

Translation

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**Summary of Financial Results
for the Three Months Ended June 30, 2022
(Based on Japanese GAAP)**

August 10, 2022

Company name: kaonavi, inc.
 Listed stock exchange: Tokyo
 Stock code: 4435 URL <https://corp.kaonavi.jp/en>
 Representative: Representative Director, President & Co-CEO Hiroyuki Sato
 Inquiries: Director & CFO Kimitaka Hashimoto TEL 03(6633)3258
 Scheduled date to file Quarterly Securities Report: August 10, 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 three months ended June 30, 2022 (April 1, 2022 - June 30, 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	%
Three months ended June 30, 2022	1,369	35.7	109	265.3	107	284.8	79	340.0
Three months ended June 30, 2021	1,008	33.9	30	(75.2)	28	(76.6)	18	(78.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	6.83		6.41	
Three months ended June 30, 2021	1.57		1.45	

(2) Financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2022	4,201		1,296		30.8	
As of March 31, 2022	3,993		1,208		30.3	

Reference: Shareholders' equity June 30, 2022: 1,296million yen March 31, 2022: 1,208 million yen

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Fiscal year-end	Total
Year ended March 31, 2022	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Year ending March 31, 2023	—	—	—	—	—
Year ending March 31, 2023 (forecast)	—	0.00	—	0.00	0.00

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

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: Revisions of most recent financial results forecast: None

4. Notes

- (1) Application of special accounting methods for preparing quarterly financial statements: Yes

(Calculation of tax expenses)

Tax expenses are calculated by making a reasonable estimate of the effective tax rate after application of tax-effect accounting to profit before income taxes for the fiscal year including the first quarter of the fiscal year under review, with quarterly profit before income taxes then multiplied by the estimated effective tax rate.

However, in the event that this tax expense calculation using estimated effective tax rate results in a significantly improbable figure, a method using the statutory effective tax rate may be adopted.

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

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions to accounting standards and other regulations: | None |
| 2) Changes in accounting policies due to other reasons: | None |
| 3) Changes in accounting estimates: | None |
| 4) Restatement of prior period financial statements: | None |

- (3) Number of shares outstanding (common shares)

- | | | | |
|---|-------------------|-----------------------------------|-------------------|
| 1) Total number of issued shares at the end of the period (including treasury shares) | | | |
| As of June 30, 2022: | 11,523,700 shares | As of March 31, 2022: | 11,518,800 shares |
| 2) Number of treasury stock at the end of period | | | |
| As of June 30, 2022: | 280 shares | As of March 31, 2022: | 280 shares |
| 3) Average number of shares outstanding during the period | | | |
| Three months ended June 30, 2022: | 11,520,108 shares | Three months ended June 30, 2021: | 11,422,198 shares |

This quarterly report of financial results is out of scope of quarterly 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.

Quarterly Financial Statements

1. Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	2,835,157	3,024,371
Accounts receivable - trade	210,235	193,999
Prepaid expenses	142,938	172,109
Other	2,321	4,107
Allowance for doubtful accounts	(189)	(175)
Total current assets	3,190,461	3,394,411
Non-current assets		
Property, plant and equipment		
Buildings	199,627	199,627
Accumulated depreciation	(45,295)	(53,717)
Buildings, net	154,331	145,909
Tools, furniture and fixtures	83,813	83,813
Accumulated depreciation	(48,121)	(51,651)
Tools, furniture and fixtures, net	35,692	32,163
Construction in progress	—	5,610
Total property, plant and equipment	190,024	183,682
Intangible assets		
Trademark right	297	278
Software	9,813	8,673
Total intangible assets	10,110	8,950
Investments and other assets		
Investment securities	52,002	72,601
Guarantee deposits	388,081	384,459
Long-term prepaid expenses	17,182	11,416
Deferred tax assets	145,101	145,101
Total investments and other assets	602,366	613,575
Total non-current assets	802,499	806,208
Total assets	3,992,960	4,200,618

(Thousands of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	57,192	57,263
Current portion of long-term loans payable	127,164	127,164
Accounts payable - other	310,531	172,628
Accrued expenses	194,352	222,959
Income taxes payable	79,429	40,659
Accrued consumption taxes	101,869	62,414
Deposits received	12,655	14,796
Deferred revenue	1,509,403	1,873,773
Contract liabilities	47,556	31,384
Provision for share-based compensation	17,550	6,246
Total current liabilities	2,457,700	2,609,285
Non-current liabilities		
Long-term loans payable	327,381	295,590
Total non-current liabilities	327,381	295,590
Total liabilities	2,785,081	2,904,875
Net assets		
Shareholders' equity		
Capital stock	1,125,259	1,129,840
Capital surplus		
Legal capital surplus	1,115,259	1,119,840
Total capital surplus	1,115,259	1,119,840
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,031,614)	(952,910)
Total retained earnings	(1,031,614)	(952,910)
Treasury stock	(1,026)	(1,026)
Total shareholders' equity	1,207,879	1,295,743
Total net assets	1,207,879	1,295,743
Total liabilities and net assets	3,992,960	4,200,618

2. Statements of Income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	1,008,288	1,368,551
Cost of sales	293,005	333,158
Gross profit	715,283	1,035,393
Selling, general and administrative expenses	685,467	926,479
Operating profit	29,816	108,915
Non-operating income		
Interest income	1	1
Miscellaneous income	—	17
Total non-operating income	1	18
Non-operating expenses		
Interest expenses	1,463	1,148
Share issuance cost	447	388
Other	1	—
Total non-operating expenses	1,911	1,536
Ordinary profit	27,906	107,397
Profit before income taxes	27,906	107,397
Total income taxes	10,019	28,694
Net Profit	17,887	78,703