



Our Business Plans and Growth Potential

June 22, 2022 | kaonavi, inc. (TSE Growth : 4435)



1 . Our Company

2 . Talent Management in Higher Demand

3 . Our Services

4 . Growth Strategies and Potential Market

5 . The Future of “WORK” and kaonavi

6 . Financials

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

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 | 229 (March 2022) |
| Business | Providing a cloud-based talent management system "KAONAVI" |



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 enables individualized work style



Return-to-Work Rate from Childcare Leave (FY22/3)

100%

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



Ratio of Employees Who Have Second Job (As of March 2022)

19.7%

Empowering Employees

Diverse and flexible work style also enables us to promote successful women's empowerment and "Health and Productivity Management"

女性活躍・両立支援に積極的に取り組む企業の事例集



女性の活躍推進・両立支援総合サイトトップ > 女性活躍・両立支援事例集トップ (事例検索) > 企業事例

株式会社カオナビ (情報通信業)

男女問わず最高のパフォーマンスを発揮できる革新的な働き方を実践

2020年度



企業プロフィール

| | |
|----------|---------------------------------|
| 設立 | 2008年 |
| 所在地 | 東京都港区 |
| 事業内容 | タレントマネジメントシステム「カオナビ」の製造・販売・サポート |
| 従業員数 | 164人 (うち女性約60人) |
| 企業認定・表彰等 | |

取組内容

仕事と育児の両立支援

仕事と介護の両立支援

テレワーク

フレックスタイム制

短時間正社員制度

Certified for **four consecutive years**

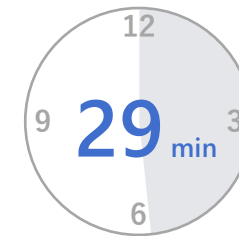


2022

健康経営優良法人

Health and productivity

Average Daily Overtime
(FY22/3)



Ratio of Women in Managerial Positions
(As of March 2022)

27.8%

Source : Website of Ministry of Health, Labour and Welfare

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

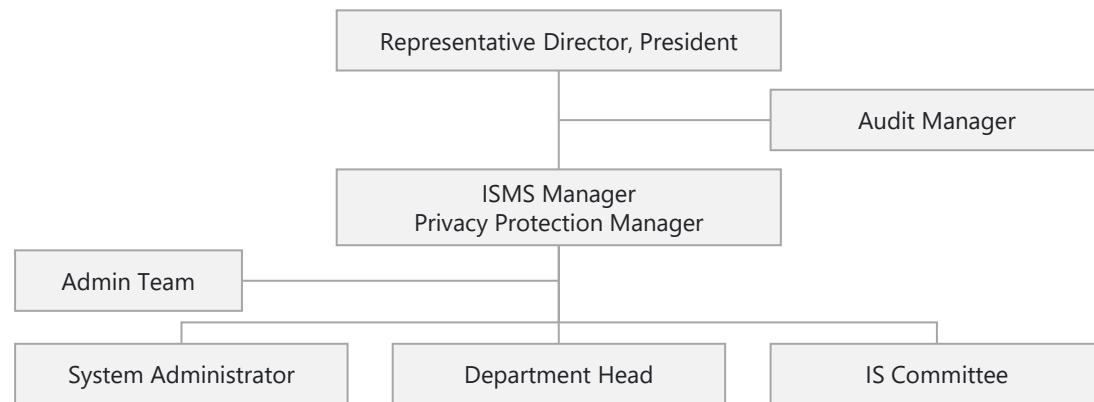
Information Security



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 and targeted attack email 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 ISO27001 (ISMS certification) and ISO27017 (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 and public sector organizations



kaonavi Academy Cloud

| | |
|-------------------|--|
| Applicable | Academic institutions such as school corporation |
| Price | Special price |



kaonavi Government Cloud

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

Management Team



Hiroyuki Sato
Representative Director, President & Co-CEO

He engaged in sales in a consulting division for enterprise organizational reform of Link and Motivation. He then led talent development operations, including recruitment, training, and assessment, as the head of talent development at Simplex. He was appointed as Director at kaonavi in 2011 and co-founded the current business. He was appointed as Representative Director in 2022.



Hiroki Yanagihashi
Representative Director & Co-CEO

He had worked for establishing operational infrastructure and developing large-scale database for restructuring projects targeting educational institutions and government agencies at Accenture. He then led HR operations as the head of HR division at istyle. He founded kaonavi in 2008 and has served as Representative Director ever since.



Kimitaka Hashimoto
Director & CFO

He was responsible for fund procurement and relations with financial institutions as a corporate treasurer at SANYO Electric. He then served as an investment banker at Mitsubishi UFJ Morgan Stanley Securities where his duties included advising on M&As and fund procurement. He joined kaonavi in 2018 and was appointed as CFO and Director in 2019.



Tatsuya Hiramatsu
Executive Officer, CPO

After working on mobile site development, he handled platform operation and development at COLOPL. He then engaged in marketing and alliance operations at a new development division of a game company. He joined kaonavi in 2017, and has led the Product Development Division since 2018. He was appointed as CPO in 2022.



Takeshi Uchida
Executive Officer, Head, CEO Office

He was engaged in HR consulting and data analysis at SHL-JAPAN. He then worked in business development at a healthcare company and business development consulting at a consulting firm, among other roles. He joined kaonavi in 2017 and has headed the CEO Office since 2018.



Asumi Mogami
Executive Officer, General Manager, Customer Engagement Division

She was working on acquiring new member restaurants at Gurunavi. She then engaged in HR operations, primarily recruiting, at a real estate company. After joining kaonavi in 2015 she established the inside sales structure. She has been General Manager of the Customer Engagement Division since 2020.



Yuko Somano
General Manager, Corporate Division

At IT venture companies and apparel companies, she covered overall corporate legal affairs, including contracts, intellectual property rights, and corporate governance. She joined kaonavi in 2018 and took charge of establishing the internal controls required to become a listed company. She has led the Corporate Division since 2019.



Junya Shinozaki
General Manager, Marketing Division

He was engaged in sales to address global manufacturers and Japanese automakers at Hakuodo. After working at a sports business company, he moved on to advertising for GREE and Glossom. He joined kaonavi in 2016 and took responsibility for marketing strategy. He has led the Marketing Division since 2020.

Management Team and Advisors



Shunsuke Fujii
General Manager, Sales Division

After working at a Japanese megabank, he joined Recruit Career (currently Recruit), where he worked as a corporate sales representative in the IT/Internet sector, and served as manager and a general manager of a corporate sales division / individual support division. He joined kaonavi in 2021, and has led the Sales Division since 2022.



Hiroki Sotei
General Manager, Product Development Division

After working at a printing and publishing related company, he joined Voltage as director and has been in charge of the business unit as executive officer since 2014. He joined kaonavi in 2020 and took responsibility for product development and management. He has led the Product Development Division since 2022.



Masakazu Matsushita
CTO

After working at a system integration company, he was involved in the development of games and community services at CyberAgent. He then engaged in the development of app games for overseas markets as CTO of Translimit. He joined kaonavi in 2020 and was appointed as CTO in September of the same year.



Ryo Nagumo
Head, Business Strategy Office

At Recruit Career (currently Recruit) he engaged in marketing, business planning and product management, then became the manager of new business development PM and service planning department for HR tech services. He joined kaonavi in 2021 and has head the Business Strategy Office.



Ken Fukuda
VPoE

After working at an IT startup as an engineer, he then engaged in engineering and PM operations as a manager at COLOPL. He joined kaonavi in 2015 and was appointed as VP of Engineering in 2019. Since 2020, he has led kaonavi's development efforts as General Manager of the New Development Department.



Masaya Mori
Technical Advisor

He is Partner at Deloitte Tohmatsu Consulting LLC, Specially-appointed Professor at Tohoku University and Advisor at Japan Deep Learning Association. He led an advanced technology group at Accenture and participated in a research institute development project in the U.S. He then managed Rakuten's research and development activities at seven institutes in five countries as Executive Officer and Global Head of Rakuten Institute of Technology. He is also a member of the advisory board of the G1Technology Institute's Deep Learning Research Group and Chairman of the Japan Institute of Information Technology's AI & Robotics Research Committee.



Jota Tamaki
Advisor, CDO

He was working with overseas clients at global advertising agencies such as W+K and AKQA. He then helped to raise the value of Cogent Labs, an AI startup. He joined kaonavi in 2019 and led Brand Design Division as CDO. He has served as outside CDO since 2022.

Outside Directors



Suguru Kobayashi
Outside Director

After working at JTB, he provided organizational and HR consulting services to enterprises at Link and Motivation. He then founded Field Management Human Resource, where he serves as Representative Director. He has been Outside Director at kaonavi since 2018.



Hiroyuki Yamada
Outside Director (Audit and Supervisory Committee Member)

After founding AZX Professionals Group, he has supported startups as a tax accountant and held outside board positions, and founded Axella Accounting Firm. He was appointed as Outside Auditor at kaonavi in 2015, then as Outside Director (Audit and Supervisory Committee Member) in 2022.



Masumi Sai
Outside Director (Audit and Supervisory Committee Member)

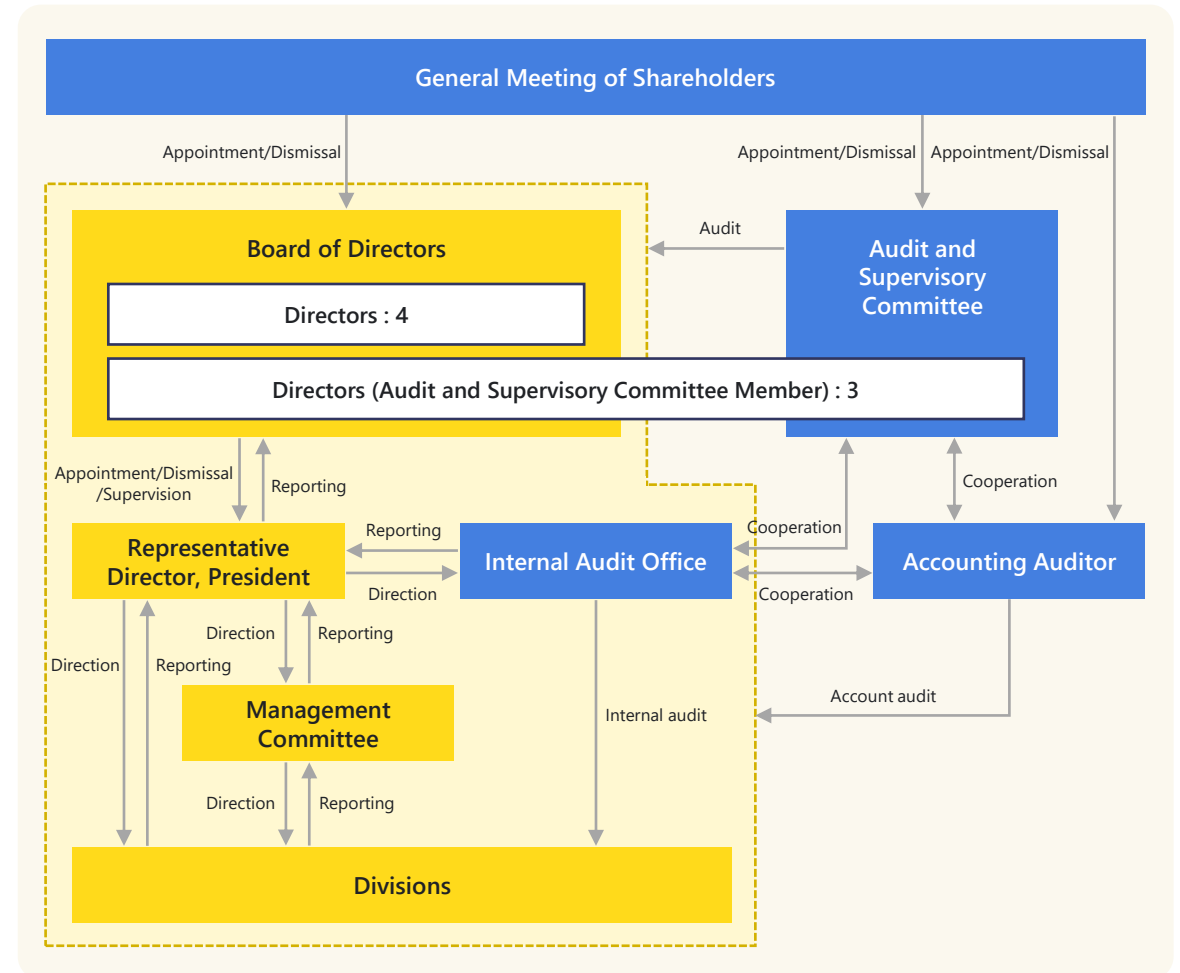
After working as a financial analyst at Daiwa Securities, she was appointed as an economic commentator at Nikkei CNBC. She then founded Good News and Companies where she serves as Representative Director. She was appointed as Outside Director at kaonavi in 2021, then as Outside Director (Audit and Supervisory Committee Member) in 2022.



Miyako Ikuta
Outside Director (Audit and Supervisory Committee Member)

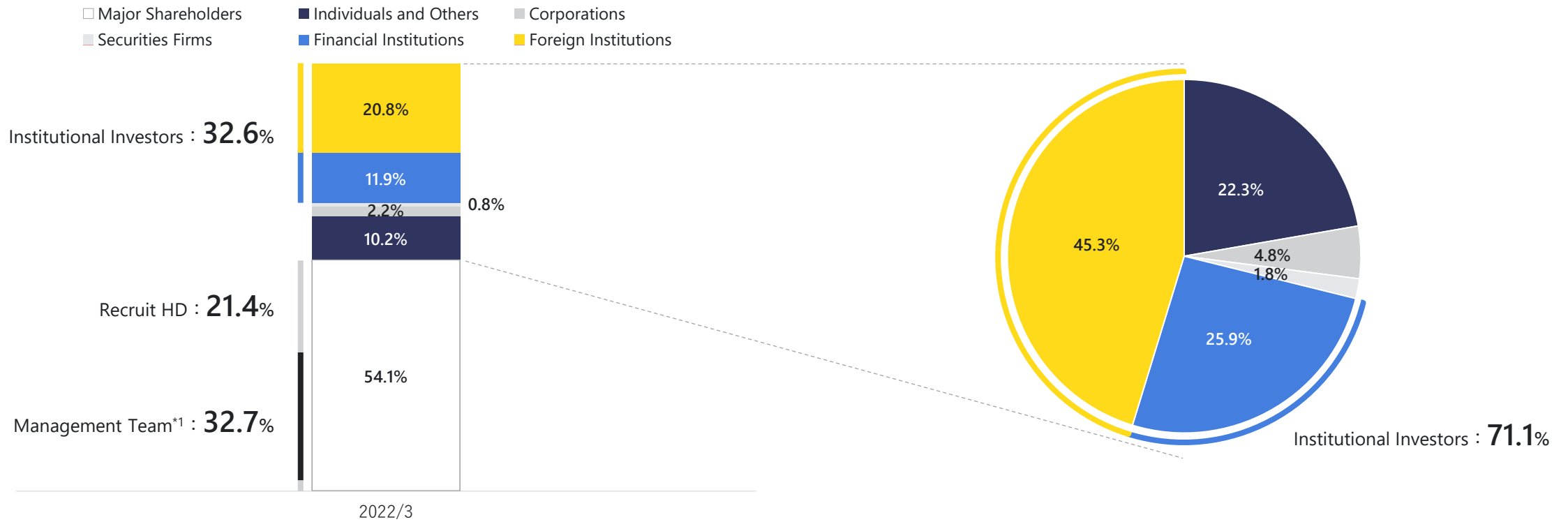
As an attorney licensed by Japan, France and New York State, she is specialized in corporate transactions including M&A or IP related contracts, international arbitrations and data protection in compliance with the GDPR. Partner at Kitahama Partners. She was appointed as Outside Director (Audit and Supervisory Committee Member) in 2022.

Corporate Governance Structure



Ownership Structure (March 2022)

Ownership and Distribution of Shares



*1 : Includes ownership of the three directors, as well as the asset management company



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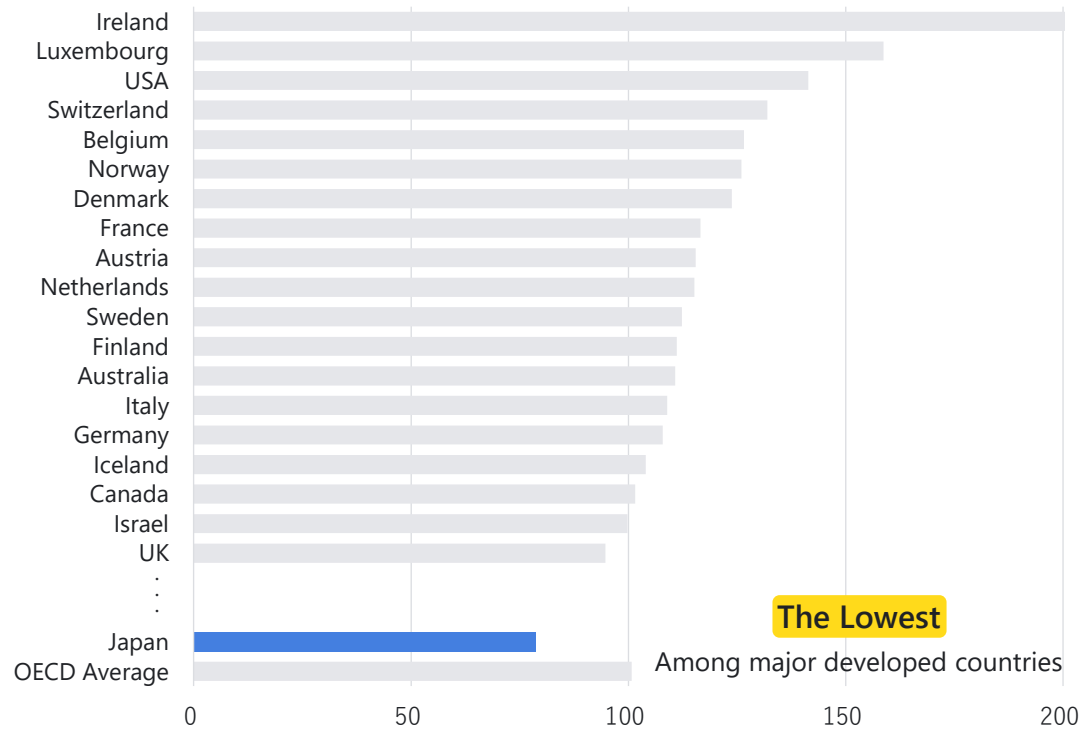
6 . Financials

Japan's Labor Market Challenges

Raising labor productivity and promoting diverse work styles are some of the urgent issues facing the decline in the working-age population

OECD Countries' Labor Productivity (2020, per workers)

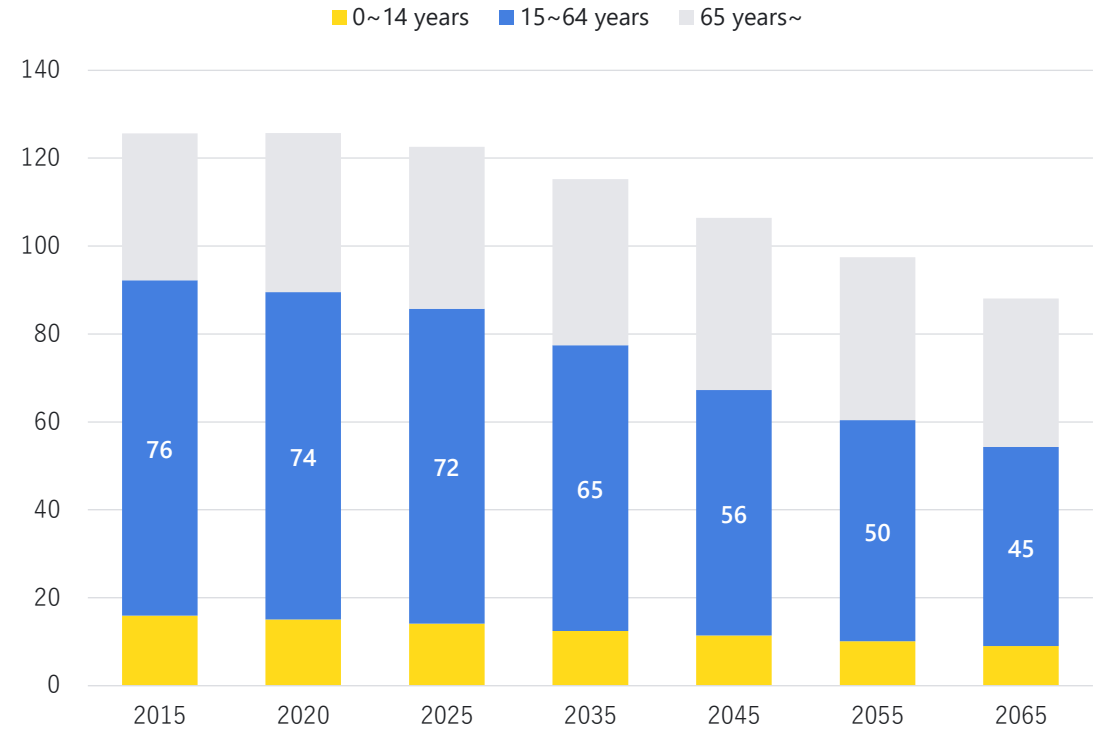
PPP Conversion : US\$ 1,000



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 2021"

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 of employees' skills and abilities

What Is Talent Management System?

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





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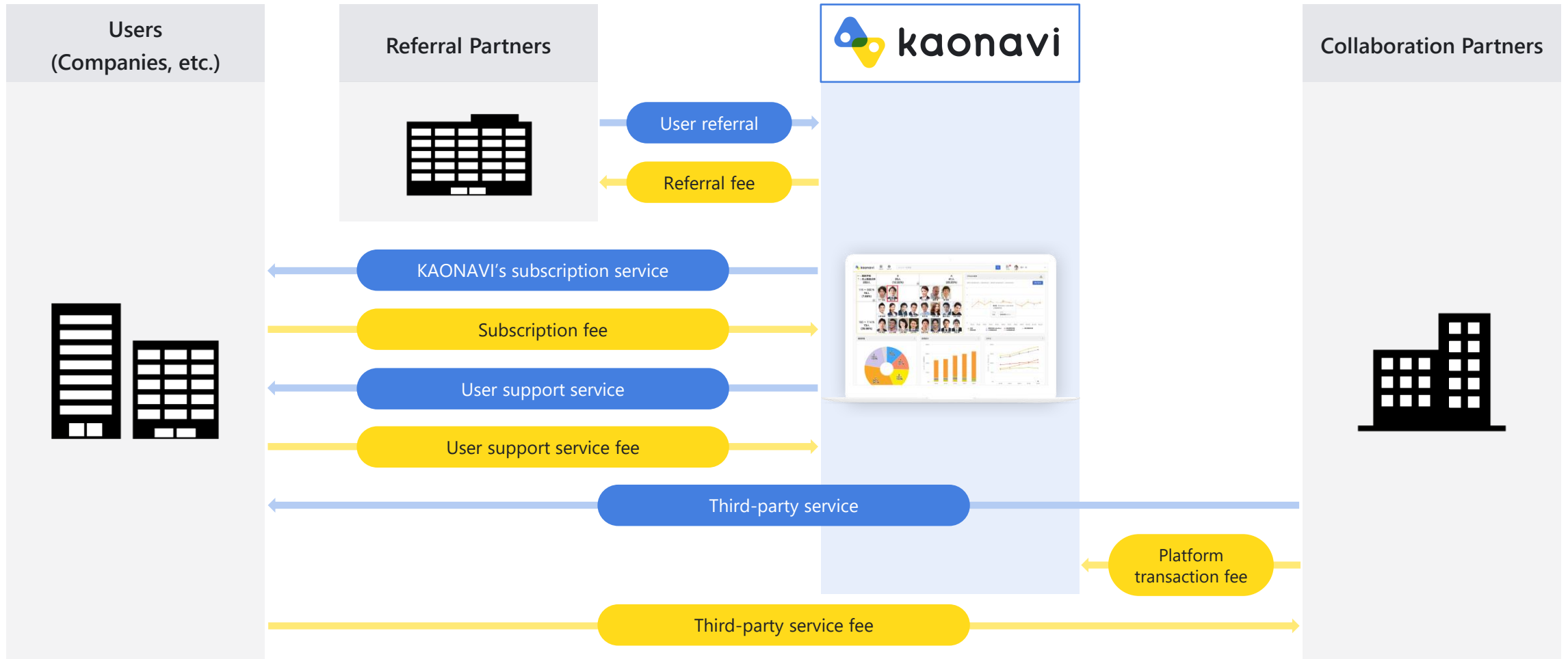
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Business Model*1

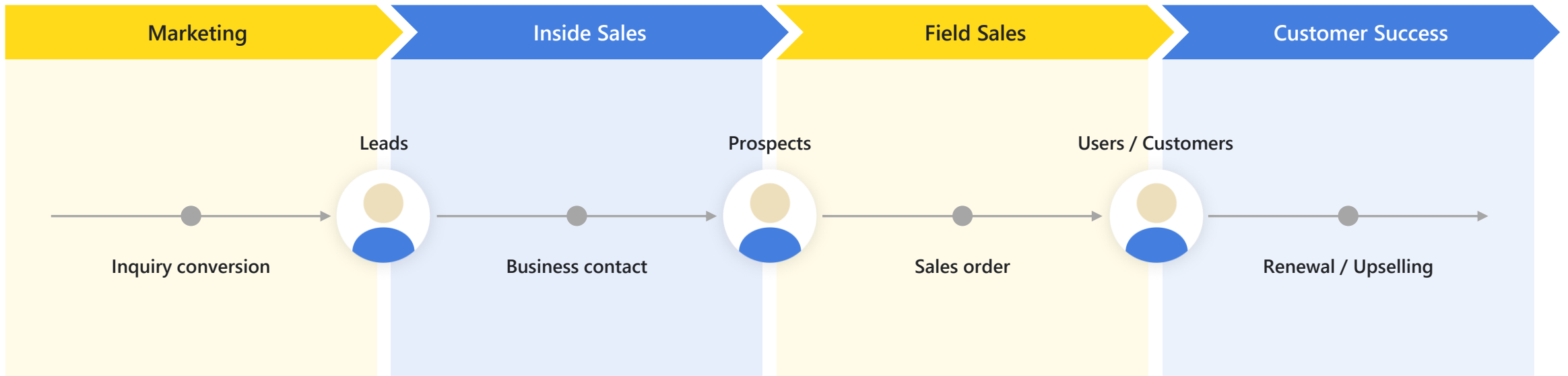
Subscription model for BtoB cloud services



*1 : In addition to direct sales, we also sell through sales partners, which is omitted here because of its small amount

Business Process

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



Fee Structure

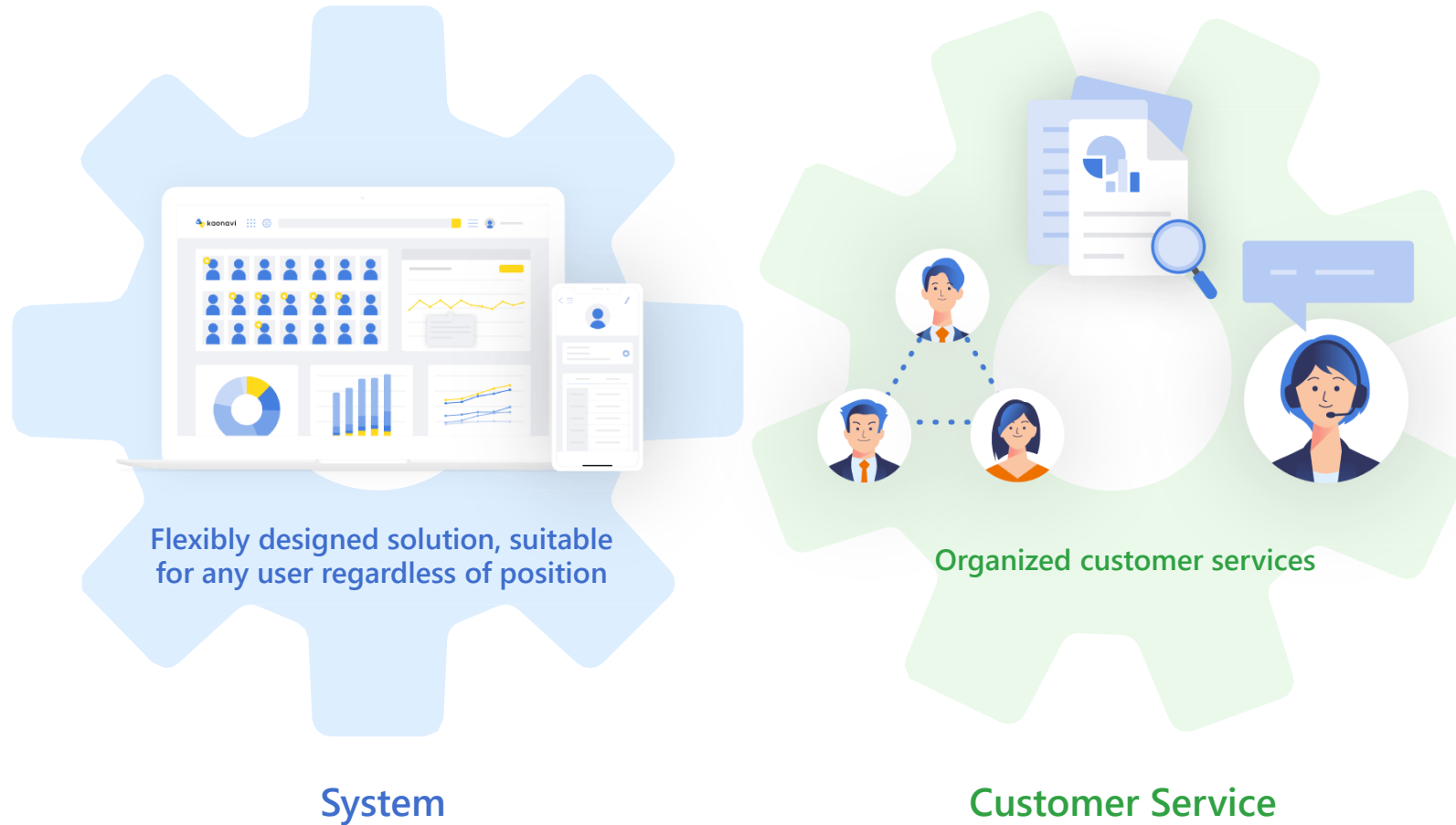
Offer three subscription plans with different sets of functions and charge based on the number of registered employees

| # 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 : In addition to our services such as Pulse Survey and Approval Workflows, we also offer third-party services such as the Aptitude Test (SPI3) provided by Recruit Management Solutions Co., Ltd.

Our Strengths

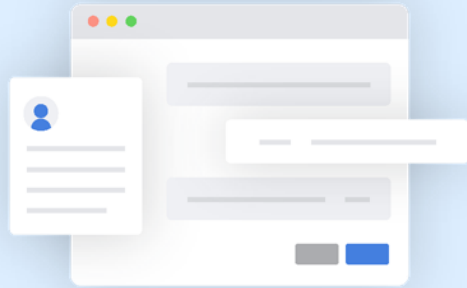
Ensuring both the system and customer service working side by side for our users to thrive in talent management initiatives without any silver bullet



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

Why Customers Choose KAONAVI?


“

The biggest contributor to our choice was **the flexibility and versatility of the system**. Also, the adaptability to future systematic revision is our priority. Another decision factor was **the quality of the customer service**.

J-LEASE  ジェイリース

“

There is no point in introducing these types of tools unless even senior employees can use them easily. Because **KAONAVI is by far simple and easy to use**, I felt that it could engage our employees with a certain degree of satisfaction.

The Nishinippon Shimbun  西日本新聞

“

We decided to choose KAONAVI because of **its pages for employees being simple and user-friendly**.

RICOH LEASING 
リコーリース株式会社

“

Top priority was to see if **our employees can use it easily and intuitively**, not to mention HR team. In addition, it is a pro that **KAONAVI has flexibility to be operable in case of complicated system revision in the future**.

And **the depth of customer service team is so extraordinary** as to wow us every time. Their responses to our inquiries have been quick and helpful after the implementation, which makes us feel **in good hands**.

PONY CANYON 

“

What we liked about KAONAVI consisted of its page layout that encouraged any employee including those unfamiliar to PCs to use it, and its sophisticated support. The key factor was **high customizability**.

Manac  マナック
人と化学の未来をめざして

“

We decided on KAONAVI, with its unique function to visualize employee experience, as well as **its excellent UI/UX that engages any user intuitively**. Most important thing about tools is to let the right people use them without friction, resulting in acceptance throughout the company.

KDDI 

Customer Base

The market leader in talent management system supporting more than 2,400 customers

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





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Strategies for Mid-term Growth

Expand Customer Base

Strengthening Organizational Structure

Raising Visibility

Leveraging Partners

Reducing Churn



Increase ARPU

Upsell Promotion

New Feature Development

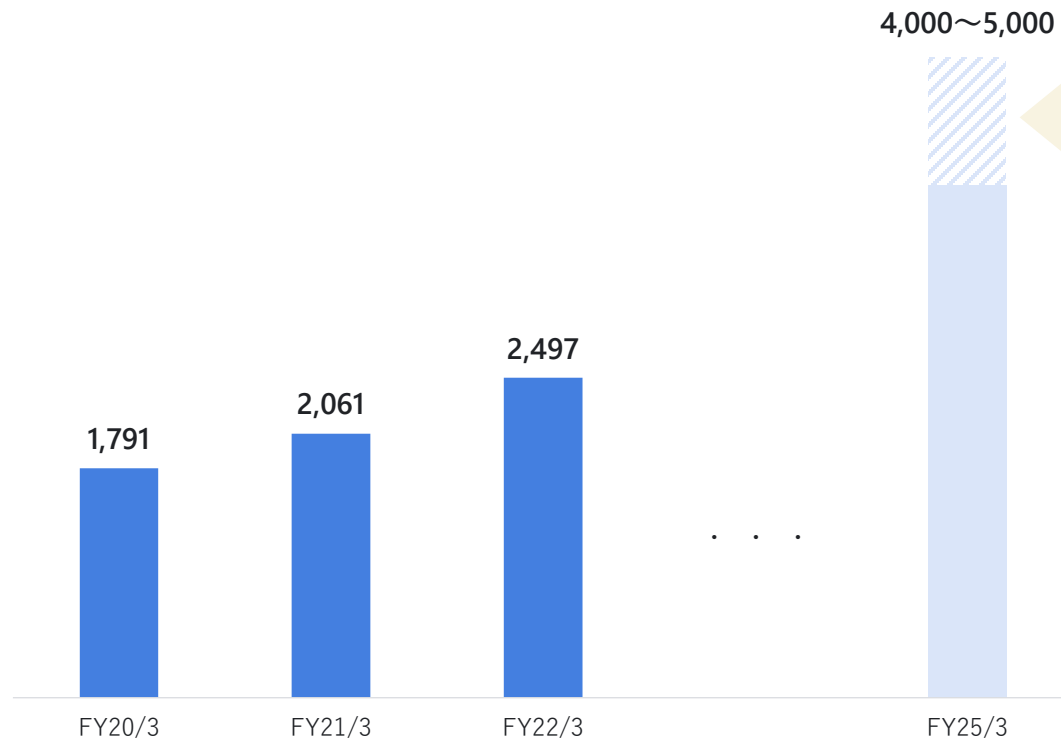
Additional Enterprise Users

Building HR Data Platform

Expand Customer Base

Active Users*1

companies



Strengthening Organizational Structure

- Increase and develop sales personnel
- Strengthen monitoring capabilities for business progress

Raising Visibility

- Mass advertisement to gain recognition
- Area expansion to regional cities

Leveraging Partners

- Expansion of referral partners
- Increase sales via sales partners

Reducing Churn

- Strengthen customer success
- Continuous product improvement to enhance UX

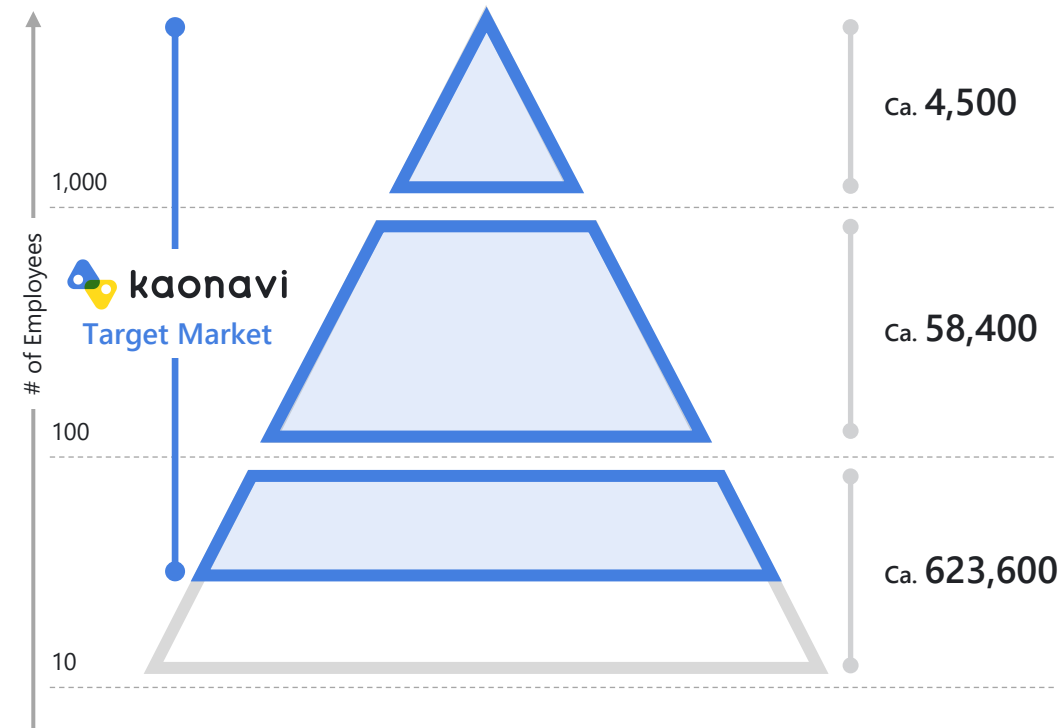
*1 : Number of companies and organizations that are using KAONAVI as of the end of the fiscal year

Growth Potential

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

Number of Companies in Japan

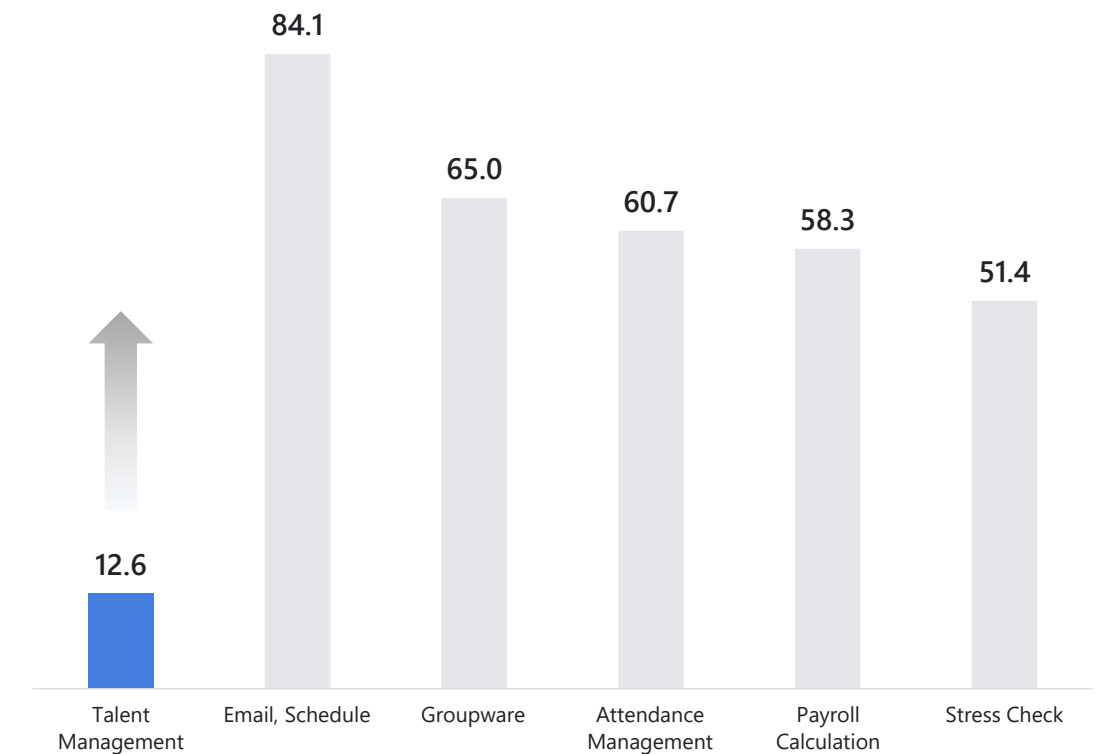
Companies



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

Adoption of HR-related IT Systems in Japan

Adoption Rate : %

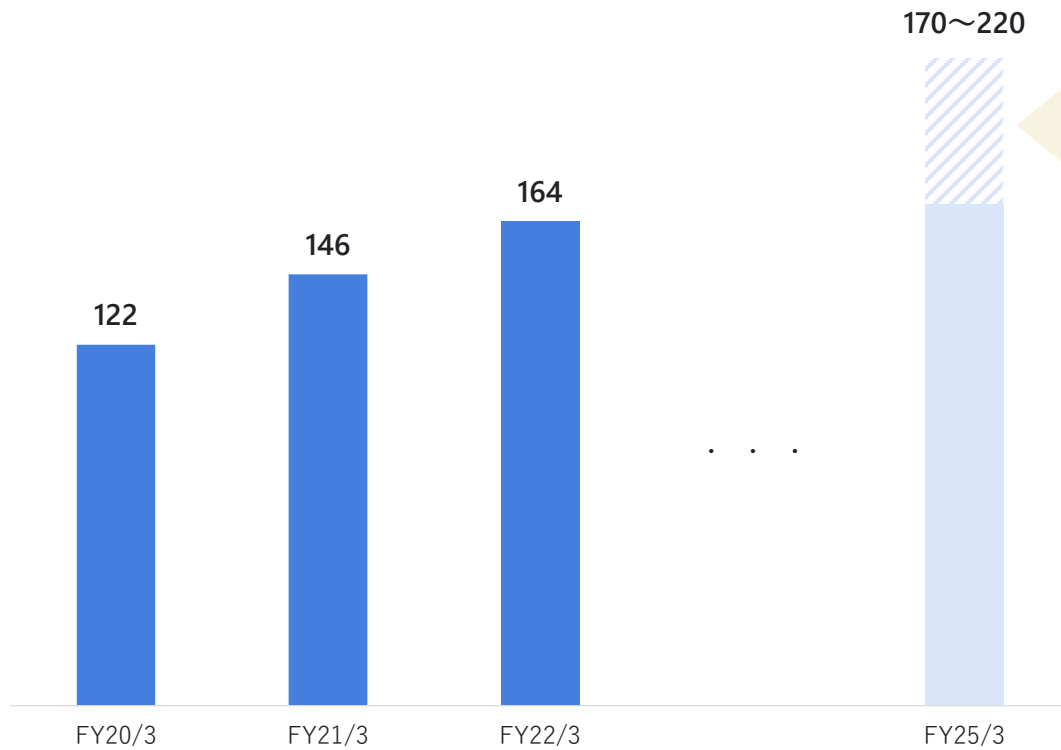


Source : IDC Japan, July 2017

Increase ARPU

ARPU*1

JPY Thou.



Upsell Promotion

- Increase registered members by extending user departments
- Introduce optional functions such as approval workflow

New Feature Development

- Develop new optional features

Additional Enterprise Users

- Apply outbound sales measures

Building HR Data Platform

- Expand services into new business areas leveraging the HR database

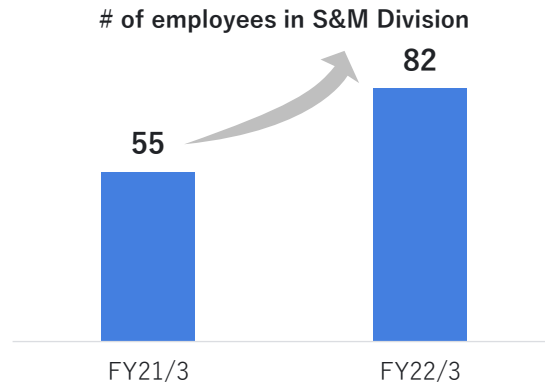
*1 : Average monthly subscription fee per user is calculated by dividing MRR by active users as of the end of the fiscal year

Measures in Place

Various measures have been implemented to expand customer base and increase ARPU, and will continue to take actions going forward

Strengthening Organizational Structure

Increased sales personnel, particularly in field sales and inside sales



Raising Visibility

Aggressive marketing investment mainly in internet advertising, and gained growing recognition through mass advertisement in regional cities

Marketing-related Expenses
JPY 930 million (FY22/3)



Reducing Churn

Enhanced customer success initiatives by reinventing our learning programs and the network for our users to exchange day-to-day use cases



New Feature Development

Released "Creative Map", an image-sharing tool for optimized team building

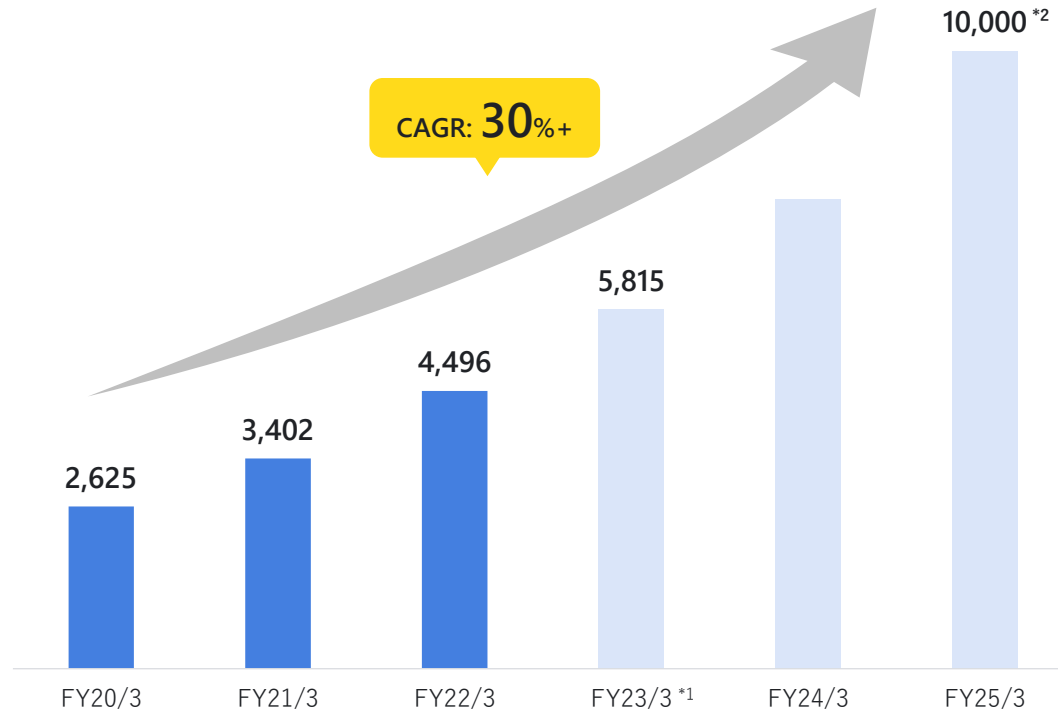


Grand Design of Mid-term Growth

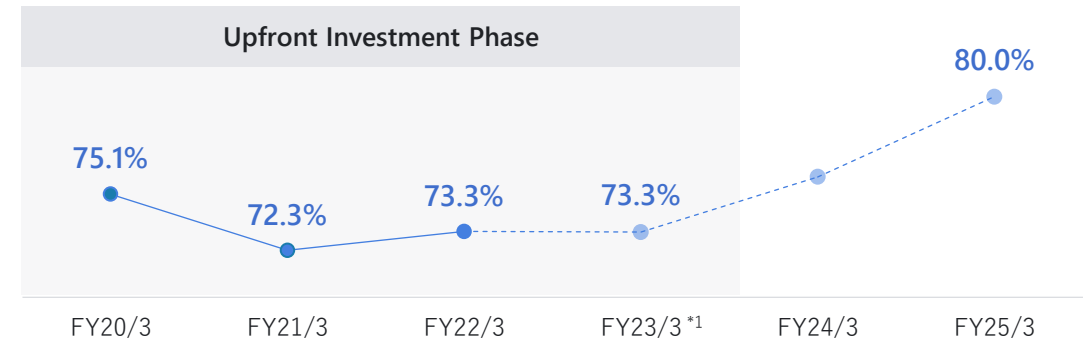
Net sales, GP margin and OP margin to grow up to JPY 10bn, 80% and 30%, respectively in the mid-term

Net Sales Growth

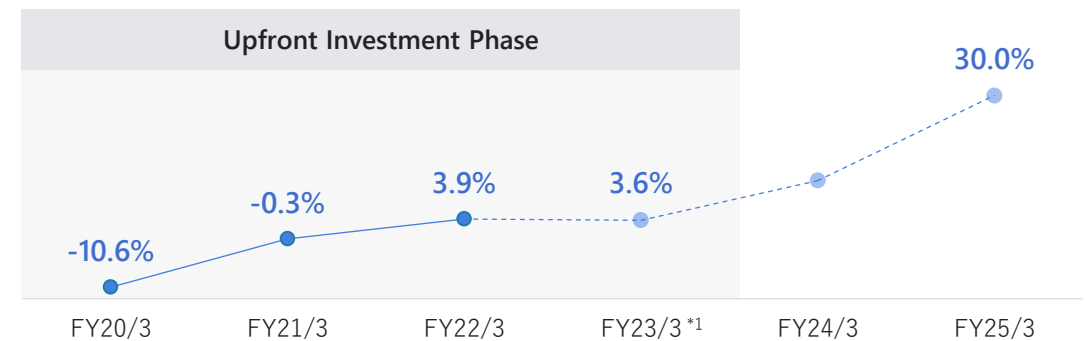
JPY MM



Gross Profit Margin Growth



Operating Profit Margin



*1 : Figures for FY23/3 are the average of the high and low end of the range of the earnings forecast as of May 12, 2022

*2 : Assuming 4,000~5,000 active users and ARPU of 170~220 thousand yen to reach net sales of JPY 10bn

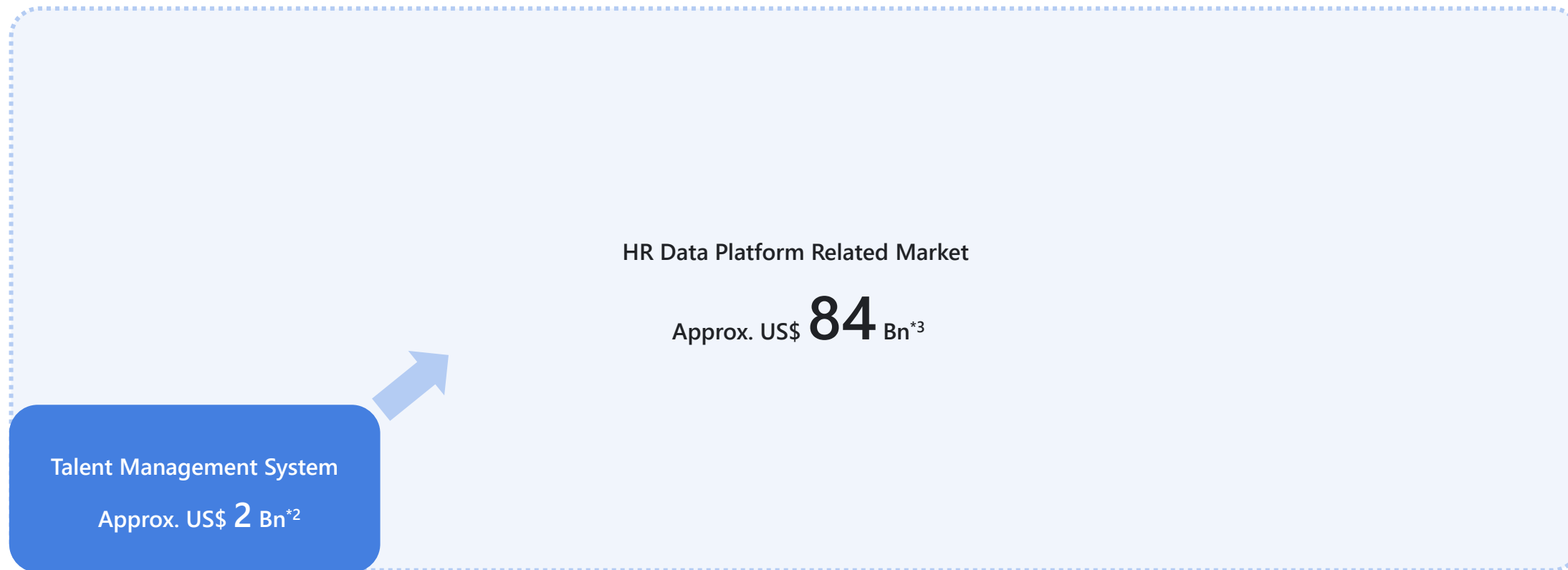
Create a HR data-centric platform

Our HR Data Platform Initiative (Mid-to-long Term Strategy)

Paving the way forward for a HR data platform to create monetization opportunities in new business areas



TAM Expansion Opportunities with HR Data Platform*1



*1 : USDJPY=100. 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 structured 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"

Risk Information

Major Risks*1

Competition

Possibility **M** Severity **H**

There are competing companies in the cloud-based human resource management system field in which we do business. Additionally, it is a growth market and the barrier to entry is not especially high, so there is a chance that more companies will enter the business, making competition fiercer. It is possible that factors such as the business policies, price setting, and products and services of competing companies will have an effect on the markets that we participate in. Therefore, if we are unable to effectively differentiate from these competitors and achieve the business development that we envision, it may have an impact on our business results and financial standing.

Countermeasures

In addition to continuing to provide products and services that fulfill customers' needs, we will work to differentiate ourselves from our competitors by further enhancing the value of customer experience and our customer success capability.

System Issues

Possibility **L** Severity **H**

We provide our services through the internet. However, in the event that a large-scale program defect, natural disaster, accident, unauthorized access incident, or other cause results in an unexpected issue such as a systems failure or network disconnection, the resulting effects, such as damage to social credibility, may have an impact on our business results and financial standing.

In order to operate stable services, we have taken thorough precautions against systems failures including enhancing server equipment, strengthening security, and building a systems management framework.

Personal Information Protection

Possibility **L** Severity **H**

As we handle personal information related to the services we provide, we must fulfill the obligations required of a Personal Information Handling Business Operator under the Act on the Protection of Personal Information. We cannot fully eliminate the possibility of leaks, falsification, unauthorized use, or other incidents concerning the personal information we possess. Therefore, should such an incident occur, factors such as the incurring of considerable costs to carry out an appropriate response, claims for damages or restitution from the Company, or a loss of trust in the Company may have an impact on our business results and financial standing.

We are proactively working to protect personal information. In order to prevent external leaks of personal information, as well as to prevent incidents such as inappropriate usage and falsification, we have positioned the management of personal information as an important business matter and limited the employees who are able to access such information. We also ensure compliance with the Act on the Protection of Personal Information, other relevant laws and regulations, and relevant guidelines applied to the Company through means such as formulating rules including Personal Information Protection Regulations and carrying out thorough internal training for all employees. Additionally, we have obtained Privacy Mark certification.

Talent Acquisition and Development

Possibility **M** Severity **M**

We recognize that in order to continuously expand our business, it is most important that we secure, develop and retain exceptional talent. However, in the event we are unable to sufficiently secure or cultivate the exceptional talent we require when it is needed, or in the event of an outflow of talent, it could result in obstructions to ordinary business operations and business expansion, recruitment costs deviating from planned budgets, and other issues that may have an impact on our business results and financial standing.

We will strive to establish work environments and human resources systems that better fit our employees, and fully enhance training and education programs.

*1 : The legend of "Possibility" and "Severity" is as follows: H: High, M: Medium, L: Low



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Changes in HR Information Management and Work Styles - Past

1980

1990

2000

2010

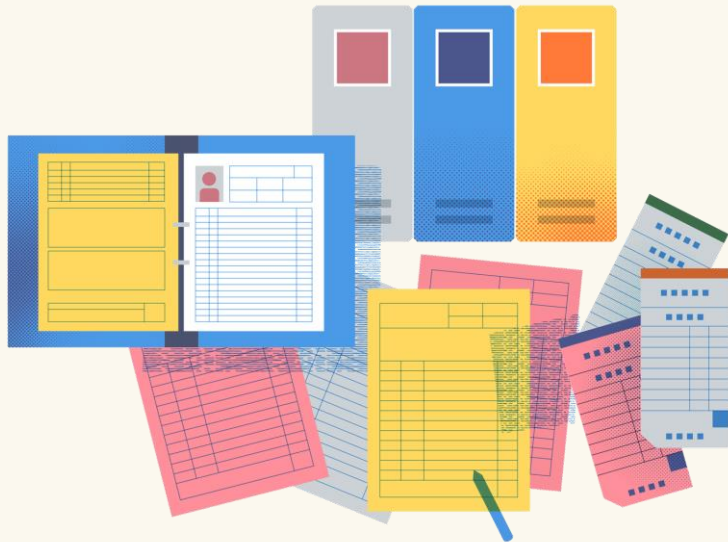
2020

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

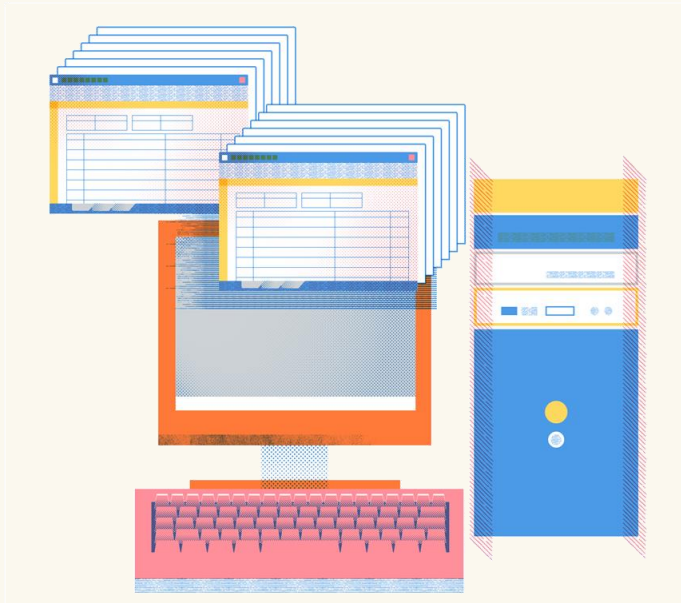
2020

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

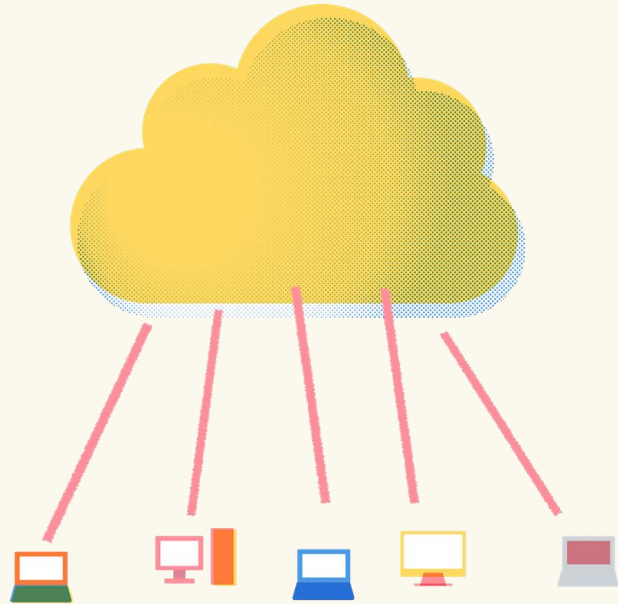
2020

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

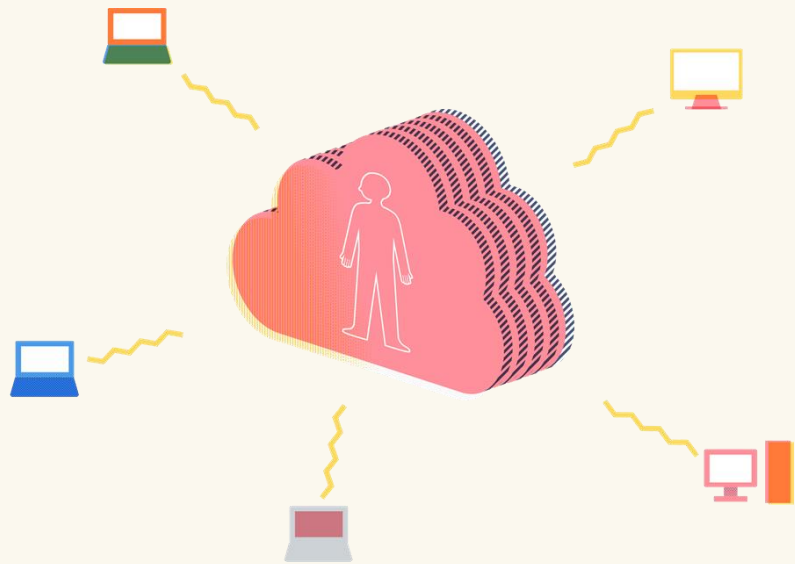
2020

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 Our Company Logo

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 span), 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

資産 580 / 580

| | | | | | | | |
|-----|-----------|-------|----------|------|------|----|----|
| 騎士 | 28 / 32 | 防衛力 | A | 兵糧収入 | 2340 | 製造 | 42 |
| 楯兵 | 73 / 75 | 兵装・兵器 | B | 農地 | 9000 | 治療 | 61 |
| 弓兵 | 72 / 80 | 馬 | 40 | 生産性 | 35 | 修繕 | 34 |
| 歩兵 | 181 / 196 | 大砲 | 1 | 肥沃度 | 59 | | |
| 衛生兵 | 24 / 24 | 投石器 | 5 | 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



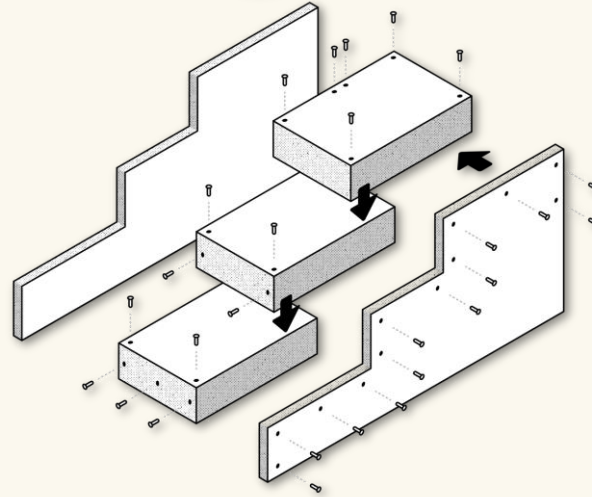
Flexibility-rich System

Adaptability to meet various needs of users instead of predefining 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

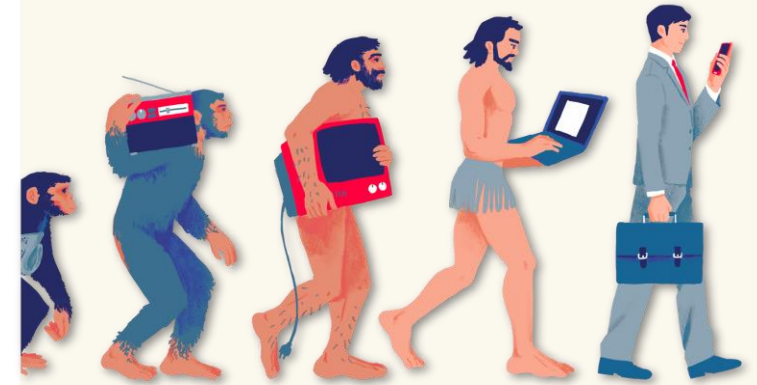


Stress-free Usability

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

Trying to realize that simple design which is extremely easy for any users 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 it.



1 . Our Company

2 . Talent Management in Higher Demand

3 . Our Services

4. Growth Strategies and Potential Market

5 . The Future of “WORK” and kaonavi

6 . Financials

Financial Highlights (FY22/3 4Q)

ARR*1

4,912 JPY MM
(+36.0% YoY)

Active Users*2

2,497 Companies
(+21.2% YoY)

ARPU*3

164 JPY Thou.
(+12.2% YoY)

Churn Rate*4

0.56 %
(-0.16pt YoY)

LTV/CAC*5

8.6 x
(+2.8pt YoY)

Gross Profit Margin

74.0 %
(+5.7pt YoY)

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

MRR is monthly subscription fee based on the contract value that does not reflect the new revenue recognition standard or prorated free-month (one of managerial accounting figures)

*2 : Number of companies and organizations that are using KAONAVI as of the end of the quarter

*3 : Average monthly subscription fee per user is calculated by dividing MRR by active users as of the end of the quarter

*4 : Last 12-month average churn rate based on MRR

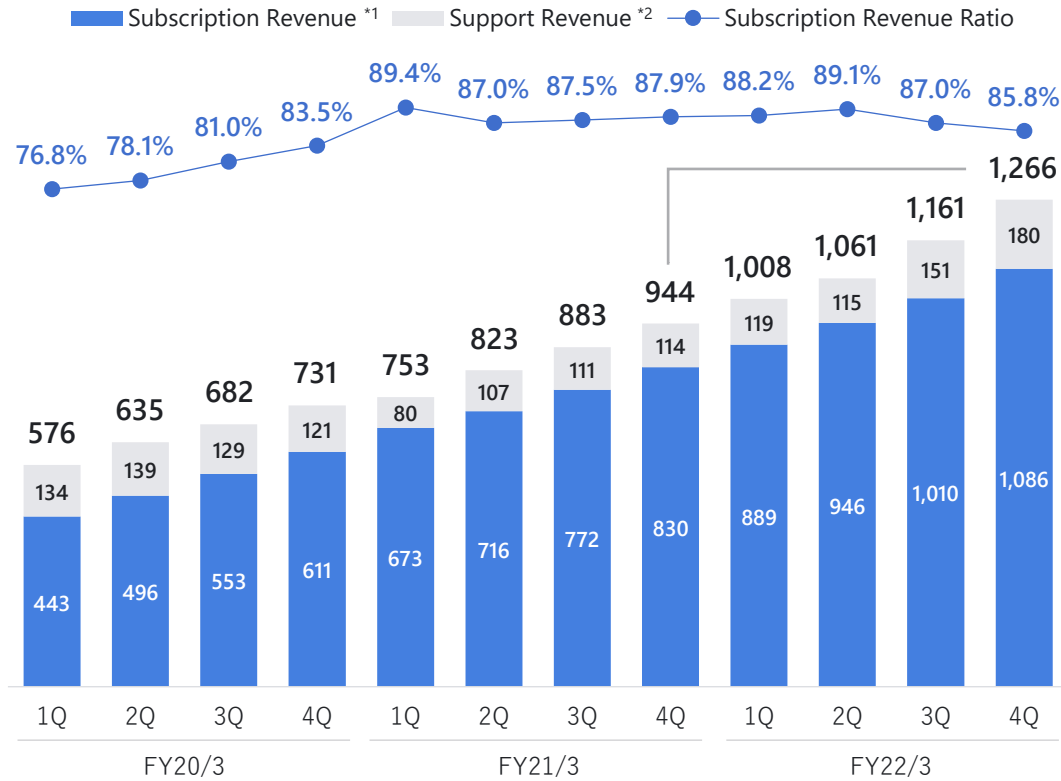
*5 : Last 12-month average of the ratio calculated by dividing LTV (Lifetime Value) by CAC (Customer Acquisition Cost)

Net Sales and ARR

Net sales increased by 34.1% YoY. ARR also continued to grow firmly

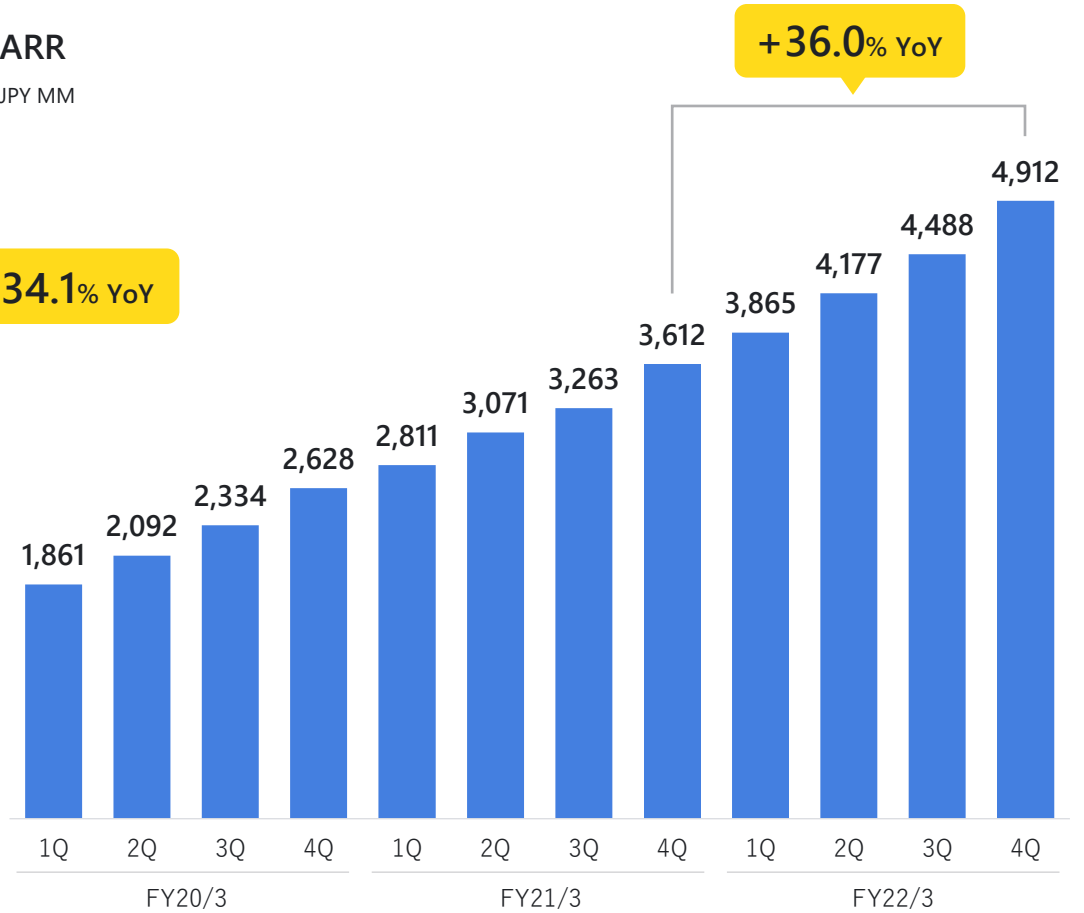
Net Sales

JPY MM



ARR

JPY MM



*1 : Net sales from monthly subscription fee

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

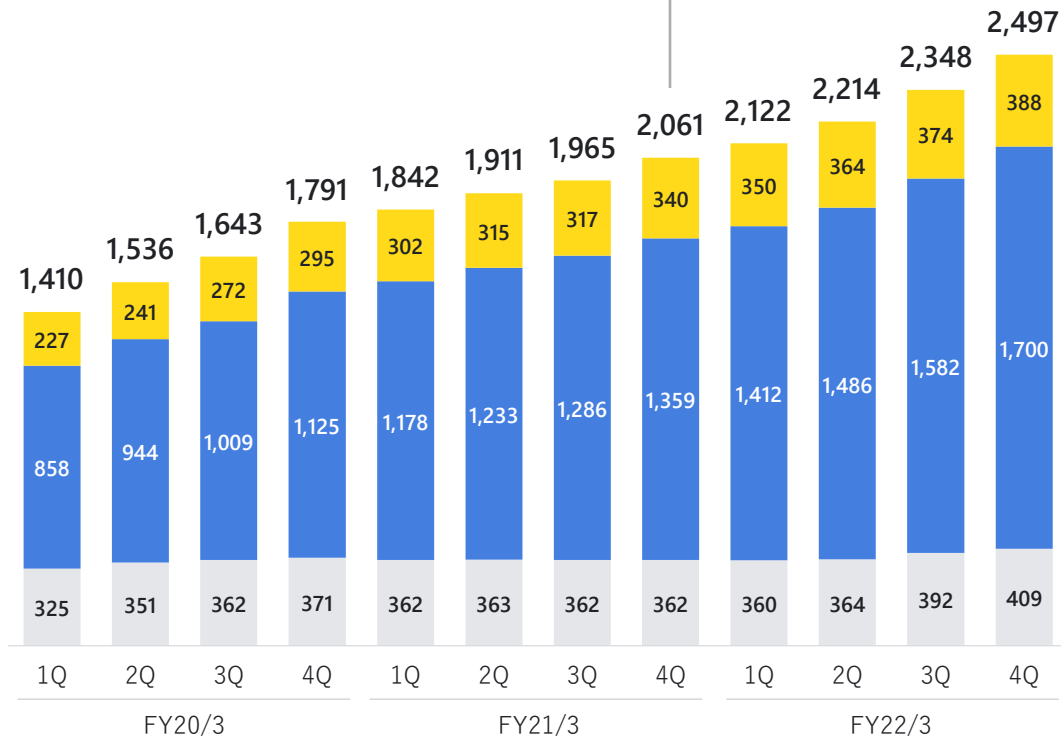
Active Users and ARPU

The number of active users and ARPU increased steadily, by 21.2% and 12.2% YoY, respectively

Active Users by the Size of Registered Employees

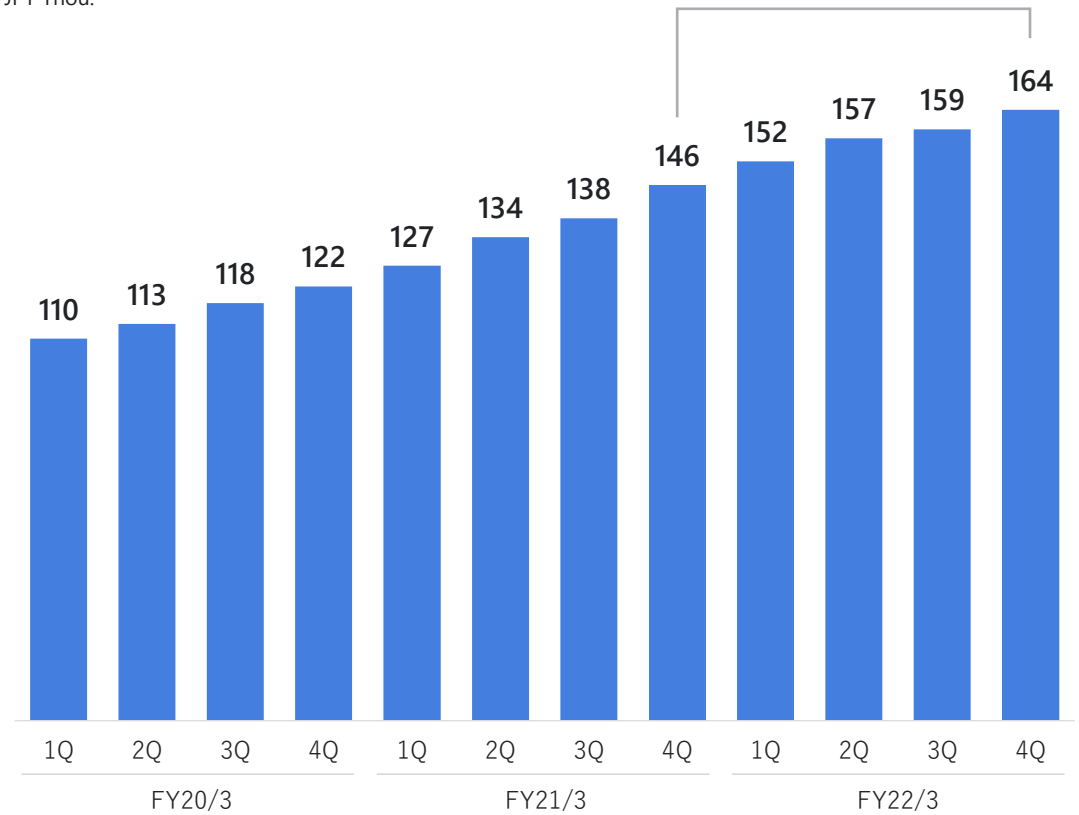
Companies

■ 100 people ■ 200~900 people ■ 1,000~ people



ARPU

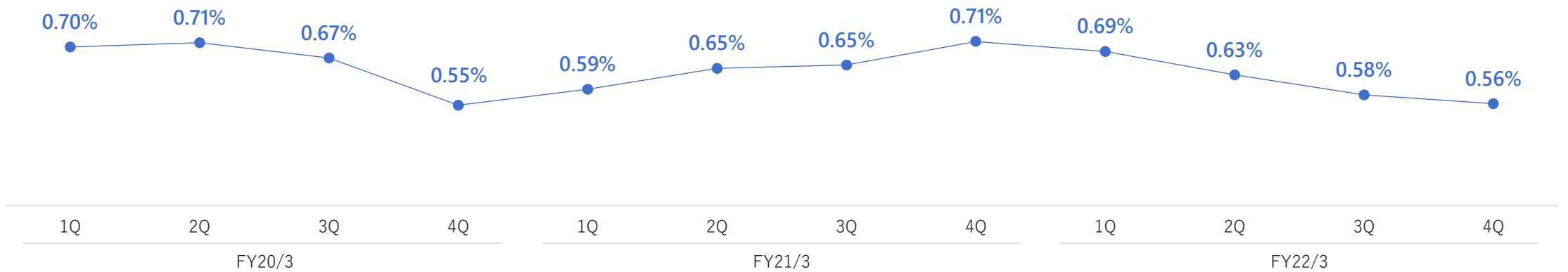
JPY Thou.



Churn Rate

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

Last 12-Month Average of MRR Churn Rate^{*1}



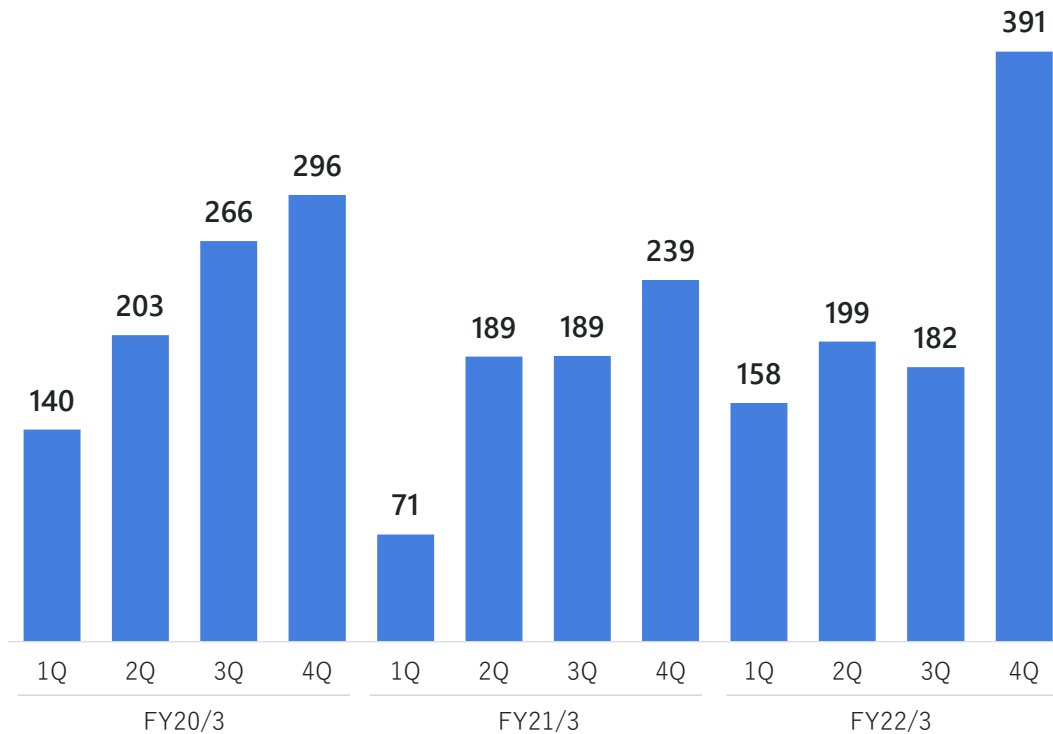
*1 : MRR churn rate = MRR lost in the month / MRR as of the end of previous month

Unit Economics

Maintaining healthy unit economics

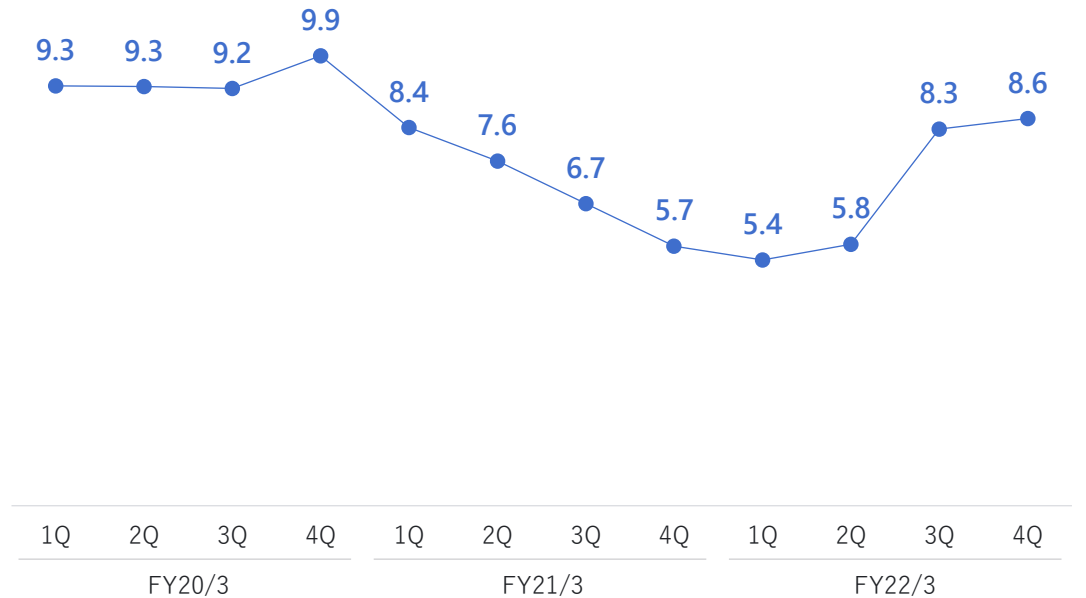
Marketing-related Expenses*1

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

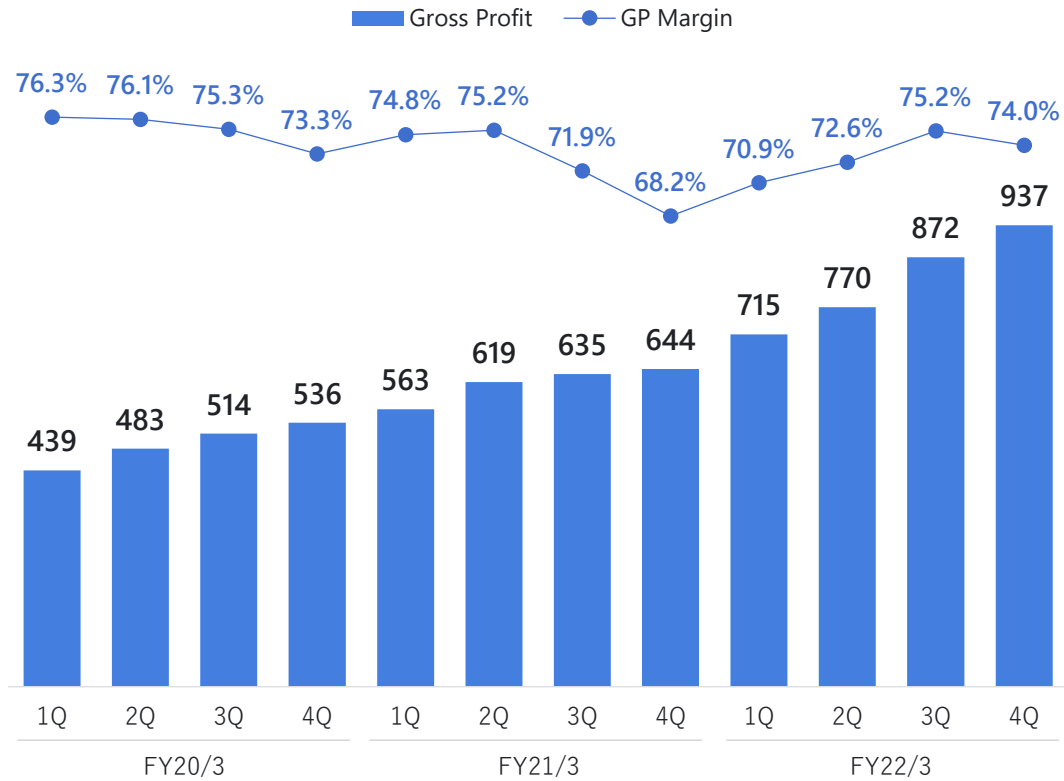
CAC = Sales & Marketing cost of the month (personnel costs for S&M/CS/PR, marketing-related expenses, rents, system usage fee, etc.) / # of new customer acquired in the month

Gross Profit and Cost of Sales

Gross profit, a source of profitability, has increased steadily

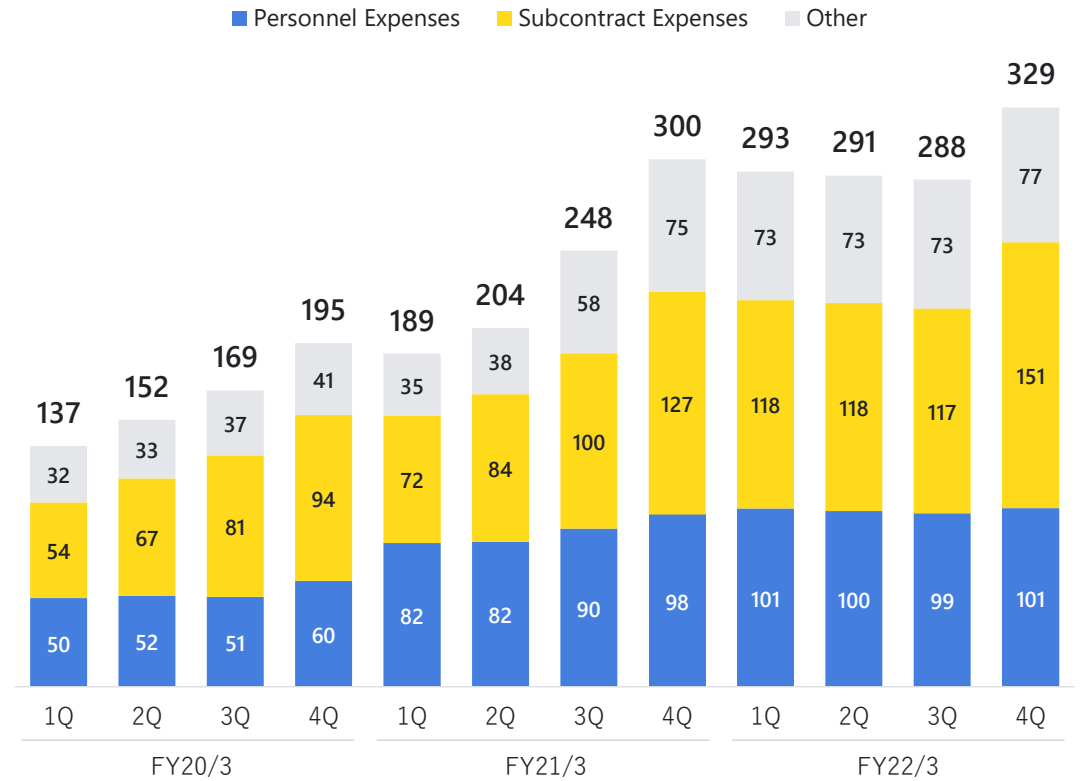
Gross Profit

JPY MM



Cost of Sales

JPY MM

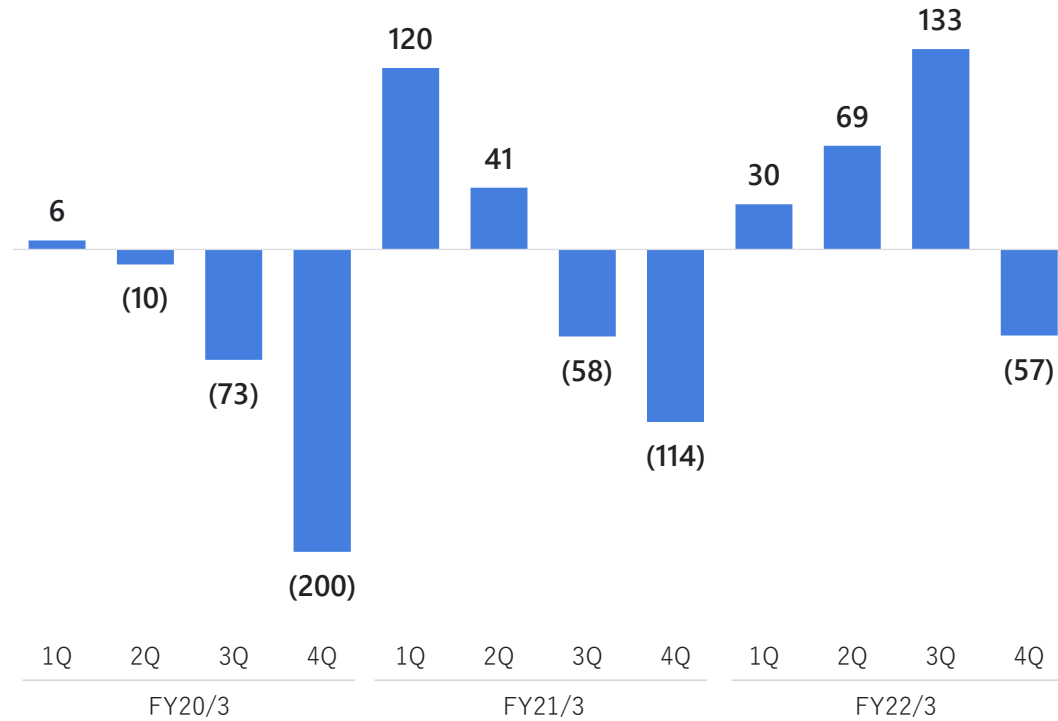


Operating Profit and SG&A

Along with gross profit growth, profitability to generate operating profit also improved
 Accelerated marketing investment considering current business environment and KPIs

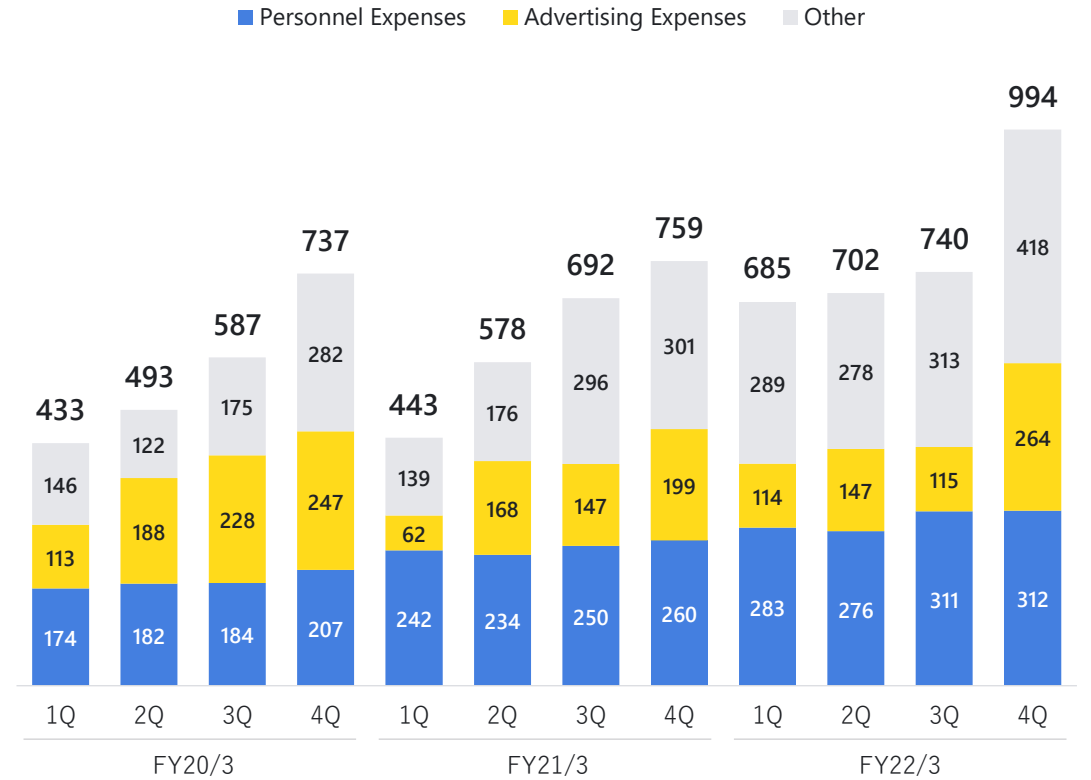
Operating Profit

JPY MM



SG&A

JPY MM

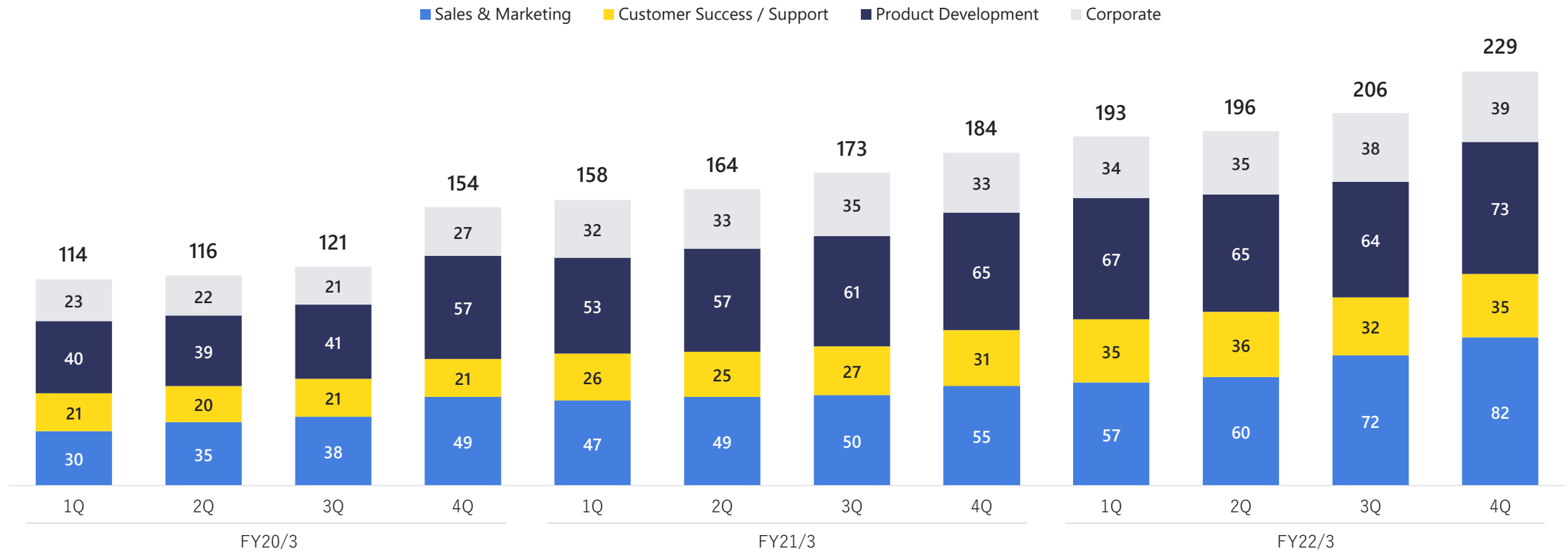


Number of Employees

Continuing to increase the number of employees to strengthen the organizational structure

Number of Employees*¹

People



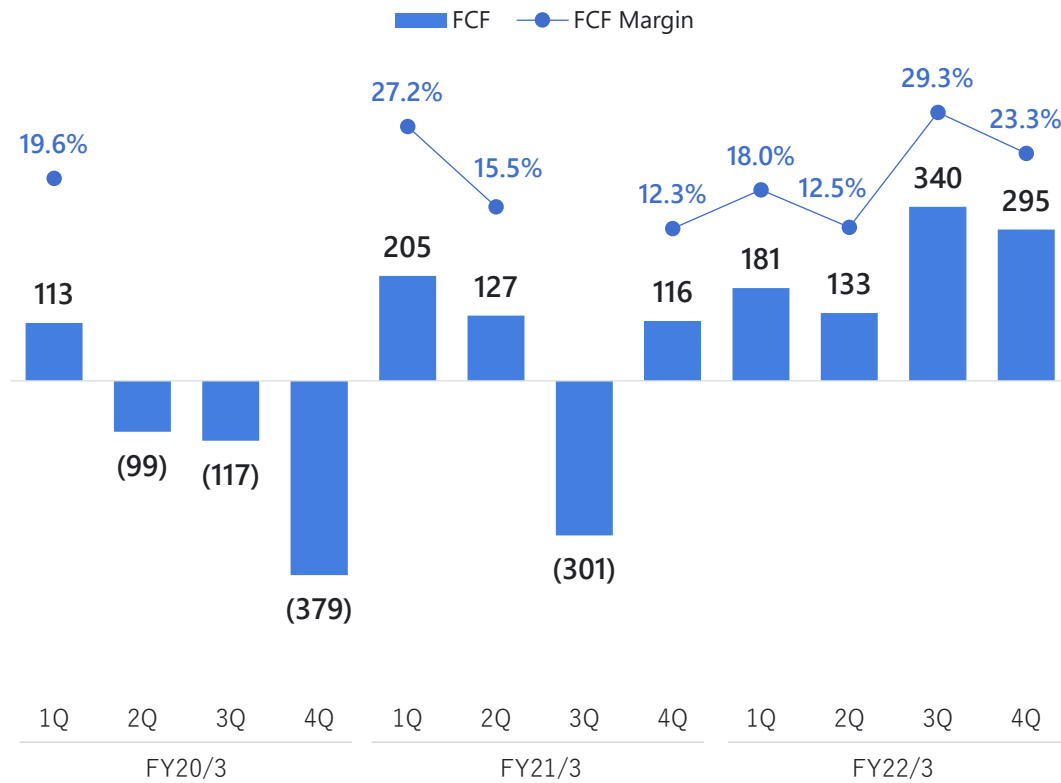
*1 : The number of full-time employees at the end of the quarter

Free Cash Flow and Deferred Revenue

Steadily improving cash-generation capacity due to the growth of subscription revenue

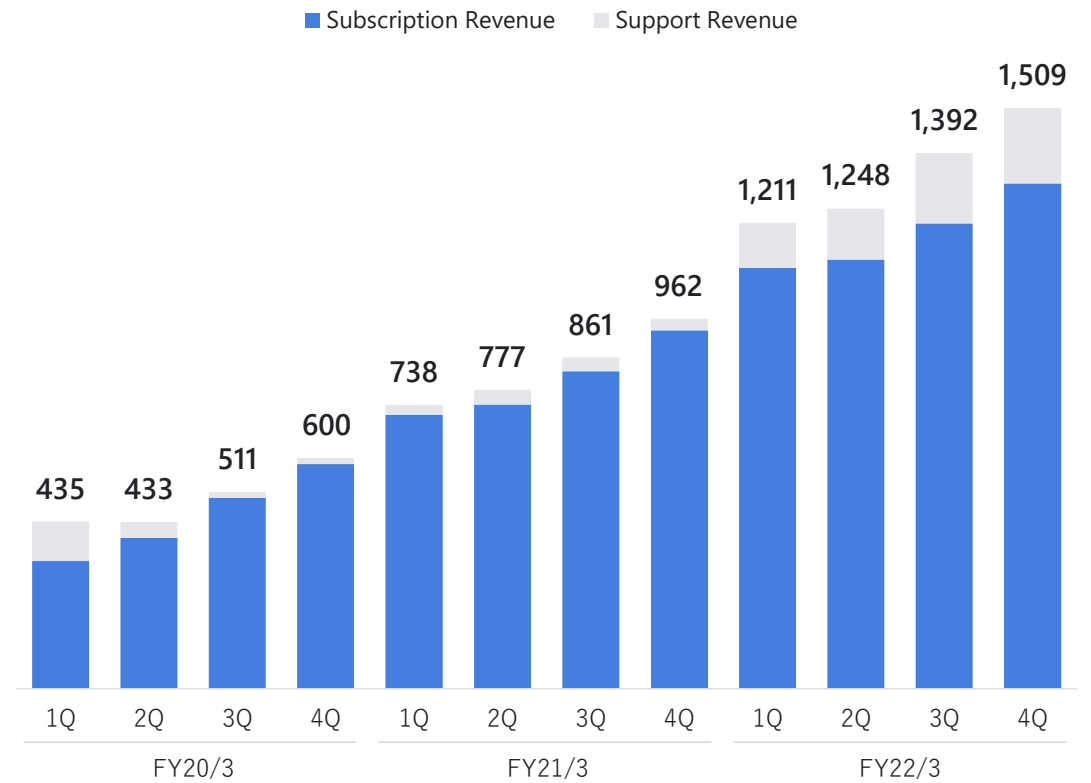
FCF

JPY MM



Deferred Revenue

JPY MM



FY23/3 Financial Forecast

Net sales are expected to grow by 27.7~31.0% YoY

Gross profit margin is expected to be at the same level of 72.8~73.7% in FY22/3 aligning with our policy to continuously focus on product development with an aim of sustainable growth. In addition, we plan to make aggressive investment in recruiting and marketing activities, and expect operating profit to be 120~300 million yen

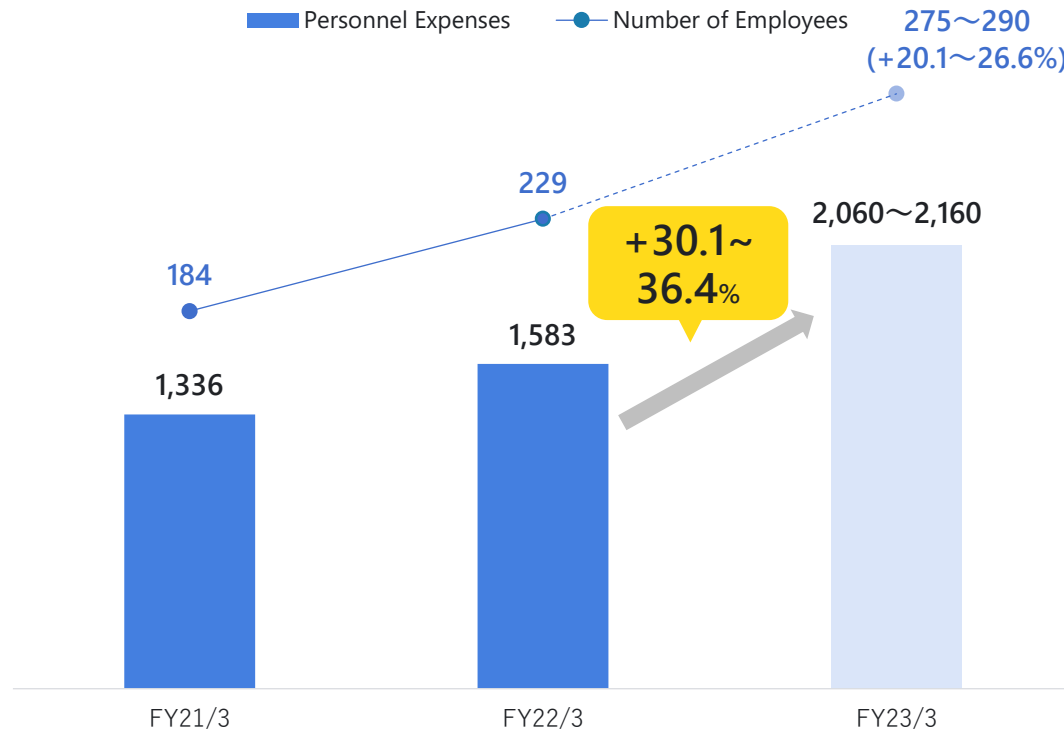
| JPY MM | FY22/3 Actual | FY23/3 Forecast | Change Amount | YoY |
|-------------------------|------------------|----------------------|-----------------|-------------------|
| Net Sales | 4,496 | 5,740 ~ 5,890 | +1,244 ~ +1,394 | ✓ +27.7% ~ +31.0% |
| Subscription Revenue | 3,931 | 4,970 ~ 5,060 | +1,039 ~ +1,129 | +26.4% ~ +28.7% |
| Support Revenue | 565 | 770 ~ 830 | +205 ~ +265 | +36.2% ~ +46.8% |
| Gross Profit | 3,295 | 4,180 ~ 4,340 | +885 ~ +1,045 | +26.9% ~ +31.7% |
| Margin | 73.3% | ✓ 72.8% ~ 73.7% | - | -0.5pt ~ +0.4pt |
| Operating Profit | 174 | ✓ 120 ~ 300 | -54 ~ +126 | -31.1% ~ +72.3% |
| Margin | 3.9% | 2.1% ~ 5.1% | - | -1.8pt ~ +1.2pt |

Major Cost Assumptions

Due to the concentration of hiring in the second half of FY22/3, personnel expenses for FY23/3 are expected to increase at a higher rate than that of employee headcount, by 30.1~36.4% YoY. Marketing-related expenses are expected to increase by 18.3~29.1% YoY

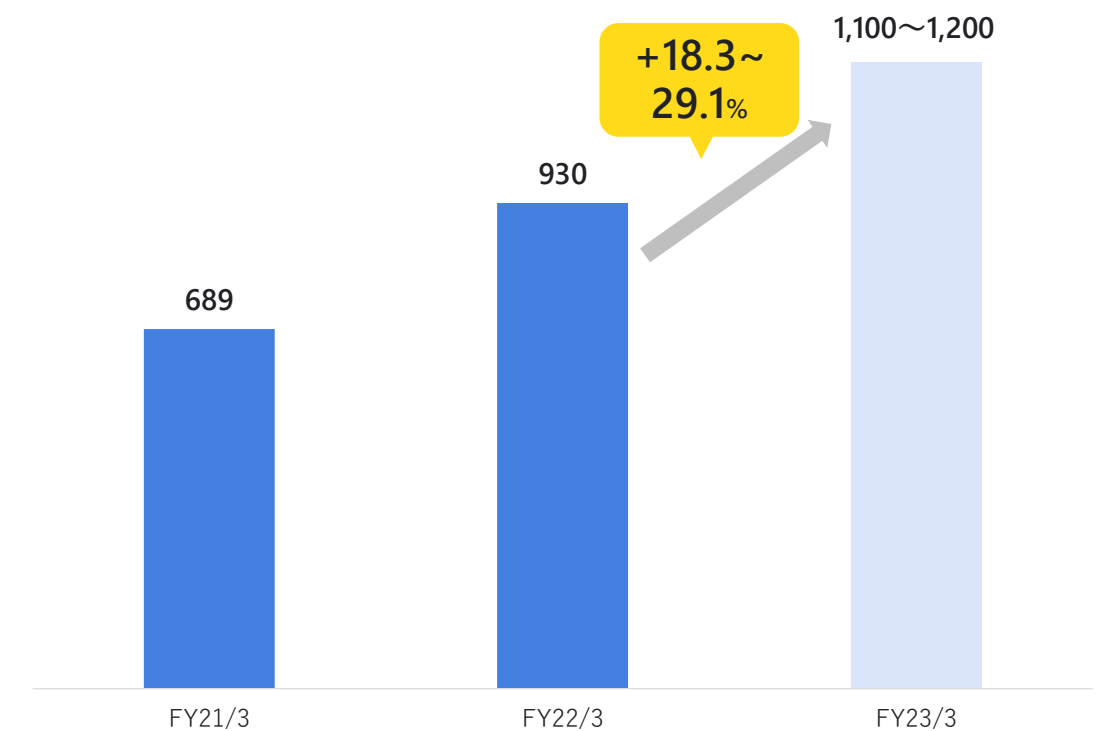
Staffing Plan and Personnel Expenses (CoS+SG&A) Forecast

Personnel Expenses : JPY MM, Number of Employees : People



Marketing-related Expenses Forecast

JPY MM



Disclaimer

The contents set out in this material are prepared based on generally acknowledged economic, social and other conditions, and on certain assumptions deemed rational by kaonavi, inc. and may therefore be subject to change without prior notice due to changes in the managerial environment for other reasons.

The forward-looking statements set out in this material including performance outlooks are based on information currently available to kaonavi, inc. and on certain assumptions deemed rational, and may therefore differ materially from actual results due to uncertainties in judgements or assumptions, or for other reasons.

Such factors of uncertainty and change include both general, domestic and international economic conditions, such as fluctuations of interest rates and foreign exchange, and general industry and market conditions.

This material is an excerpt translation of the original Japanese material and is only for reference purposes. In the event of any discrepancy between this translated material and the original Japanese material, the later shall prevail.

The update of “Our Business Plans and Growth Potential” will be disclosed after every announcement of full year financial results from now onward. However, financial figures and KPIs will be updated on a quarterly basis.

Contact IR : ir@kaonavi.jp

