

**Translation**

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**Summary of Financial Results for the Year Ended March 31, 2022  
(Based on Japanese GAAP)**

May 12, 2022

Company name: kaonavi, inc.  
 Listed stock exchange: Tokyo  
 Stock code: 4435 URL <https://corp.kaonavi.jp/en>  
 Representative: Representative Director, President & CEO Hiroki Yanagihashi  
 Inquiries: Director & CFO Kimitaka Hashimoto TEL 03(6633)3258  
 Scheduled date of ordinary general meeting of shareholders: June 22, 2022  
 Scheduled date to file Securities Report: June 23, 2022  
 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. Financial results for the year ended March 31, 2022 (April 1, 2021 - March 31, 2022)**

(1) Operating results (cumulative)

(Percentages show the change from the same period of previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2022	4,496	32.2	174	—	164	—	210	—
Year ended March 31, 2021	3,402	29.6	(11)	—	(16)	—	(131)	—

	Earnings per share		Diluted earnings per share		Net profit/ equity		Ordinary profit/ total assets		Operation profit/ net sales	
	Yen	%	Yen	%	%	%	%	%		
Year ended March 31, 2022	18.30		17.02		19.4		4.7		3.9	
Year ended March 31, 2021	(11.59)		—		(13.4)		(0.6)		(0.3)	

Note: "Diluted earnings per share" for year ended March 31, 2021 is not presented because of the current net loss.

(2) Financial position

	Total assets		Net assets		Equity ratio		Net asset per share	
	Millions of yen	%	Millions of yen	%	%	Yen		
As of March 31, 2022	3,993		1,208		30.3	104.86		
As of March 31, 2021	3,014		961		31.9	84.43		

Reference: Shareholders' equity March 31, 2022: 1,208 million yen March 31, 2021: 961 million yen

(3) Cash flows

	Cash flows from operating activities		Cash flows from investing activities		Cash flows from financing activities		Cash and cash equivalents at end of period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	
Year ended March 31, 2022	979		(31)		(68)		2,835	
Year ended March 31, 2021	384		(236)		173		1,955	

**2. Dividends**

	Dividends per share					Total cash Dividends (Total)	Dividend payout ratio	Ratio of dividends to net assets
	1Q-end	2Q-end	3Q-end	Fiscal year-end	Total			
Year ended March 31, 2021	—	0.00	—	0.00	0.00	—	—	—
Year ended March 31, 2022	—	0.00	—	0.00	0.00	—	—	—
Year ending March 31, 2023 (forecast)	—	0.00	—	0.00	0.00	—	—	—

### 3. Forecast for the fiscal year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(Percentages show the change from the same period of previous fiscal year)

	Net sales		Operating profit	
	Millions of yen	%	Millions of yen	%
Full year	5,740	27.7	120	(31.1)
	~5,890	~31.0	~300	~72.3

Note: The figures for net sales and operating profit are shown in a range. Also, the Company will refrain from disclosing specific forecast figures for ordinary profit and net profit.

Note: The Company will continue to dedicate itself to expanding the business foundation of the talent management system, to realize its human resource data platform initiative in the mid-to-long term. The Company will also explore the possibility of new research and development as well as M&As to create a new business domain.

As above, the Company plans to invest aggressively in product development to enhance its capability, reinforcing organizational structure, and marketing activities, in order to realize sustainable growth in the current fiscal year. However, the earnings forecast is shown in a range, since the Company may make flexible and agile investment decisions, such as revising marketing activities in response to general trends and the competitive landscape of the market.

The low end of net sales are set at 5,740 million yen (+27.7% YoY) based on conservative estimates of new customer acquisition and churn rate, while the high end of net sales are set at 5,890 million yen (+31.0% YoY based on the assumption of steady growth).

With respect to the cost of sales and SG&A expenses, the Company plans to invest in the range of 2,060 million yen to 2,160 million yen for the personnel expenses, and 1,100 million yen to 1,200 million yen for the marketing-related expenses, again considering the possibility of flexible and agile investing judgement.

As a result of the above, gross profit is expected to be in a range of 4,180 million yen to 4,340 million yen, with the profit margin of 72.8% to 73.7% which is the same level as the previous fiscal year. Also, operating profit is expected to range from 120 million yen to 300 million yen.

The forecasts set out here are based on information currently available to the Company and certain assumptions deemed rational. Lastly, the Company does not disclose specific figures for ordinary profit and net profit, because the Company is in the proactive investment phase to maximize mid-to-long term business growth and corporate value.

### 4. Notes

- (1) 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: Yes
  - 2) Changes in accounting policies due to other reasons: None
  - 3) Changes in accounting estimates: None
  - 4) Restatement of prior period financial statements: None

(Application of Accounting Standard for Revenue Recognition, Etc.)

The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations effective from the beginning of the current fiscal year, and it started to recognize revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

As a result, the Company has changed to recognize revenue from initial fees spread throughout the contract period instead of up-front lump at the start of the contract. Also, in case of making multiple service contracts with a single customer at the same or roughly same time, the Company changed its method of recognizing revenue, from recording each discount on individual service to allocating the aggregated discount amount to each service in proportion to the stand-alone selling price.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to article 84 of the Accounting Standard for Revenue Recognition.

The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year was added to or deducted from the opening balance of retained earnings brought forward of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result, net sales, operating profit, ordinary profit, and profit before income taxes of statements of income for the current fiscal year each decreased by 26,153 thousand yen compared to those before the resulting adjustment. In addition, due to the cumulative effect to the net assets of the beginning of the current fiscal year, balance at the beginning of the period for the retained earnings brought forward of the statements of changes in equity has decreased by 80,170 thousand yen.

Due to the application of the Accounting Standard for Revenue Recognition, 47,556 thousand yen of contract liabilities in the balance sheet, and 47,556 thousand yen of increase (decrease) in contract liabilities in the statements of cash flows were recorded respectively for the current fiscal year.

- (2) Number of shares outstanding (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares)
 

As of March 31, 2022:	11,518,800 shares	As of March 31, 2021:	11,382,000 shares
  - 2) Number of treasury stock at the end of period
 

As of March 31, 2022:	280 shares	As of March 31, 2021:	208 shares
  - 3) Average number of shares outstanding during the period
 

Year ended March 31, 2022:	11,476,005 shares	Year ended March 31, 2021:	11,282,644 shares

This report of financial results is out of scope of review procedures conducted by independent auditors.

#### \* 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. In the "Business Plans and Growth Potential" disclosed on December 10, 2021, the next disclosure schedule of the information was set after the announcement of full year financial results. However, the Company plans to disclose it by late June 2022.

# Quarterly Financial Statements

## 1. Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	1,955,069	2,835,157
Accounts receivable - trade	178,600	210,235
Prepaid expenses	123,585	142,938
Other	5,526	2,321
Allowance for doubtful accounts	(173)	(189)
Total current assets	2,262,608	3,190,461
Non-current assets		
Property, plant and equipment		
Buildings	192,746	199,627
Accumulated depreciation	(13,372)	(45,295)
Buildings, net	179,375	154,331
Tools, furniture and fixtures	84,520	83,813
Accumulated depreciation	(27,980)	(48,121)
Tools, furniture and fixtures, net	56,540	35,692
Total property, plant and equipment	235,914	190,024
Intangible assets		
Trademark right	—	297
Software	14,076	9,813
Total intangible assets	14,076	10,110
Investments and other assets		
Investment securities	96,146	52,002
Guarantee deposits	386,710	388,081
Long-term prepaid expenses	18,098	17,182
Deferred tax assets	—	145,101
Total investments and other assets	500,954	602,366
Total non-current assets	750,945	802,499
Total assets	3,013,552	3,992,960

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	45,288	57,192
Current portion of long-term loans payable	127,164	127,164
Accounts payable - other	147,085	310,531
Accrued expenses	211,072	194,352
Income taxes payable	20,694	79,429
Accrued consumption taxes	48,422	101,869
Deposits received	10,353	12,655
Deferred revenue	961,557	1,509,403
Contract liabilities	—	47,556
Provision for share-based compensation	26,113	17,550
Total current liabilities	1,597,747	2,457,700
Non-current liabilities		
Long-term loans payable	454,545	327,381
Deferred tax liabilities	313	—
Total non-current liabilities	454,858	327,381
Total liabilities	2,052,605	2,785,081
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,066,270	1,125,259
Capital surplus		
Legal capital surplus	1,056,270	1,115,259
Total capital surplus	1,056,270	1,115,259
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,161,509)	(1,031,614)
Total retained earnings	(1,161,509)	(1,031,614)
Treasury stock	(792)	(1,026)
Total shareholders' equity	960,238	1,207,879
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	709	—
Total Valuation and translation adjustments	709	—
Total net assets	960,947	1,207,879
<b>Total liabilities and net assets</b>	<b>3,013,552</b>	<b>3,992,960</b>

## 2. Statements of Income (cumulative)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	3,402,279	4,496,344
Cost of sales	941,143	1,201,341
Gross profit	2,461,136	3,295,003
Selling, general and administrative expenses	2,472,176	3,120,915
Operating profit (loss)	(11,040)	174,089
Non-operating income		
Interest income	21	24
Subsidy income	623	—
Miscellaneous income	865	250
Total non-operating income	1,509	274
Non-operating expenses		
Interest expenses	4,497	5,364
Share issuance cost	882	1,535
Loss on sales and retirement of non-current assets	1,237	3,932
Other	2	2
Total non-operating expenses	6,618	10,833
Ordinary profit (loss)	(16,148)	163,530
Extraordinary losses		
Loss on valuation of investment securities	—	43,122
Headquarters relocation expenses	108,957	—
Total extraordinary losses	108,957	43,122
Profit (loss) before income taxes	(125,105)	120,408
Income taxes - current	5,643	55,442
Income taxes - deferred	—	(145,101)
Total income taxes	5,643	(89,658)
Net Profit (loss)	(130,748)	210,066

### 3. Statements of Changes in Equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity							Valuation and translation adjustments		Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings					
Balance at beginning of current period	1,018,269	1,008,269	1,008,269	(1,030,761)	(1,030,761)	(422)	995,356	—	—	995,356
Changes of items during Period										
Issuance of new shares	48,001	48,001	48,001				96,001			96,001
Profit (Loss)				(130,748)	(130,748)		(130,748)			(130,748)
Purchase of treasury shares						(370)	(370)			(370)
Net changes in items other than shareholders' equity								709	709	709
Total changes of items during period	48,001	48,001	48,001	(130,748)	(130,748)	(370)	(35,117)	709	709	(34,408)
Balance at end of current Period	1,066,270	1,056,270	1,056,270	(1,161,509)	(1,161,509)	(792)	960,238	709	709	960,947

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity							Valuation and translation adjustments		Total net assets
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total Valuation and translation adjustments	
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings					
Balance at beginning of current period	1,066,270	1,056,270	1,056,270	(1,161,509)	(1,161,509)	(792)	960,238	709	709	960,947
Cumulative effects of changes in accounting policies				(80,170)	(80,170)		(80,170)			(80,170)
Restated balance	1,066,270	1,056,270	1,056,270	(1,241,679)	(1,241,679)	(792)	880,068	709	709	880,777
Changes of items during Period										
Issuance of new shares	58,990	58,990	58,990				117,979			117,979
Profit (Loss)				210,066	210,066		210,066			210,066
Purchase of treasury shares						(234)	(234)			(234)
Net changes in items other than shareholders' equity								(709)	(709)	(709)
Total changes of items during period	58,990	58,990	58,990	210,066	210,066	(234)	327,811	(709)	(709)	327,102
Balance at end of current Period	1,125,259	1,115,259	1,115,259	(1,031,614)	(1,031,614)	(1,026)	1,207,879	—	—	1,207,879

#### 4. Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(125,105)	120,408
Depreciation	34,280	58,290
Interest income	(21)	(24)
Interest expenses	4,497	5,364
Loss on valuation of investment securities	—	43,122
Loss on sales and retirement of non-current assets	1,237	3,932
Share issuance cost	882	1,535
Miscellaneous income	(3)	(28)
Subsidy income	(623)	—
Headquarters relocation expenses	108,957	—
Increase (decrease) in allowance for doubtful accounts	(605)	16
Increase (decrease) in provision for share-based compensation	26,113	20,216
Decrease (increase) in accounts receivable - trade	(4,854)	(31,635)
Decrease (increase) in prepaid expenses	(53,777)	(10,059)
Increase (decrease) in accounts payable - trade	14,542	11,904
Increase (decrease) in accounts payable - other	16,298	162,166
Increase (decrease) in accrued expenses	90,265	(16,720)
Increase (decrease) in accrued consumption taxes	23,909	61,464
Increase (decrease) in deferred revenue	361,632	459,658
Increase (decrease) in contract liabilities	—	47,556
Other, net	11,467	52,829
<b>Subtotal</b>	<b>509,090</b>	<b>989,994</b>
Interest received	21	24
Interest expenses paid	(5,165)	(5,165)
Income taxes paid	(4,758)	(5,615)
Proceeds from subsidy income	623	—
Headquarters relocation expenses paid	(116,107)	—
<b>Net cash provided by (used in) operating activities</b>	<b>383,705</b>	<b>979,238</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(254,884)	(10,804)
Purchase of intangible assets	—	(281)
Purchase of investment securities	(74,524)	—
Payments for guarantee deposits	(30)	(19,851)
Proceeds from guarantee deposits	127,128	—
Payments for asset retirement obligations	(34,180)	—
<b>Net cash provided (used in) investing activities</b>	<b>(236,490)</b>	<b>(30,936)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	295,000	—
Repayments of long-term loans payable	(175,947)	(127,164)
Purchase of treasury shares	(372)	(236)
Proceeds from issuance of common shares	54,398	59,185
<b>Net cash provided (used in) financing activities</b>	<b>173,079</b>	<b>(68,215)</b>
Net increase (decrease) in cash and cash equivalents	320,294	880,087
Cash and cash equivalents at beginning of period	1,634,775	1,955,069
<b>Cash and cash equivalents at end of period</b>	<b>1,955,069</b>	<b>2,835,157</b>