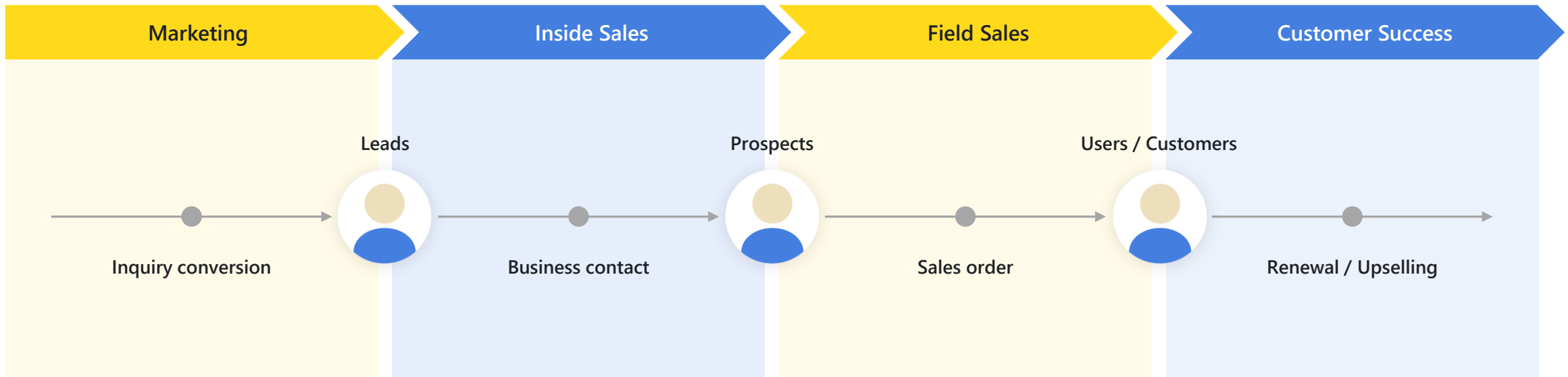
What Is Talent Management System?

A solution providing system for managerial and HR challenges based on centralized HR data



Business Process

Aiming to streamline sales & marketing activities and maximize LTV*¹ by structuring our end-to-end processes



Fee Structure

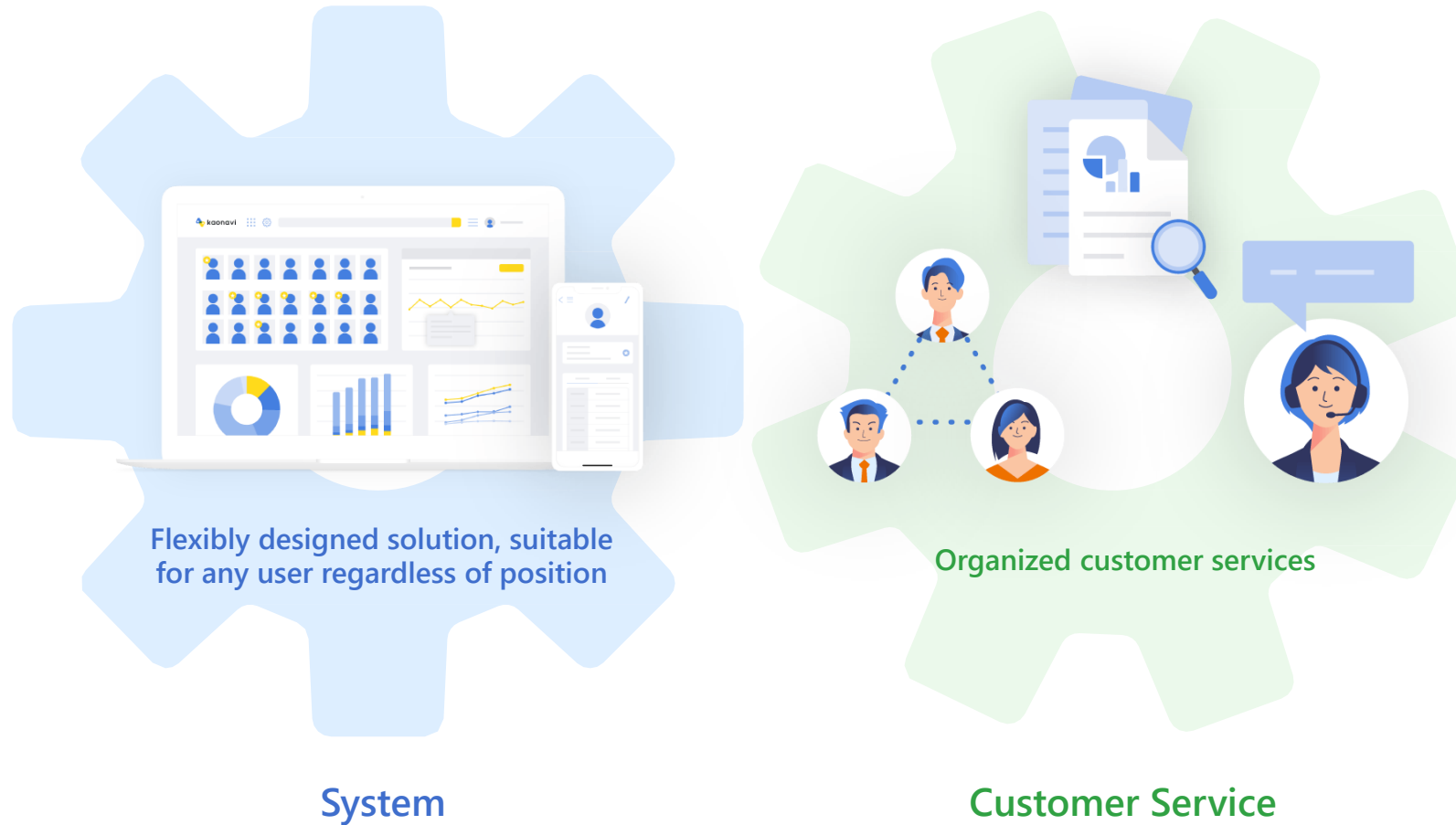
Offer three subscription plans with different sets of functions and charge based on the number of registered employees

# of Registered Employees	Subscription Plan	DATABASE PLAN	PERFORMANCE PLAN	STRATEGY PLAN
		Consolidate all personnel data	Efficient review operation	Strategic HR management
~ 100 people	HR Database	✓	✓	✓
~ 200 people	Pickup List	✓	✓	✓
~ 300 people	Organization Chart	✓	✓	✓
~ 400 people	Performance Review		✓	✓
~ 500 people	Employee Survey		✓	✓
~ 600 people	Matrix Chart			✓
~ 700 people	Employee Data Graph			✓
~ 800 people	Dash Board			✓
⋮	Option Services*1	✓	✓	✓

*1 : We offer option services such as Approval Workflows, Learning Library and Pulse Survey

Our Strengths

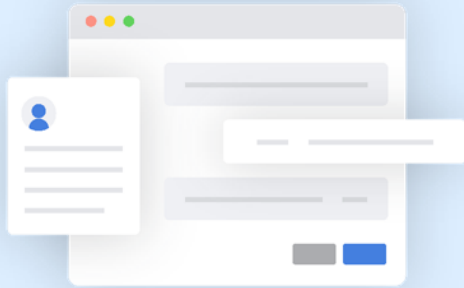
Ensuring both the system and customer service working side by side for our users to thrive in talent management initiatives without any silver bullet



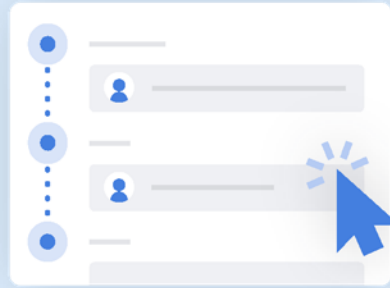
Our Strengths

System System design in pursuit of flexibility and usability

Customizable HR Database



Self-explanatory User Interface



Secure Access Management



Customer Service Making success of users' talent management efforts more plausible

User Community



Networking with other users to exchange day-to-day use cases

Library



Overwhelming amount of contents across industries, business types and scale

Support



Accompanied by our designated support staff with a wealth of experience and expertise

Customer Base

The market leader in talent management system supporting more than 3,600 customers

Used by various companies and organizations **regardless of industry or business size**

 Link to Good Living	 Changes for the Better				
	 アイリスオーヤマ株式会社	 サントリートピレッシングソリューション株式会社			
	 KOIKEYA				 立教大学 立教学院
					
 帝国ホテル			 株式会社大阪ガスファシリティーズ		 NIRASAKI CITY
				 SHIMIZU CORPORATION	 Okushiri Town
					 NISEKO NORONAKA JAPAN
					
					 社会医療法人ピエタ会 石狩病院
					 医療・介護・福祉 辰川会グループ
					 医療法人 神甲会 隈病院

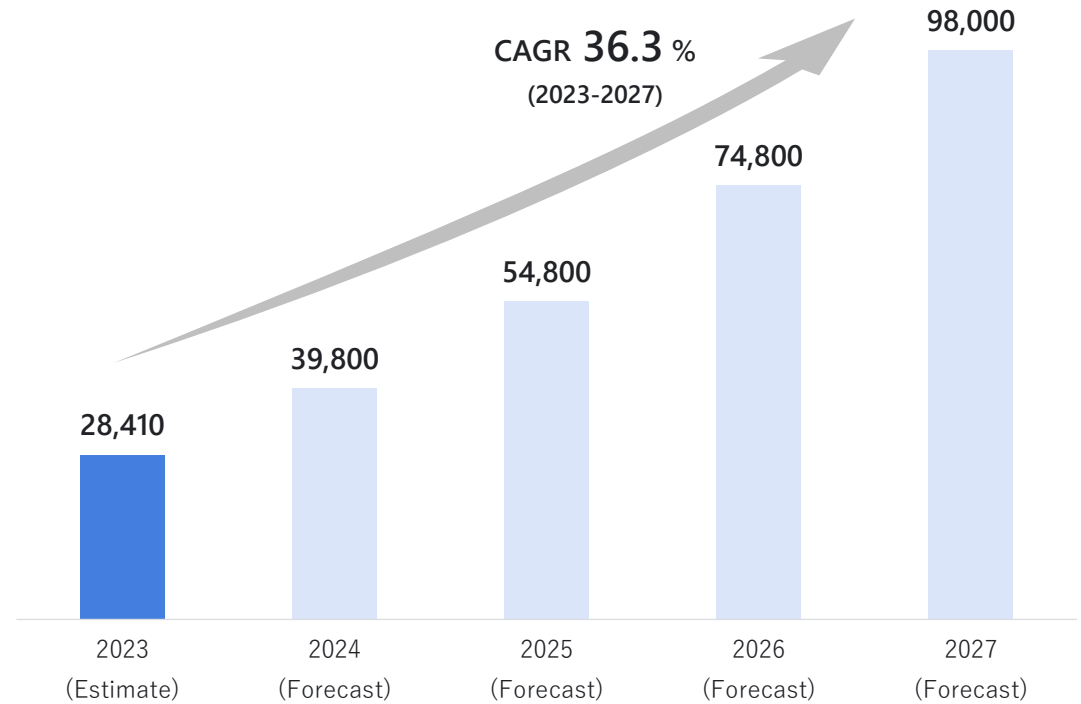
Labor Management

Launched "Roummate" service in July 2024, which enables paperless labor management tasks



Market Size of Labor Management Cloud (Forecast to 2027)

JPY MM



Source : Deloitte Tohmatsu MIC Research Institute "HR Tech Cloud Market 2023"

Business Management

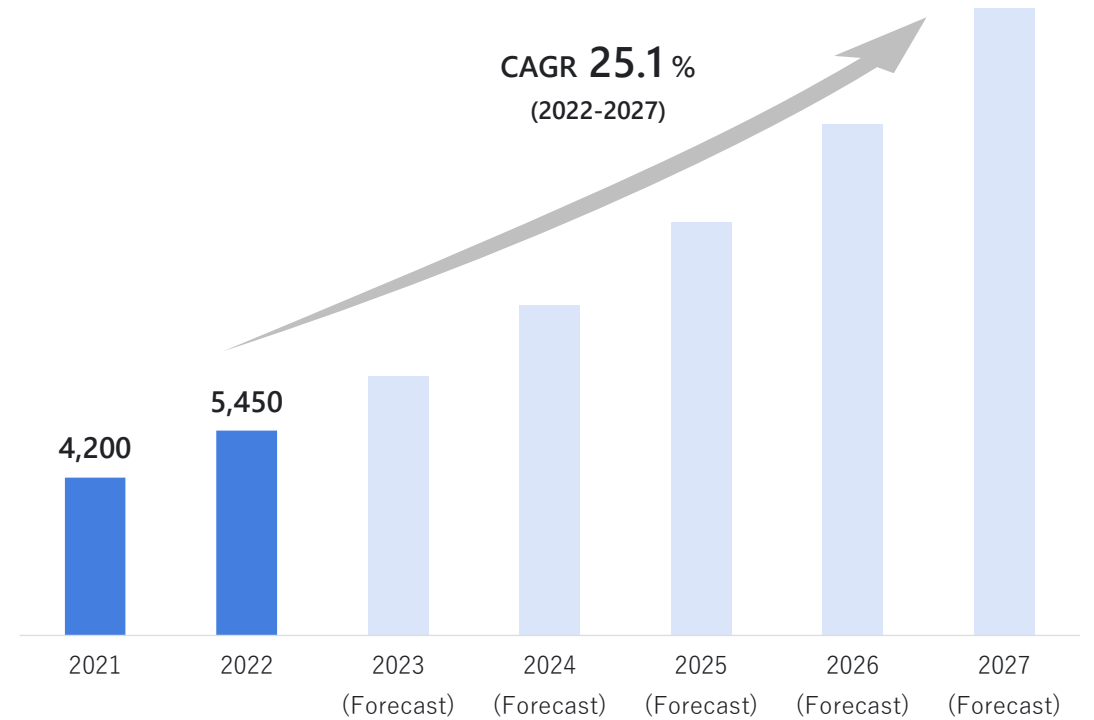
Released “Yojitsutics” in April 2024 to help our customers create and manage budgets. Workforce management function linked to the HR database will be integrated in the near future



項目	1Q		2Q		3Q		対
	予算	実績	予算	実績	予算	実績	
売上	343,906	295,942	331,718	279,933	260,997	281,417	32
既存事業売上	240,724	207,159	232,203	195,953	182,698	196,992	22
新規事業売上	103,172	88,783	99,515	83,980	78,299	84,425	9
売上原価	230,417	186,443	222,251	193,154	174,868	196,992	19
売上総利益	113,489	109,499	109,467	86,779	86,129	84,425	12
売上総利益率	33%	37%	33%	31%	33%	30%	
販管費	306,076	272,247	291,912	246,341	237,507	258,904	28
人件費	146,917	130,688	140,118	118,244	114,003	124,274	13
交通費	15,304	13,613	14,596	12,317	11,875	12,945	1
採用研修費	9,182	8,148	8,757	7,390	7,120	7,767	
外注費	24,486	21,781	23,353	19,707	19,001	20,712	2
販売手数料	36,729	30,672	35,029	29,561	28,501	31,068	3
広告宣伝費	30,608	27,227	29,191	24,634	23,751	25,890	2
交際費	4,591	4,084	4,379	3,695	3,563	3,884	
通信費	1,530	1,381	1,460	1,232	1,188	1,295	
減価償却費	6,122	5,445	5,838	4,927	4,750	5,178	
家賃・水道光熱費	18,365	16,336	17,515	14,780	14,250	15,534	1
その他	12,243	10,991	11,676	9,854	9,500	10,356	1
営業利益	37,830	33,675	39,806	33,592	33,490	22,513	3
営業利益率	11%	8%	12%	12%	9%	8%	

Market Size of Budget Control (SaaS)

JPY MM



Source : ITR “ITR Market View : Budget, Expense and Subscription Management Market 2024”



1. Topics

2. FY25/3 2Q Financial Highlights

3. FY25/3 Forecast

4. Appendix

4-1. Company Overview

4-2. Our Services

4-3. Mid-term Management Policy

4-4. The Future of “WORK” and kaonavi

Mid-term Management Policy

Purpose

Implement technology to “WORK” and modify the specification of society leveraging individual power

Vision

Create a HR data-centric platform

Mid-term Management Policy

- 1 Continuous ARR Growth
- 2 Profitability Improvement
- 3 Promotion of Non-financial Activities

Materiality

● E ● S ● G



Realization of a society that respects the individual

Employees

- Fundamental rights of employees
- Diversity and inclusion
- Workplace health and safety
- Employee training and development

Society

- Respect for human rights across the value chain
- Community engagement and development
- Stakeholder communication



Transition to a decarbonized society

- Actions for climate change
- Energy use



Secure and user-friendly platform

- Customer responsibility
- Data security and privacy



Transparent and fair business

- Corporate governance
- Anti-corruption

1 Continuous ARR Growth



Expand Customer Base

Strengthening Organizational Structure

Raising Visibility

Leveraging Partner Network



Increase ARPU

Additional Enterprise Users

Upselling Promotion

Expanding HR Data Platform

1 Continuous ARR Growth : Expand Customer Base

kaonavi's target market is still uncultivated, and it has high growth potential

Measures to Expand Customer Base

Strengthening Organizational Structure

- Invest in human capital (hire/develop talents)
 - Sales: Acquire new customers
 - Customer Support and Success: Streamline operations, reduce churn
 - Engineers: Develop functions, improve UI/UX
 - Corporate: Enhance security and governance
- Penetration of Purpose, Vision and Values

Raising Visibility

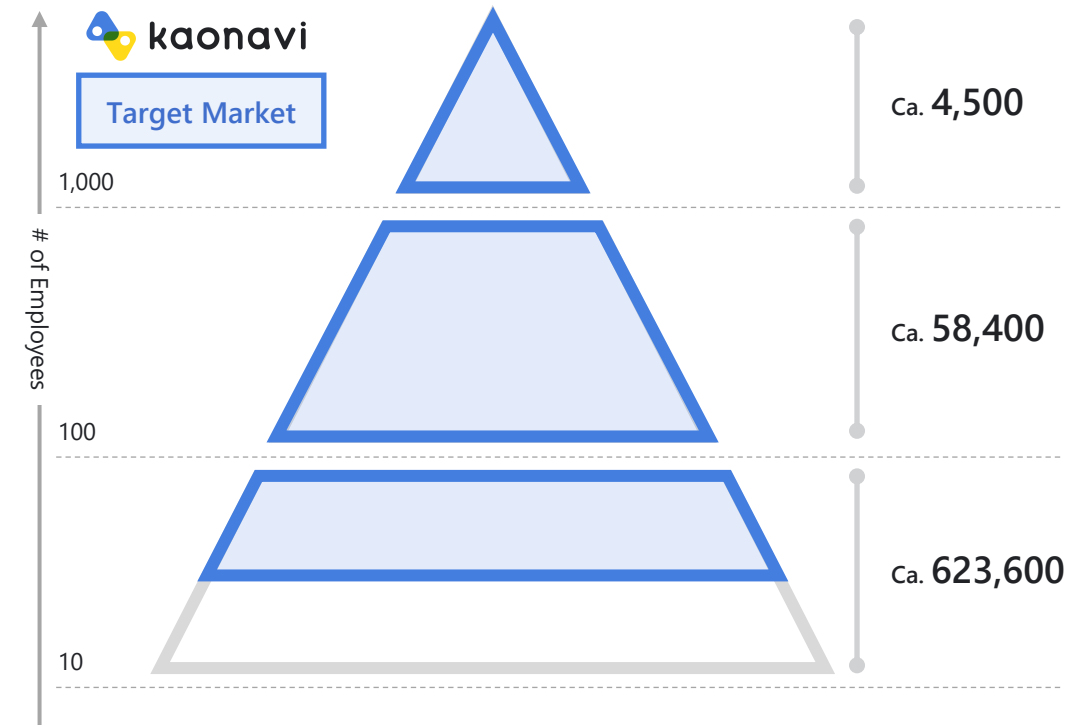
- Ongoing advertising to gain more recognition
- Area expansions to regional cities

Leveraging Partner Network

- Expansion of referral partners
- Increase sales via sales partners

Number of Companies in Japan

Companies # of active users as of March 31, 2024 : **3,677**



Source : kaonavi, based on MIC and METI "2016 Economic Census for Business Activity"

1 Continuous ARR Growth : Increase ARPU

Broaden and evolve the HR data platform by focusing on the development of new functions and services

Measures to Increase ARPU

Additional Enterprise Users

- Functional enhancements to meet the needs of enterprise companies
 - Utilization of human capital information
 - Individual empowerment, etc.
- Provide quality onboarding content

Upselling Promotion

- Increase customer loyalty
 - Shifting to company-wide implementation from departmental use
 - Broader use of optional functions
- Expansion of functions and application of a pay-per-use model

Expanding HR Data Platform

- Expand services into new business areas leveraging the HR database
 - In-house service delivery, business alliances and M&As

Major Development Items (FY25/3)

Utilization of human capital information

- Continuous expansion of the data charting and aggregating capabilities
- Graphical display of employee history information
- AI-based text analysis

Individual empowerment

- Management of cohort training
- Collection and analysis of skills structure

Process automating from placement to notice of transfer

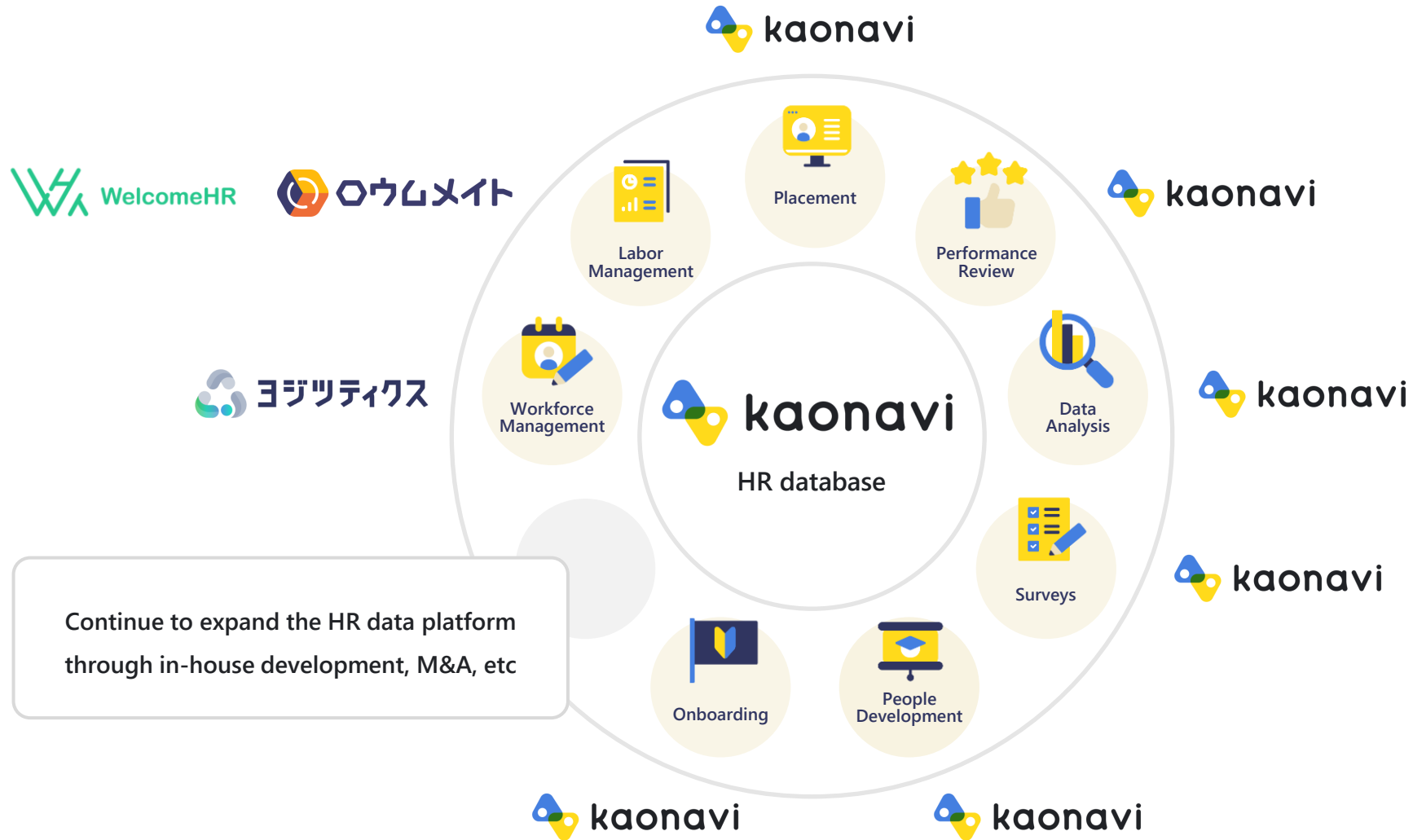
- Streamlining operations associated with placement review
- Internal role change announcement

Digitalization of employer-employee relationship

- Improving workflow functionality
- Development of additional labor management functions

HR Data Platform

Expand our HR data platform by introducing new solutions including the acquisition of WST



TAM Expansion Opportunities with HR Data Platform*1



*1 : Potential TAM has been calculated by kaonavi, under certain assumptions, using data referenced from the below publicly disclosed statistical reports

*2 : Calculated by multiplying the number of companies with 50 or more employees by our fee structure for corresponding employee size, based on MIC and METI "2016 Economic Census for Business Activity"

*3 : Calculated as the sum of the below markets

Market size of job listing, job recruiting and job staffing by Japan Association of Human Resources Services Industry "The Labor Market in 2030 and The Role of The HR Services Industry"

Market size of training services for companies (2019) by Yano Research Institute "Research on Corporate Training Services Market (2020)"

Market size of reemployment support (2019) by Yano Research Institute "Research on The Human Resources Business Market (2020)"

Market size of employee assistance program (2015 forecast) by Yano Research Institute "Research on EAP Market (2016)"

Market size of ATS cloud and employee development cloud (2021 forecast) by Deloitte Tohmatsu MIC Research Institute "HR Tech Cloud Market 2020"

2 Profitability Improvement*1

Achieve sustainable growth through appropriate investment allocation and aim for mid-to-long term profit increase

	FY22/3	FY23/3	FY24/3	Mid-Long Term Financial Model
GP Margin	73.3%	73.8%	77.4%	80%
S&M*2 (Ratio to net sales)	40.3%	40.8%	40.2%	30-35%
R&D*3 (Ratio to net sales)	5.6%	7.2%	11.3%	10-15%
G&A*4 (Ratio to net sales)	23.6%	20.4%	17.0%	10%
OP Margin	3.9%	5.4%	8.9%	20-30%
Adjusted OP Margin*5	4.8%	7.9%	10.7%	

*1 : Consolidated financial results are shown starting from FY24/3, any results before that are non-consolidated

*2 : Sales and Marketing. Total of personnel expenses of Sales, Marketing and Customer Success, and marketing-related expenses, as well as allocated common expenses, etc.

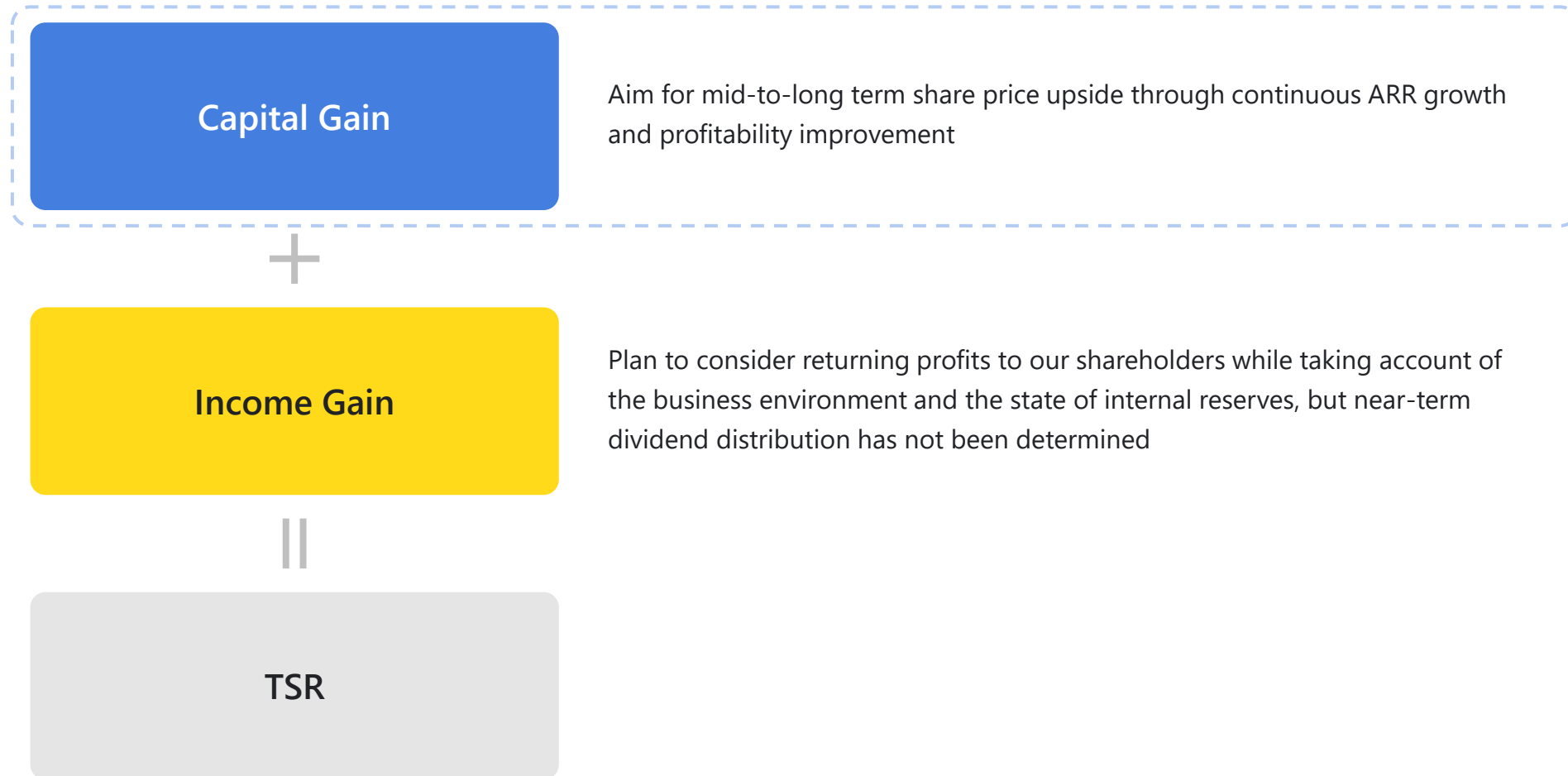
*3 : Research and Development. Total of personnel expenses of engineers involved in R&D, as well as common expenses, etc.

*4 : General and Administrative. Total of personnel expenses of corporate division, as well as common expenses, etc.

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

Shareholder Return Policy

Prioritize enhancement of internal reserves in order to flexibly invest in alignment with growth strategies towards maximizing enterprise value



Mid-term Financial Targets

Continuous ARR Growth Rate

20-30%

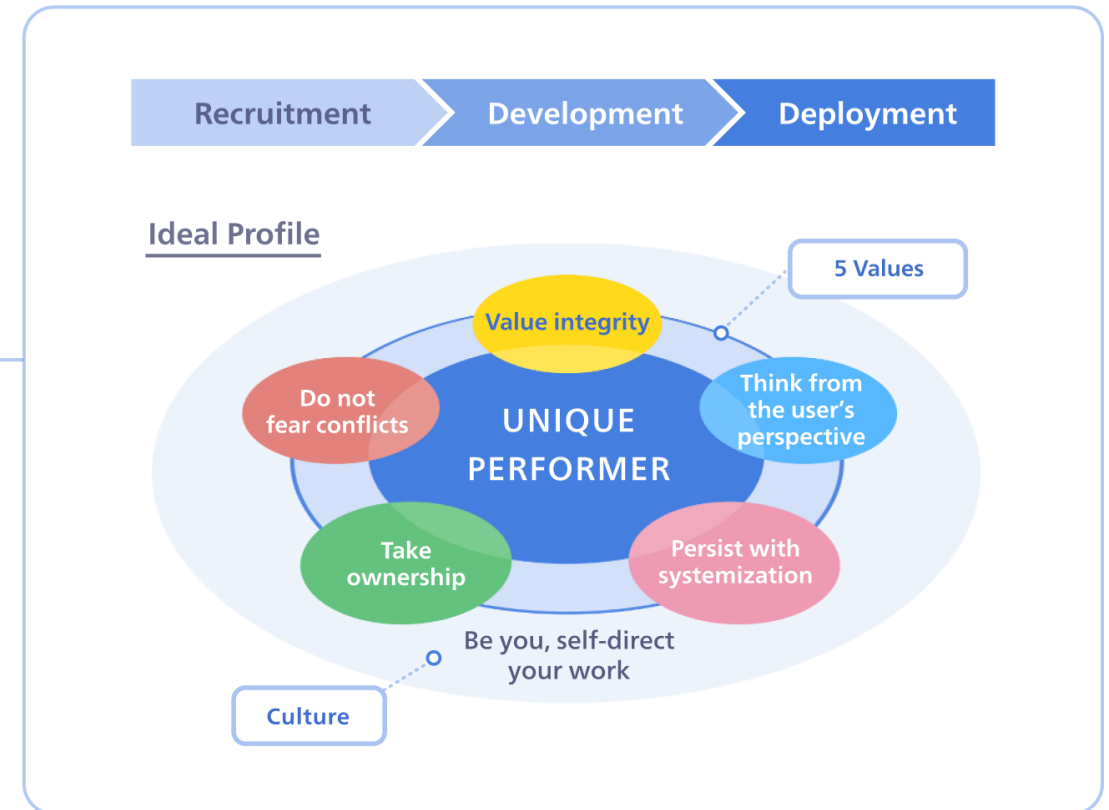
Adjusted OPM*¹ (by FY28/3)

20%+

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

3 Promotion of Non-financial Activities (Realization of a society that respects the individual)

Aim to enhance corporate value through strategic recruitment, development and deployment of human capital by defining the talent requirements to achieve our business goals



3 Promotion of Non-financial Activities (Realization of a society that respects the individual)

Will strive to develop our employees and create an environment in which each and every employee can demonstrate his/her individuality and talents



Ensuring Diversity to Create New Values

Improve gender equality

- Analyze causes of gender disparity, and consider measures to address them

Promote women's empowerment

- Provide an environment that enables women to continue working as their life stages change, including infertility treatment, childbirth and childcare

Support for sexual minorities

- Recognize same-sex partners as "spouses" and eliminate gaps in leave and payments for congratulation/condolence

Support for non-Japanese employees

- Provide a working environment for non-Japanese employees by supporting the acquisition of working visas, translation of internal documents, etc.



Supporting Self-directed Career Development

Improve targeted employee development

- Provide training for manager candidates and various training programs
- Provide training for managers and women employees

Pay for performance

- Operate a fair evaluation and promotion system based on performance



Improving Well-being

Promote paternity leave

- Provide an environment that encourages employees to take paternity leave and share their experiences

Create a workplace where everyone can work comfortably

- Promote flexible work style through our MY Work Style system to balance work with childcare and to improve productivity
- Revise the system to reflect the voices of employees with disabilities

3 Promotion of Non-financial Activities (Realization of a society that respects the individual)



Ensuring Diversity to Create New Values

Ratio of Women in Managerial Positions
(As of March 2024)

22.9 % Government's goal : 30% (2030)

Gender Wage Gap*1
(FY24/3)

84.5 %

Ratio of Non-Japanese Employees
(As of March 2024)

0.7 %



Supporting Self-directed Career Development

Annual Training Hours per Person*2
(FY24/3)

9.8 h

Ratio of Employees with Second Jobs
(As of March 2024)

18.1 %

Employee Turnover Rate
(FY24/3)

17.6 %



Improving Well-being

Paternity Leave Rate
(FY24/3)

88.2 % Government's goal : 50% (2025)
85% (2030)

Ratio of Returning from Parental Leave
(FY24/3)

100 %

Telework Implementation Rate
(FY24/3)

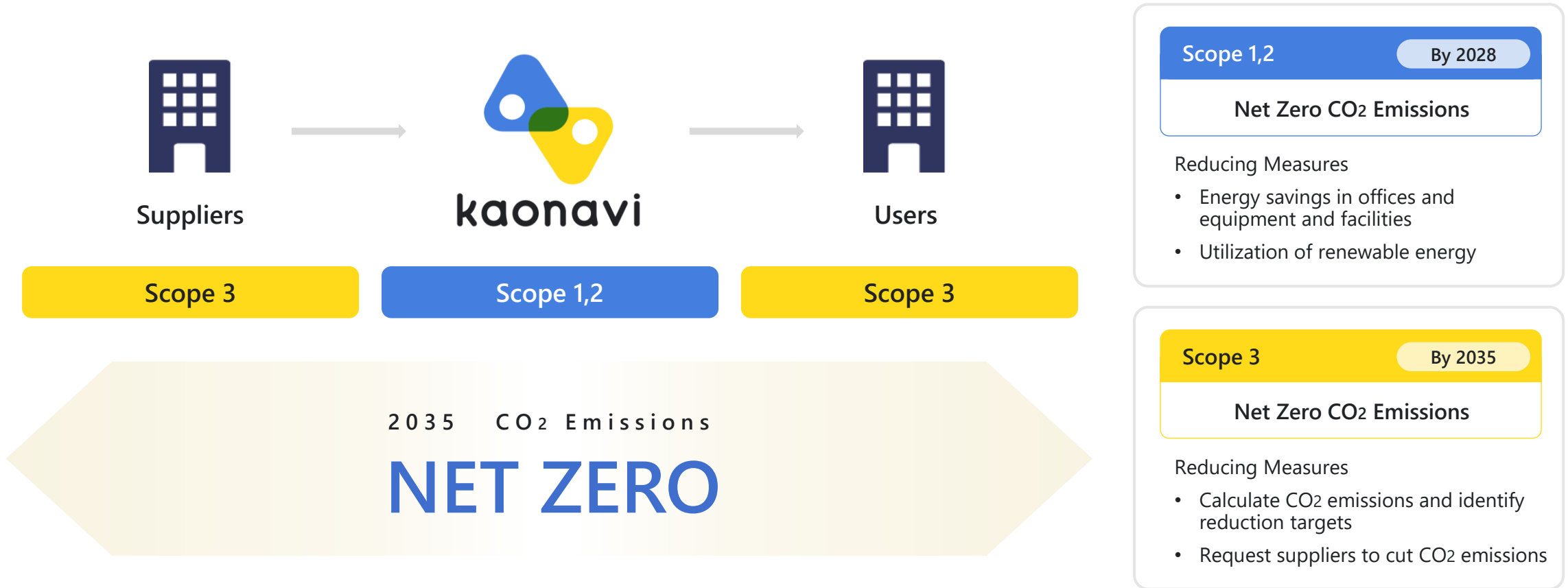
80.3 %

*1 : Gender Wage Gap = Average annual wage of female full-time employees / Average annual wage of male full-time employees

*2 : The tally covers internal training only and does not include external training

3 Promotion of Non-financial Activities (Transition to a decarbonized society)

Endorse the Japanese government's policy of carbon neutrality by 2050 and aim to achieve net zero CO₂ emissions*¹



*1 : Please refer to our web page for actual CO₂ emissions (https://corp.kaonavi.jp/en/sustainability-e/esg_data-e/)



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Changes in HR Information Management and Work Styles - Past

1980

1990

2000

2010

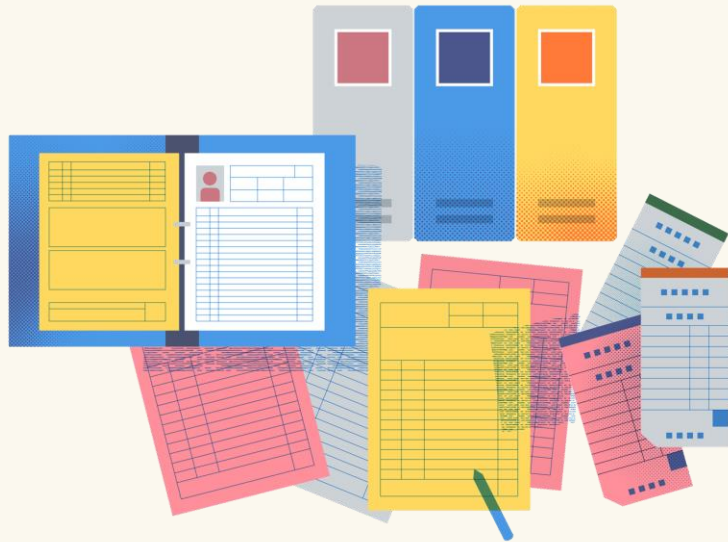
2020

2030

Employers manage employee information

Workers own their information

Paper



Employers manage HR information in documented form



Division of simple tasks

Changes in HR Information Management and Work Styles - Past

1980

1990

2000

2010

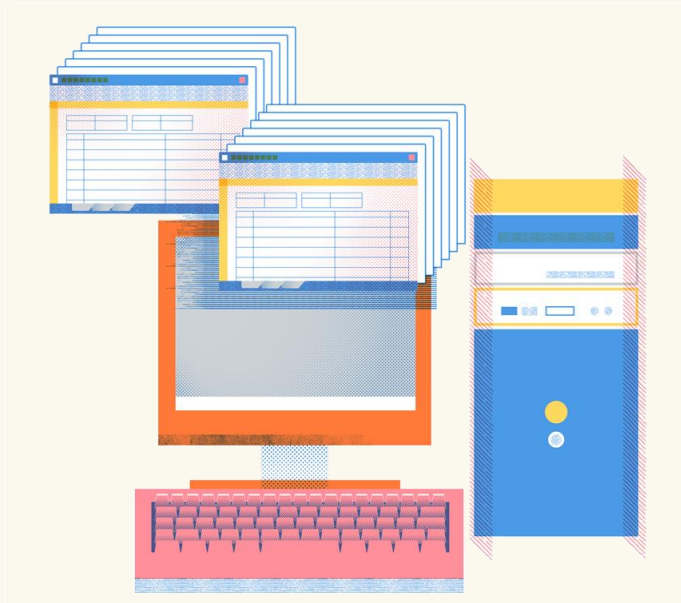
2020

2030

Employers manage employee information

Workers own their information

Data



Employers manage HR information digitally



Each employee gets one's job done all alone using a computer

Changes in HR Information Management and Work Styles - Present

1980

1990

2000

2010

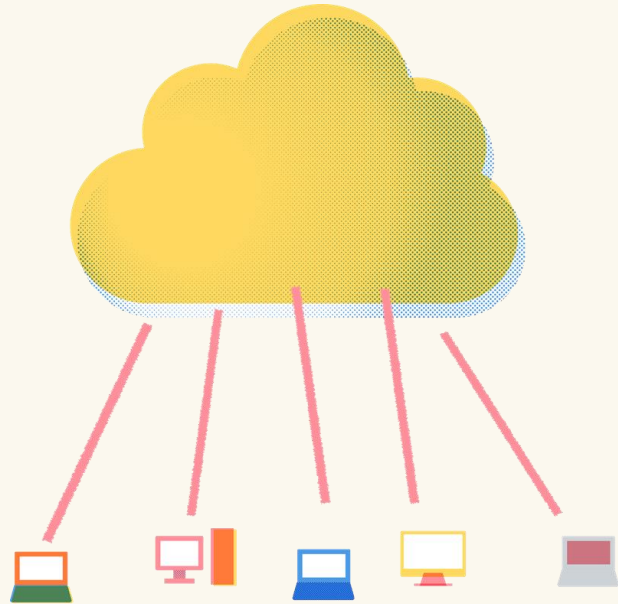
2020

2030

Employers manage employee information

Workers own their information

Cloud



Employers manage HR data in the cloud



Making better use of HR data

→ Team based work taking advantage of individual strength

Changes in HR Information Management and Work Styles - Future

1980

1990

2000

2010

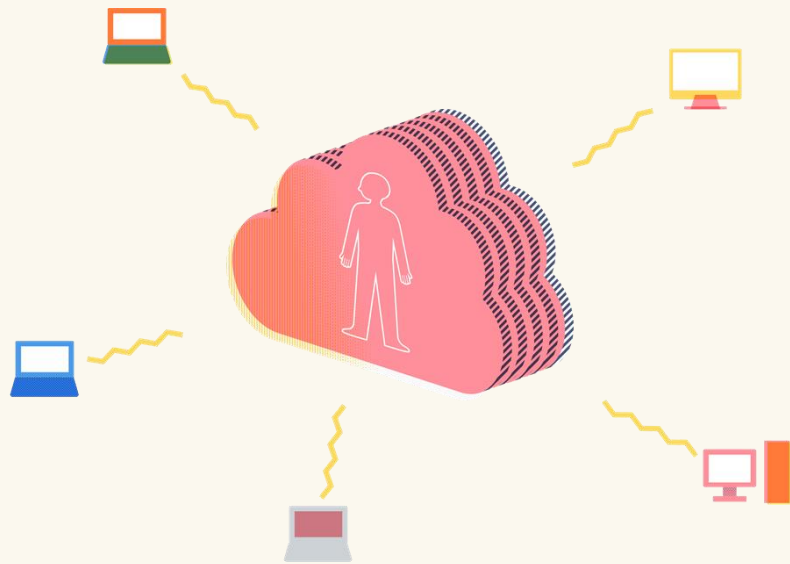
2020

2030

Employers manage employee information

Workers own their information

Portable



Organizations access career data owned by individuals



Work with various organizations leveraging one's skills and abilities

World That kaonavi Shapes

Aspire to deliver products that empower individuals to take ownership of their careers and ways of working instead of supporting operations or procedures

Empowering Individuals



Shaping the world where people can unlock their potential

Streamlining Operations



Shaping the world that liberates people from troublesome tasks or procedures

Thoughts on Revising the Company Logo

Our new logo embodies the world that kaonavi shapes



Exhibiting the importance of mutual understanding by the shape of two people

“○” represents people, and “△” represents their span of vision/view. It builds on our belief that the new space in the center, which emerges only when people try to get to know each other (= by overlapping their vision spans), is **the world where people can unlock their potential**. And kaonavi’s goal is bringing it to life.

Product for a New Era



A portable passport to “WORK”
that contains one’s traits
and endowment among others

Characteristics of the Product



Gamification Mind

kaonavi was born out of an audacious idea, "what if talent management could be gamified like Saga of Three Kingdoms".

The notion to bring gaming elements into our thinking foundation is our **central tenet** that makes us stand where we are.

所属 Hornburg castle

城主 Rohan Erkenbrand LV 48
HP 520/765
MP 39/39

兵数 2180 / 2300

騎士	28 / 32	防衛力	A
楯兵	73 / 75	兵装・兵器	B
弓兵	72 / 80	馬 40
歩兵	181 / 196	大砲 1
衛生兵	24 / 24	投石器 5

資産 580 / 580

兵糧収入	2340	製造	42
農地	9000	治療	61
生産性	35	修繕	34
肥沃度	59		
治水	32		

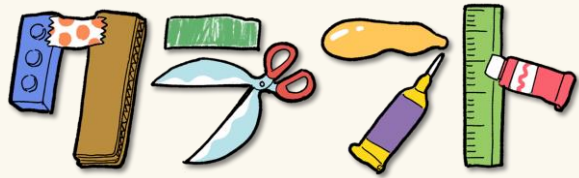
人口 15130

農民	6700	職人	1200
商人	3200	傭兵	4030

加入者 Jeanne D, Napoleon B, Johan G

Ethos of Product Development

Craft



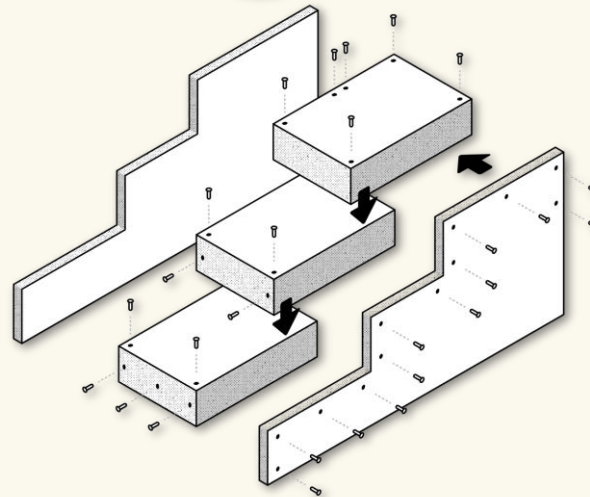
Flexibility-rich System

Adaptability to meet various needs of users instead of predefined use cases.

Inventing a flexible service that can induce and accommodate creativities and inspirations of our users.

Universal Design

ユニバーサル デザイン

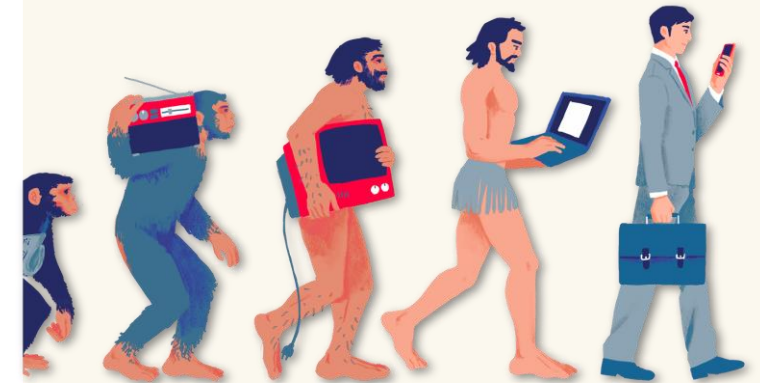


Stress-free Usability

Touching the product tells users about itself intuitively without turning to the user's guide.

Trying to realize that simple design which is extremely easy for any user to understand.

TECH TREND



Keep Pace with Trends

Technology evolves with users' changing lives of the time.

In order to create forward-looking products, we will comprehend technology trends and leverage them.

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Contact IR : ir@kaonavi.jp

