

Translation

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**Summary of Financial Results
for the Six Months Ended September 30, 2023
(Based on Japanese GAAP)**

November 13, 2023

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: November 13, 2023
 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 six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)

(1) Operating results (cumulative)

(Percentages show year-on-year changes)

	Net sales		Adjusted operating profit		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	3,598	27.9	366	104.9	275	89.6	273	92.3	126	34.2
Six months ended September 30, 2022	2,813	35.9	179	51.5	145	47.1	142	50.1	94	50.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	10.91	10.26
Six months ended September 30, 2022	8.16	7.66

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

(2) Financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	5,125	1,627	31.7
As of March 31, 2023	4,623	1,491	32.3

Reference: Shareholders' equity September 30, 2023: 1,627 million yen March 31, 2023: 1,491 million yen

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	—	0.00	—	0.00	0.00
Year ending March 31, 2024	—	0.00			
Year ending March 31, 2024 (forecast)			—	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, 2024 (April 1, 2023 - March 31, 2024)

(Percentages show year-on-year changes)

	Net sales		Adjusted operating profit	
	Millions of yen	%	Millions of yen	%
Full year	7,390 ~7,510	23.4 ~25.4	720 ~960	51.9 ~102.5

Note: Revisions of most recent financial results forecast: None

Note: The figures for net sales and adjusted operating profit are shown in a range. Forecasts for operating profit, ordinary profit and net profit are not disclosed

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 second 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 September 30, 2023:	11,594,200 shares	As of March 31, 2023:	11,581,700 shares
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- 2) Number of treasury stock at the end of period

As of September 30, 2023:	280 shares	As of March 31, 2023:	280 shares
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- 3) Average number of shares outstanding during the period

Six months ended September 30, 2023:	11,585,552 shares	Six months ended September 30, 2022:	11,537,112 shares
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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, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	3,399,662	3,911,591
Accounts receivable - trade	245,719	254,152
Contract assets	13,721	38,081
Prepaid expenses	222,411	262,933
Other	2,648	2,606
Allowance for doubtful accounts	(1,426)	(3,053)
Total current assets	3,882,736	4,466,309
Non-current assets		
Property, plant and equipment		
Buildings	213,806	27,914
Accumulated depreciation	(142,749)	(3,621)
Buildings, net	71,056	24,293
Tools, furniture and fixtures	93,553	37,923
Accumulated depreciation	(75,989)	(23,928)
Tools, furniture and fixtures, net	17,564	13,996
Total property, plant and equipment	88,620	38,288
Intangible assets		
Trademark right	221	183
Software	5,549	3,491
Total intangible assets	5,770	3,674
Investments and other assets		
Investment securities	86,097	86,097
Guarantee deposits	376,877	351,174
Long-term prepaid expenses	3,164	—
Deferred tax assets	179,648	179,648
Total investments and other assets	645,786	616,919
Total non-current assets	740,176	658,882
Total assets	4,622,912	5,125,191

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	87,270	103,724
Current portion of long-term loans payable	262,381	237,799
Accounts payable - other	199,347	203,964
Accrued expenses	211,134	267,272
Income taxes payable	73,022	84,308
Accrued consumption taxes	102,736	63,587
Deposits received	18,661	22,080
Deferred revenue	2,072,597	2,409,632
Contract liabilities	39,454	47,862
Provision for bonuses	—	32,343
Total current liabilities	3,066,602	3,472,571
Non-current liabilities		
Long-term loans payable	65,000	26,000
Total non-current liabilities	65,000	26,000
Total liabilities	3,131,602	3,498,571
Net assets		
Shareholders' equity		
Capital stock	1,143,777	1,144,507
Capital surplus		
Legal capital surplus	1,133,777	1,134,507
Other capital surplus	—	7,469
Total capital surplus	1,133,777	1,141,975
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(785,217)	(658,836)
Total retained earnings	(785,217)	(658,836)
Treasury stock	(1,026)	(1,026)
Total shareholders' equity	1,491,310	1,626,620
Total net assets	1,491,310	1,626,620
Total liabilities and net assets	4,622,912	5,125,191

2. Statements of Income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	2,812,874	3,597,700
Cost of sales	694,423	867,010
Gross profit	2,118,451	2,730,690
Selling, general and administrative expenses	1,973,528	2,455,930
Operating profit	144,924	274,760
Non-operating income		
Interest income	15	19
Miscellaneous income	28	254
Total non-operating income	43	273
Non-operating expenses		
Interest expenses	2,234	1,614
Share issuance cost	822	450
Loss on sales and retirement of non-current assets	—	98
Total non-operating expenses	3,057	2,161
Ordinary profit	141,910	272,872
Extraordinary losses		
Headquarters relocation expenses	—	86,755
Total extraordinary losses	—	86,755
Profit before income taxes	141,910	186,116
Total income taxes	47,745	59,736
Net Profit	94,166	126,381

3. Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	141,910	186,116
Depreciation	37,483	76,750
Guarantee deposits depreciation	14,303	25,215
Interest income	(15)	(19)
Interest expenses	2,234	1,614
Loss (gain) on sale and retirement of non-current assets	—	98
Share issuance cost	822	450
Headquarters relocation expenses	—	86,755
Increase (decrease) in allowance for doubtful accounts	(11)	1,628
Increase (decrease) in provision for share-based compensation	1,145	—
Increase (decrease) in provision for bonuses	—	32,343
Decrease (increase) in accounts receivable - trade	11,746	(8,432)
Decrease (increase) in contract assets	—	(24,360)
Decrease (increase) in prepaid expenses	(189,075)	(46,707)
Increase (decrease) in accounts payable - trade	2,436	16,454
Increase (decrease) in accounts payable - other	(143,667)	(735)
Increase (decrease) in accrued expenses	9,369	56,138
Increase (decrease) in accrued consumption taxes	(45,796)	(39,150)
Increase (decrease) in deferred revenue	351,942	337,036
Increase (decrease) in contract liabilities	(16,318)	8,408
Other	14,328	21,378
Subtotal	192,835	730,978
Interest received	15	19
Interest expenses paid	(2,163)	(1,534)
Income taxes paid	(55,441)	(49,627)
Headquarters relocation expenses paid	—	(86,755)
Cash flows from operating activities	135,247	593,081
Cash flows from investing activities		
Purchase of property, plant and equipment	(24,665)	(19,069)
Purchase of intangible assets	(303)	—
Purchase of investment securities	(41,399)	—
Proceeds from guarantee deposits	(48,888)	—
Proceeds from refund of leasehold deposits	960	488
Cash flows from investing activities	(114,294)	(18,581)
Cash flows from financing activities		
Repayments of long-term loans payable	(63,582)	(63,582)
Proceeds from issuance of common shares	6,078	1,399
Other	—	(388)
Cash flows from financing activities	(57,504)	(62,572)
Net increase (decrease) in cash and cash equivalents	(36,552)	511,928
Cash and cash equivalents at beginning of period	2,835,157	3,399,662
Cash and cash equivalents at end of period	2,798,605	3,911,591