

# Financial Results Briefing Materials

for the Fiscal Year Ended December 31, 2023

**February 9, 2024**

**KINJIRO CO., LTD.**

1

# Consolidated Financial Results

for the Fiscal Year Ended December 31, 2023 (FY2023)

---

2

## Plan

for the Fiscal Year Ending December 31, 2024 (FY2024)

3

## Growth Strategy

4

## Topics

# Summary of Consolidated Financial Results for FY2023

## ■ Consolidated Statement of Income

- Net sales reached a record high, slightly less than planned.
- Operating profit, ordinary profit and profit all reached record highs.

(Unit: Million yen)

	FY2022 results	FY2023 full-year forecast	FY2023 results	Achievement rate	YoY change
Net sales	3,551	4,000	3,923	98%	+ 10%
Operating profit	444	554	572	103%	+ 29%
Ordinary profit	437	545	563	103%	+29%
Profit	304	367	370	101%	+ 21%

# YoY Changes in Net Sales by Business Segment

## ■ Net sales

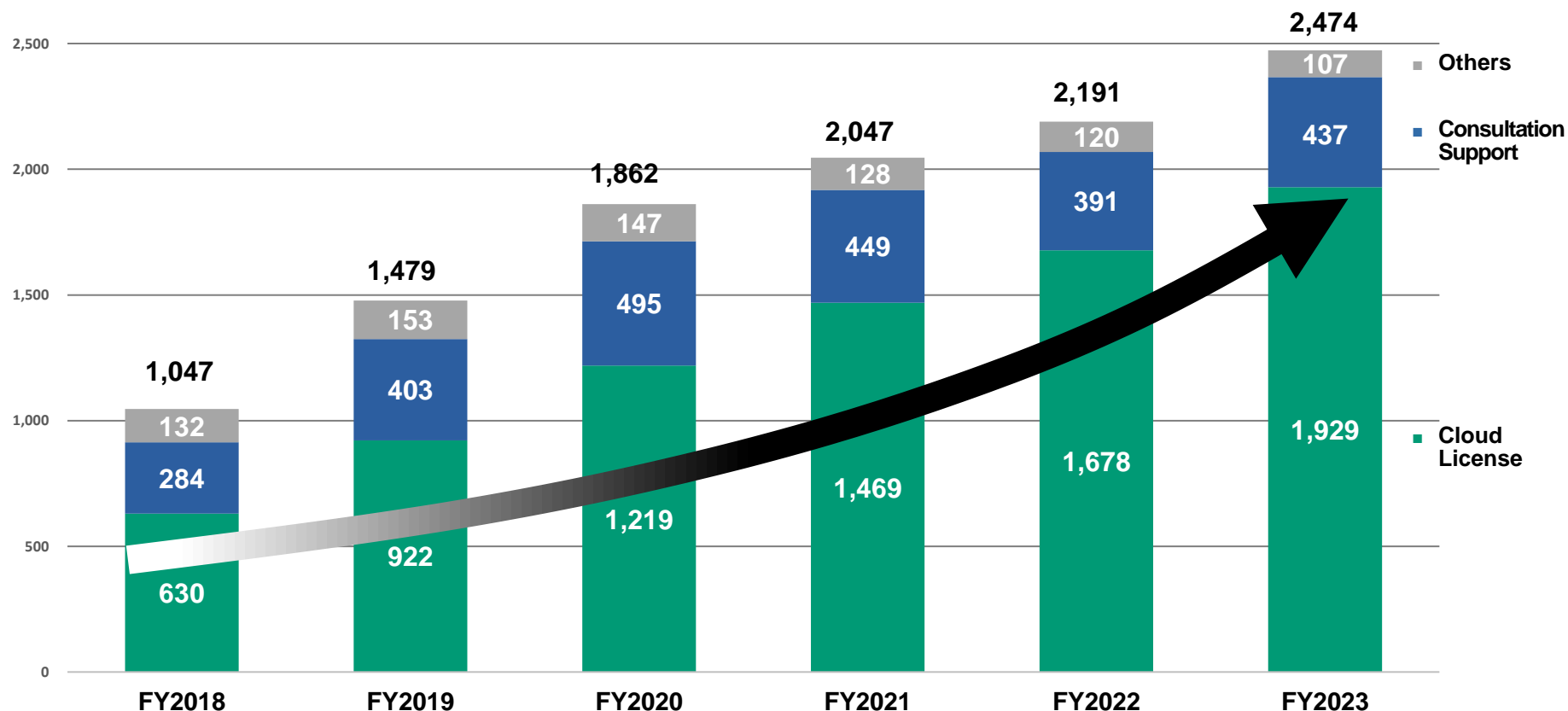
(Unit: Million yen)

Business segment	Sales segment	FY2022 results	FY2023 results	YoY change
Cloud Business	Cloud License	1,678	1,929	+15%
	Cloud Consultation Support	391	437	+12%
	Others	121	107	-11%
	Subtotal	2,191	2,474	+13%
On-Premises Business	Premium support	573	566	-1%
	Software Products	467	365	-22%
	Software Consultation Support	200	220	+10%
	Employment Information Devices	101	102	+2%
	Subtotal	1,343	1,255	-7%
Total of HRM Business		3,535	3,729	+5%
Real Estate Rental Business		16	193	+1,079%
Net sales		3,551	3,923	+10%
Recurring revenue*		2,281	2,520	+10%

\* Includes revenue from cloud licensing, premium support, and other services.

# Sales in Cloud Business

Trend in Cloud Business sales (Unit: Million yen)



- Cloud License sales grew by 15% year on year to 1,929 million yen.
- Cloud Consultation Support sales increased by 12% year on year to 437 million yen due to an increase in introduction support projects.
- Meanwhile, sales in Others category (employment information devices, etc.) decreased by 11% to 107 million yen.

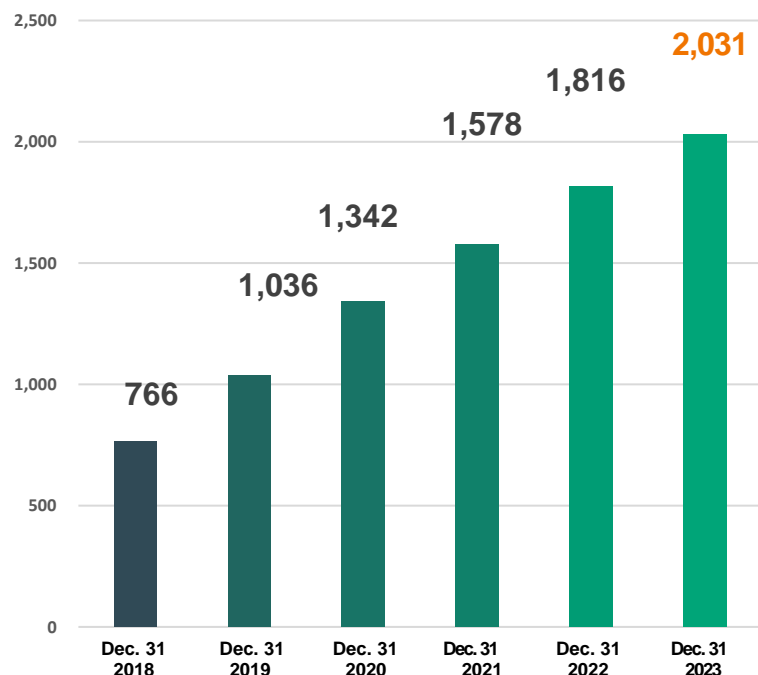
# Number of Corporate Clients on Contract and Number of Licenses

■ High growth continues in the number of licenses, with an average annual growth rate (AAGR) of 19.8%.

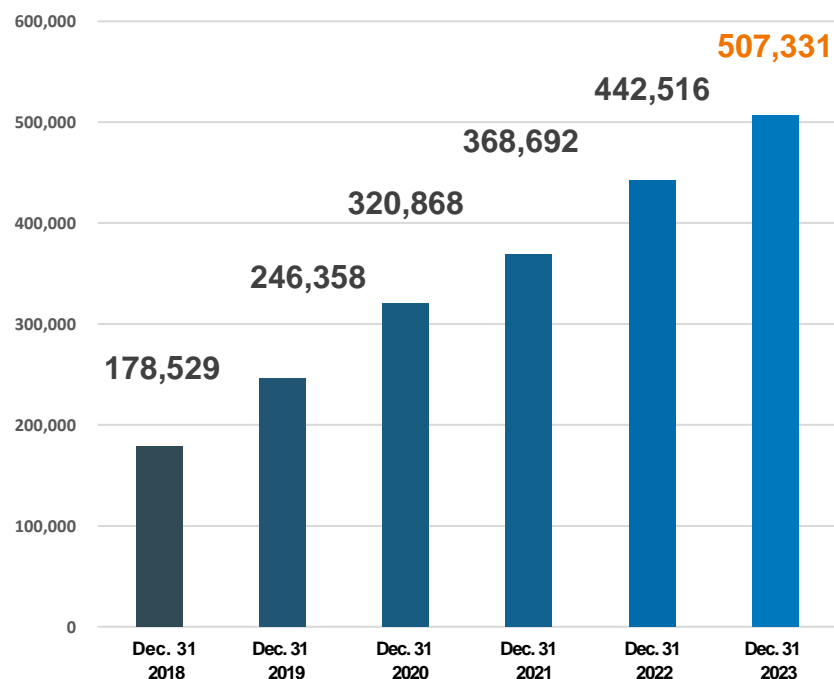
**18.3%**  
AAGR (Dec. '19 - Dec. '23)

**19.8%**  
AAGR (Dec. '19 - Dec. '23)

Number of corporate clients on cloud-based contracts (companies)



Number of cloud-based licenses\* (persons)



\*The number of licenses for each employee at a corporate client is counted as one, even where the employee uses multiple services (Recruitment, HR, Salary, Health x Life).

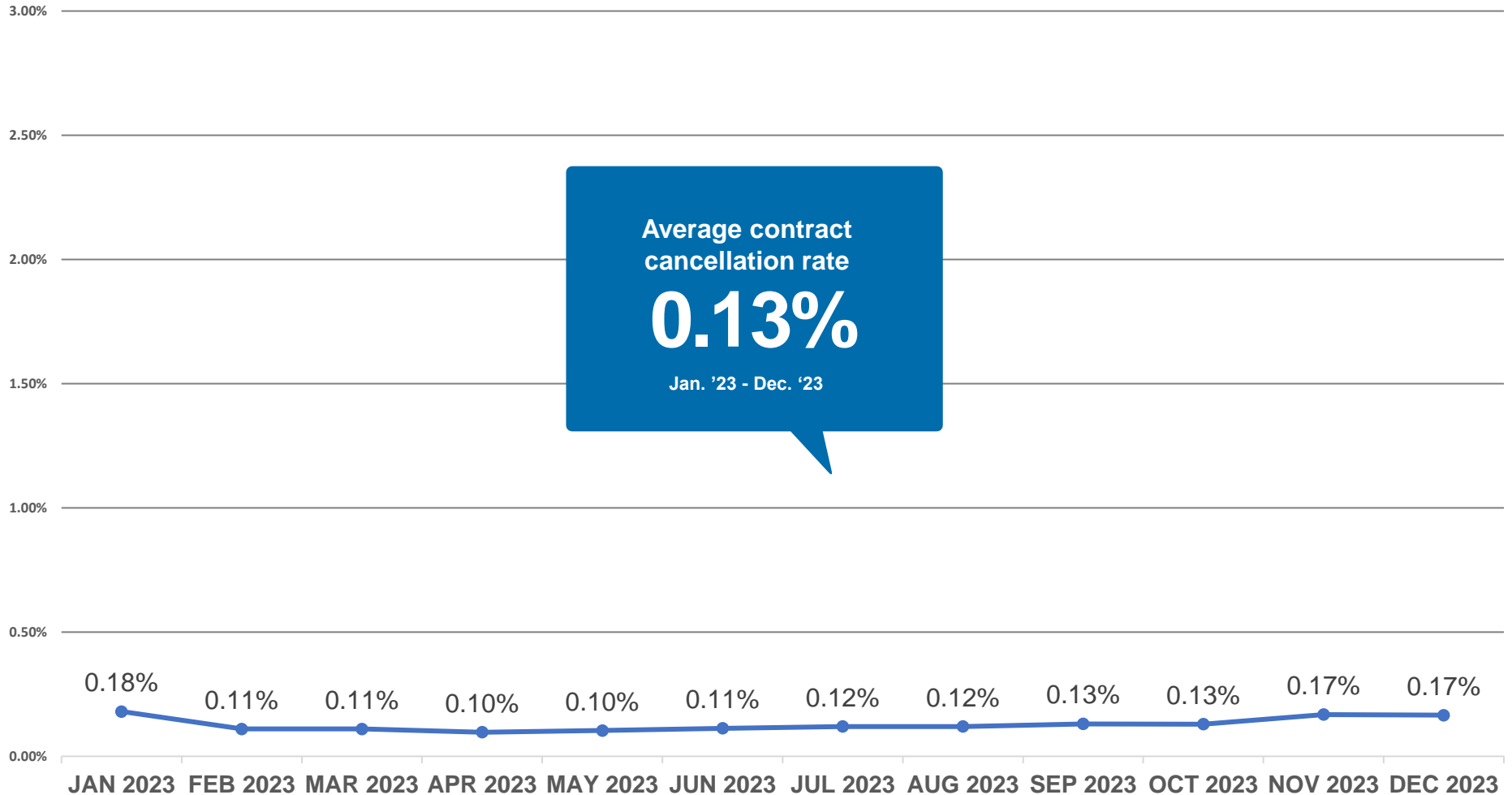
## ARPU trend

ARPU	March 2022	June 2022	September 2022	December 2022	March 2023	June 2023	September 2023	December 2023
Enterprise	353 yen	353 yen	351 yen	353 yen	351 yen	351 yen	353 yen	352 yen
Smart	117 yen	117 yen	115 yen	117 yen	118 yen	118 yen	118 yen	117 yen

# Cloud-Based Contract Cancellation Rate

■ The average rate of cloud-based contracts cancelled per month remains low at 0.13%.

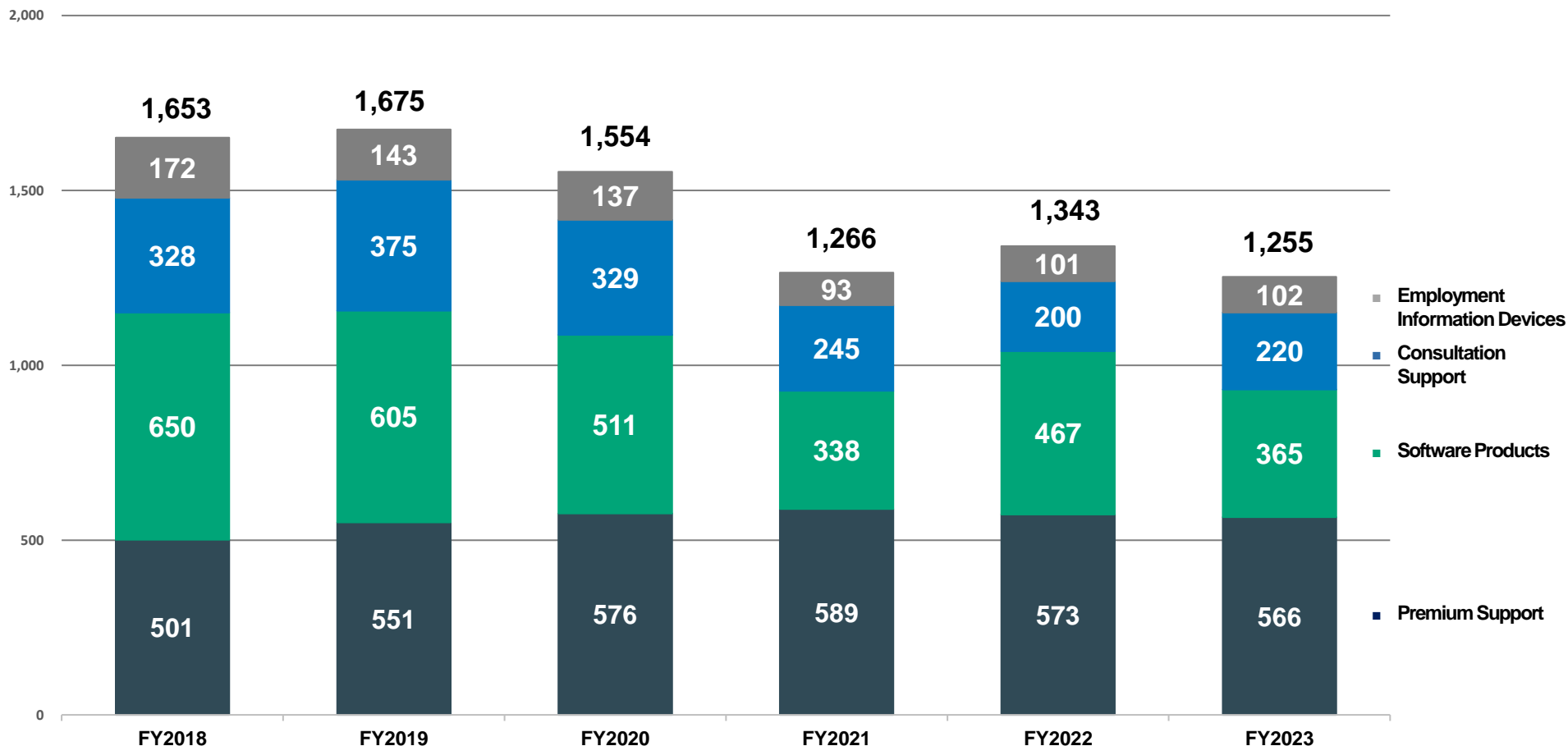
Cloud-based contract cancellation rate\*



\* Monthly average cancellation rate. Calculated by dividing revenue from customers who cancelled their contracts in the current month by revenue from total customers in the previous month.

# Sales in On-Premises Business

Trend in On-Premises Business sales (Unit: Million yen)

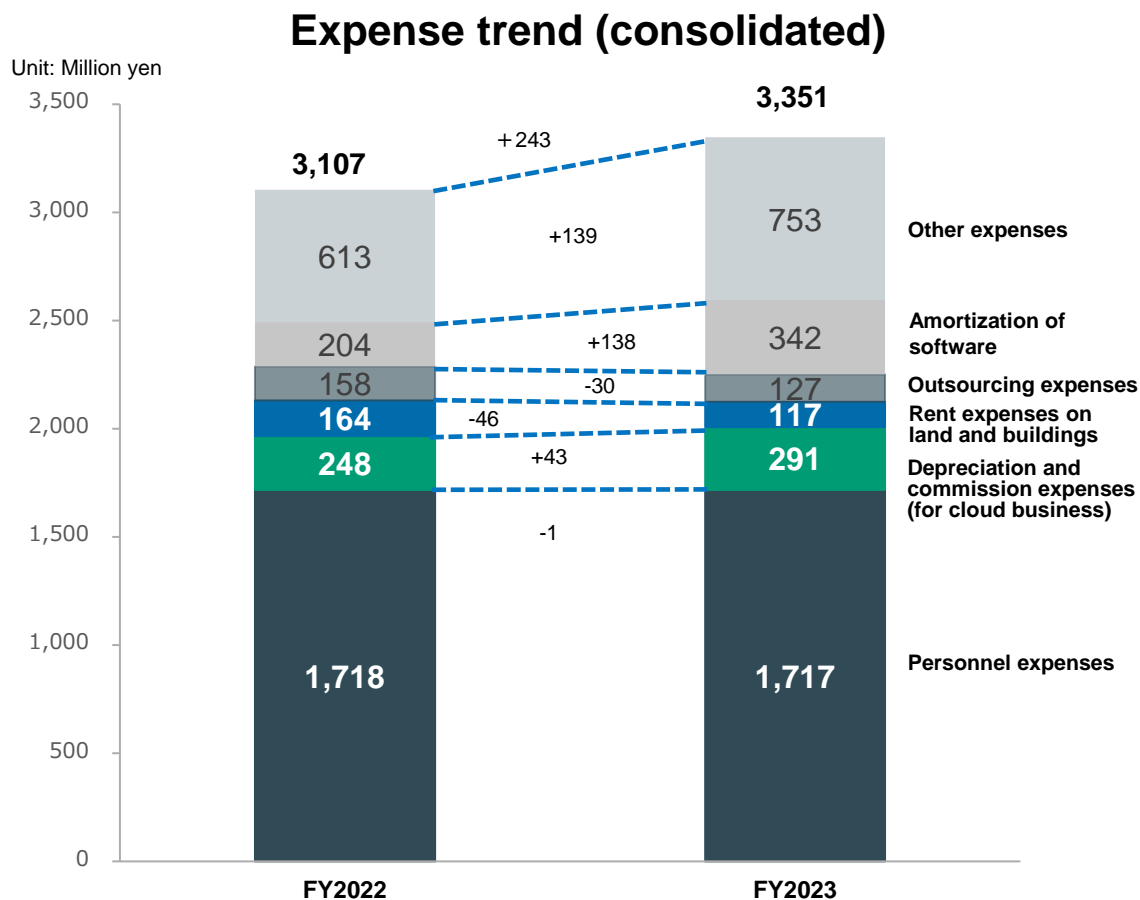


- Premium Support sales decreased by 1% year on year to 566 million yen.
- Software Products sales decreased by 22% year on year to 365 million yen.
- Software Consultation Support sales increased by 10% year on year to 220 million yen.



# Cost Structure

## ■ Cost structure for FY2023



■ Total expenses increased by 243 million yen compared to the costs in FY2022.

■ The increase is attributable to the rise in amortization of software (+138 million yen) and other expenses (+139 million yen), which included depreciation incurred for the Nagoya headquarters building acquired in November 2022 (156 million yen) and operating expenses for the real estate rental business (44 million yen).

1

## **Consolidated Financial Results** for the Fiscal Year Ended December 31, 2023 (FY2023)

2

## **Plan** for the Fiscal Year Ending December 31, 2024 (FY2024)

---

3

## **Growth Strategy**

4

## **Topics**

# Summary of Plan for FY2024

## ■ Consolidated Statement of Income

- Net sales are planned to grow by 10% year on year.
- We plan to increase upfront investments such as product development to accelerate the shift to cloud-based services, and maintain operating profit, ordinary profit and profit at current levels.

(Unit: Million yen)

	FY2023 results	FY2024 plan	YoY change (%)
Net sales	3,923	4,300	+10%
Operating profit	572	573	+0%
<b>Ordinary profit</b>	<b>563</b>	<b>571</b>	<b>+1%</b>
Profit	370	374	+1%

# FY2024 Plan (Net Sales)

## ■ Net sales

(Unit: Million yen)

Business segment	Sales segment	FY2023 results	FY2024 plan	YoY change
Cloud Business	Cloud License	396	459	+16%
	Cloud Consultation Support	85	112	+32%
	Others	24	25	+5%
	Subtotal	506	598	+18%
On-Premises Business	Premium support	145	141	-3%
	Software Products	73	69	-5%
	Software Consultation Support	58	55	-4%
	Employment Information Devices	23	52	+123%
	Subtotal	300	319	+6%
Total of HRM Business		808	918	+14%
Real Estate Rental Business		—	48	—
Net sales		808	966	+20%
Recurring revenue*		548	607	+11%

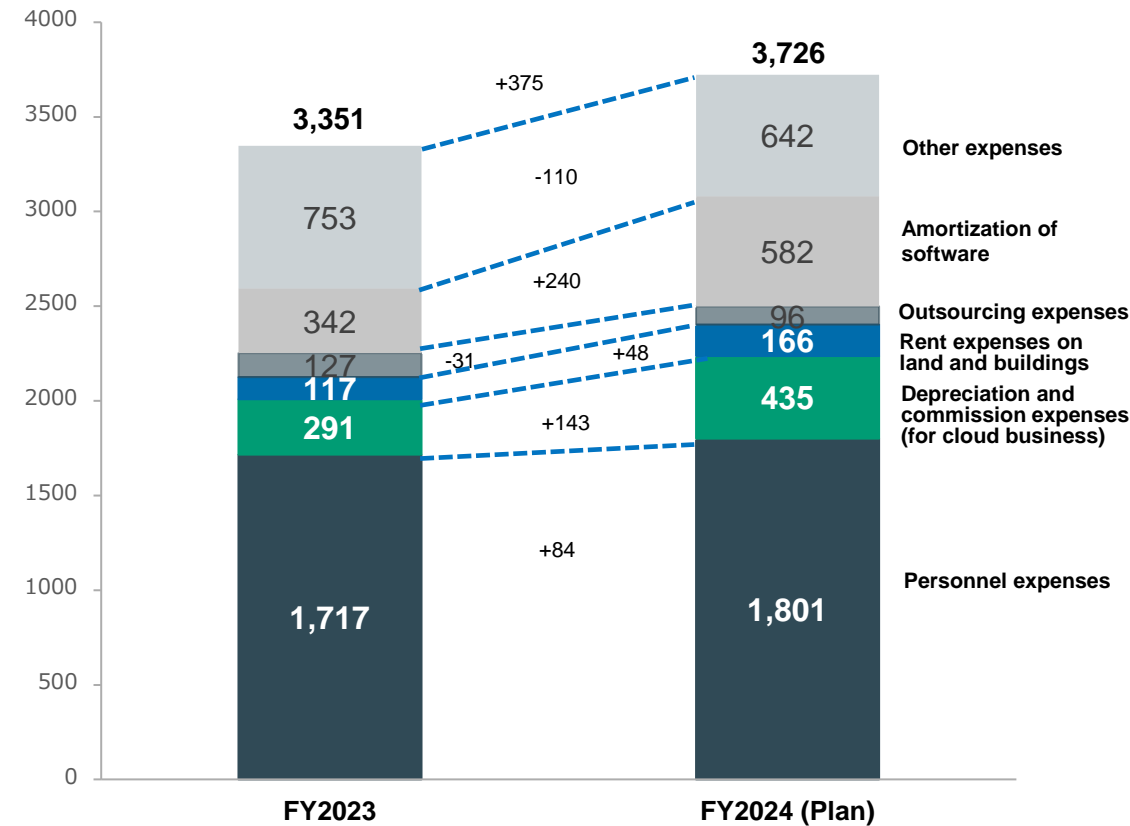
\* Includes revenue from cloud licensing, premium support, and other services.

# FY2024 Plan (Cost)

## ■ Cost structure for FY2024

### Expense trend (consolidated)

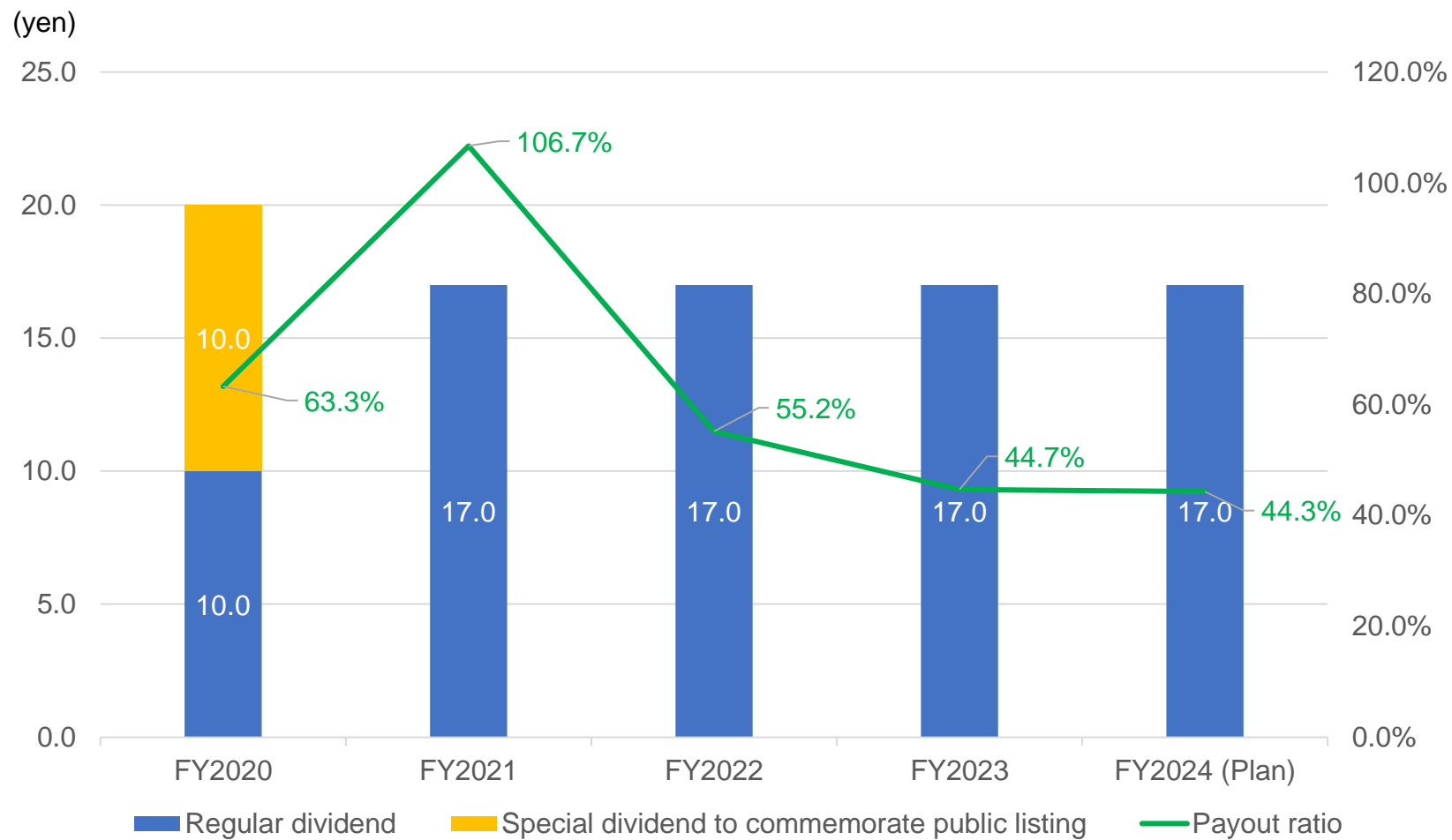
Unit: Million yen



■ Total expenses are forecasted to increase by 377 million yen compared to the costs in FY2023.

■ The increase will be attributable mainly to the rises in personnel expenses (+84 million yen), cloud business expenses (+143 million yen), and amortization of software (+240 million yen).

# Shareholder Returns



1

## **Consolidated Financial Results** for the Fiscal Year Ended December 31, 2023 (FY2023)

2

## **Plan** for the Fiscal Year Ending December 31, 2024 (FY2024)

3

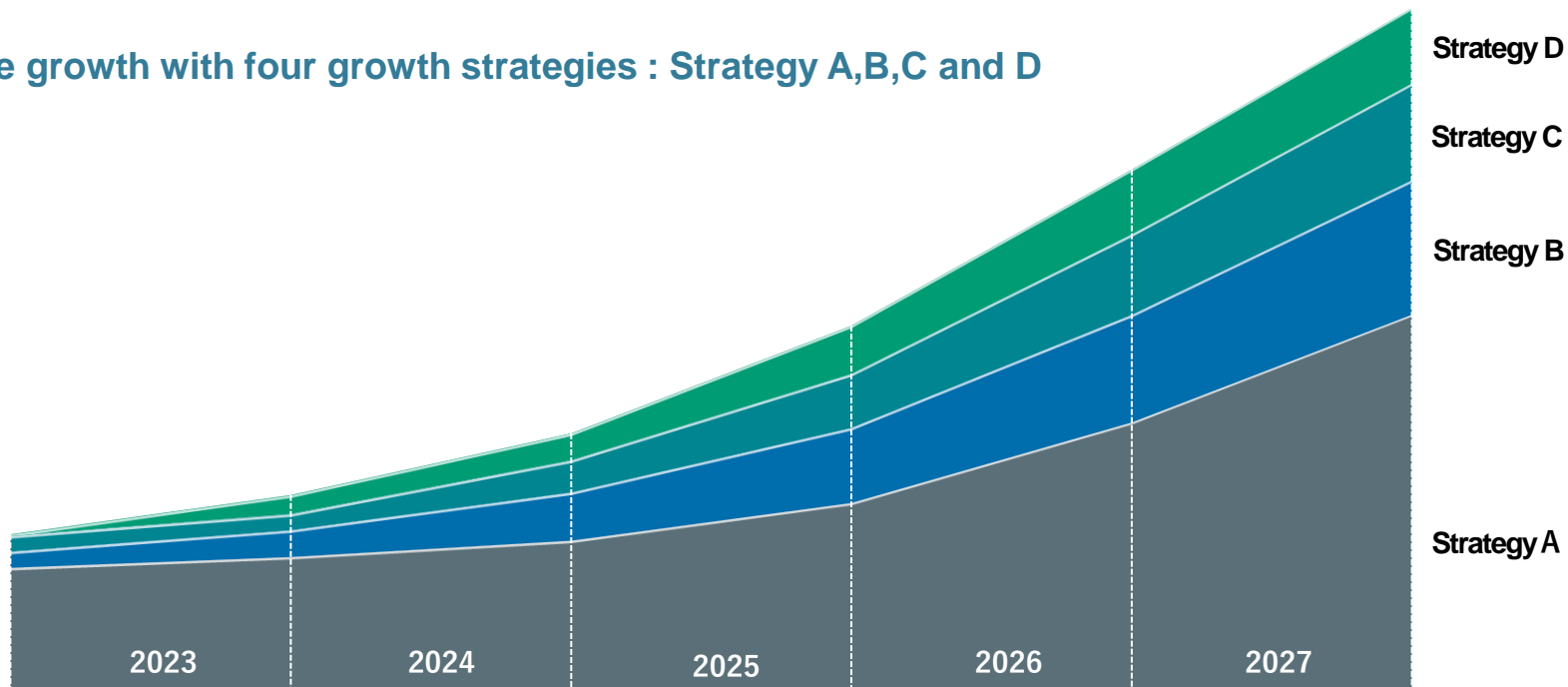
## **Growth Strategy**

4

## **Topics**

# Growth Strategy

- Achieve growth with four growth strategies : Strategy A,B,C and D



Strategy A	<b>BtoB Mainstay business: Accelerate acquisition of new customers for “work style reform and health &amp; productivity management”</b>
Strategy B	<b>BtoB Mainstay business: Shift on-premises user licenses to cloud-based services</b>
Strategy C	<b>BtoB New business: Cloud front / private cloud</b>
Strategy D	<b>BtoE New business: Expand sales in platform businesses with revenues from monetization of registered users of B-to-E and B-to-C services, as well as AI, electronic medical records, third-party services, etc.</b>



# Growth Strategy

## ■ Growth Strategies A/B: Three Focuses for Improvement

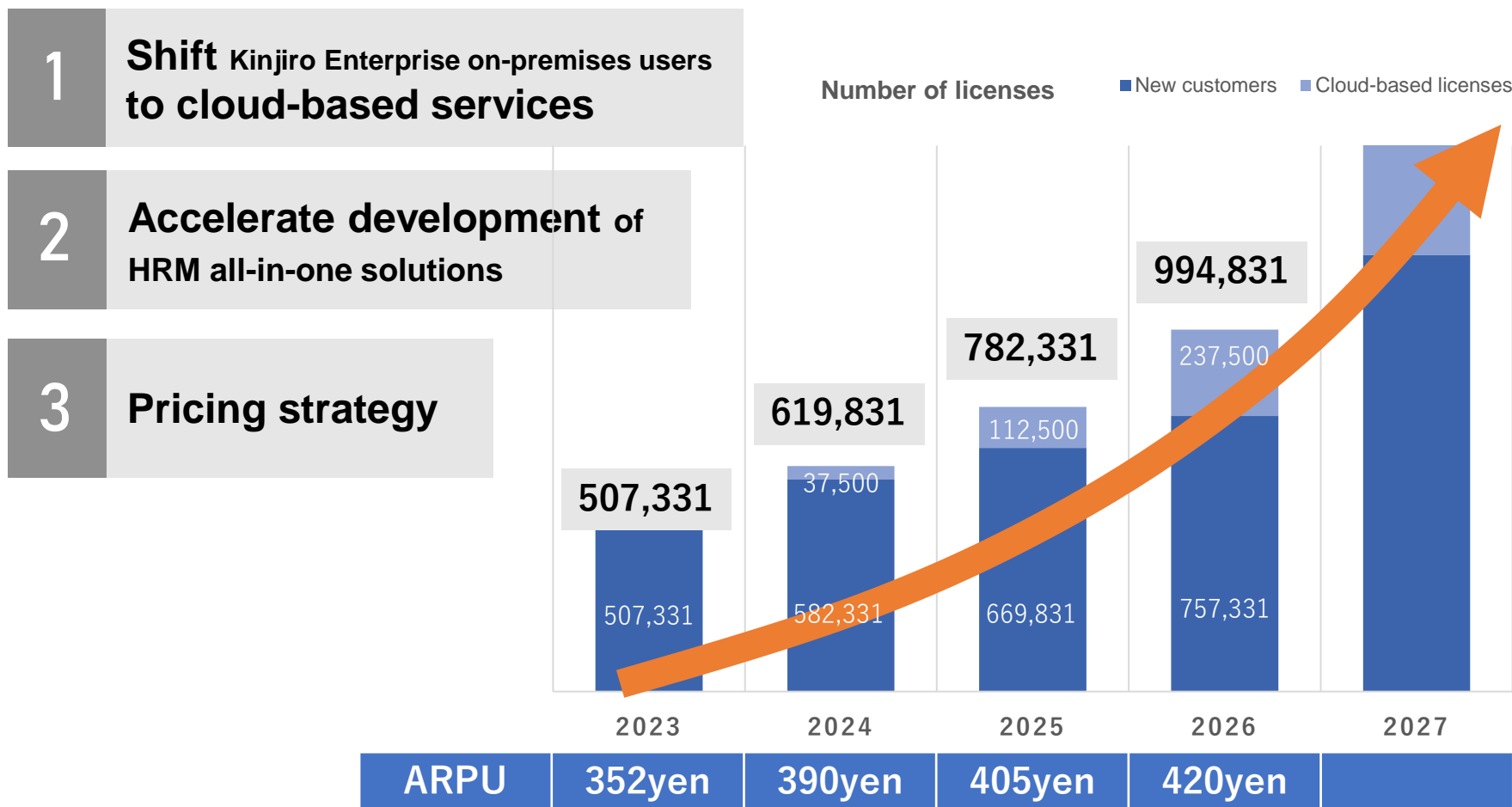
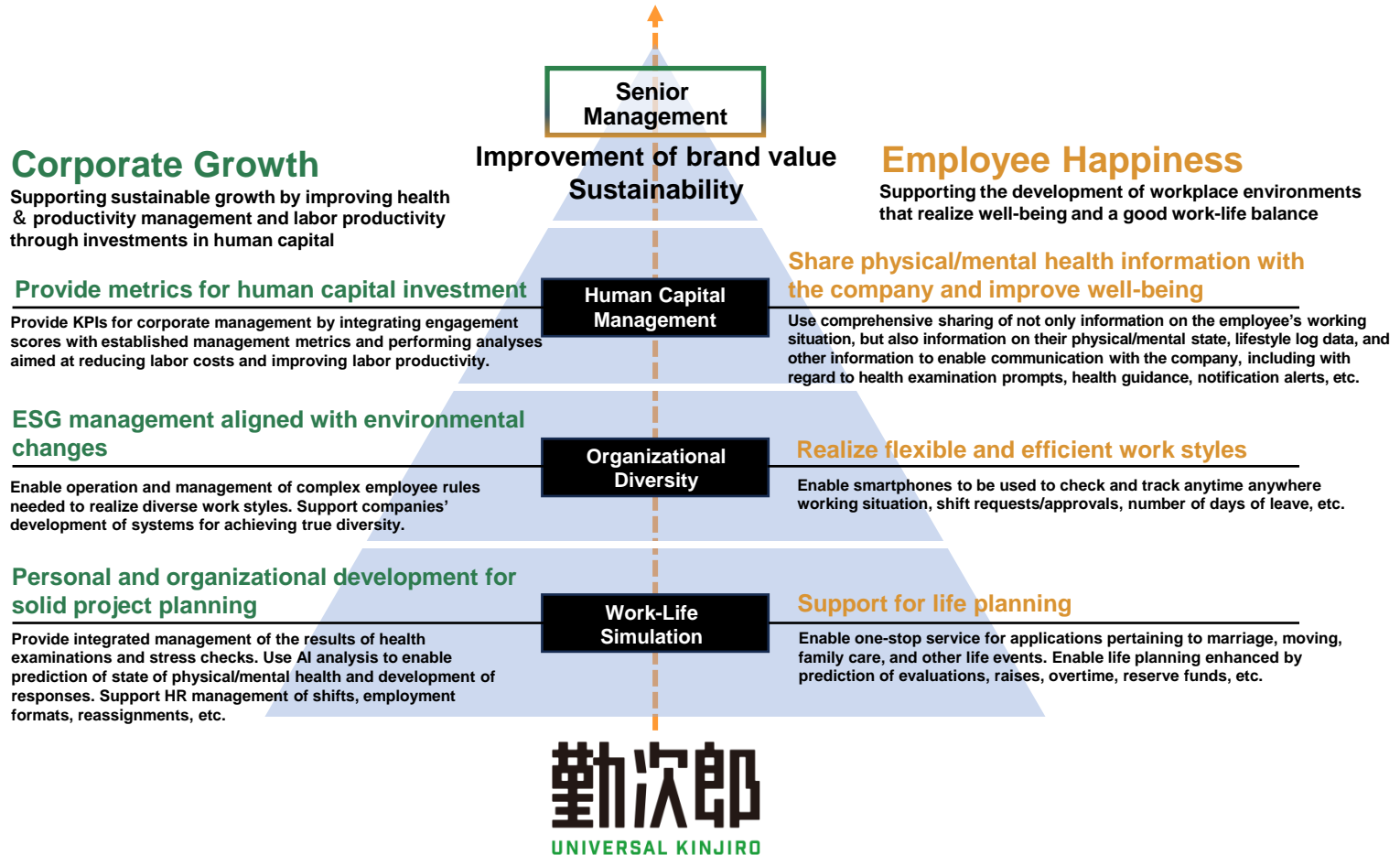


Chart: Image of target number of licenses and ARPU target

# Growth Strategy A/B: Advancement in HRM Business

## ■ Product Concept of Universal Kinjiro

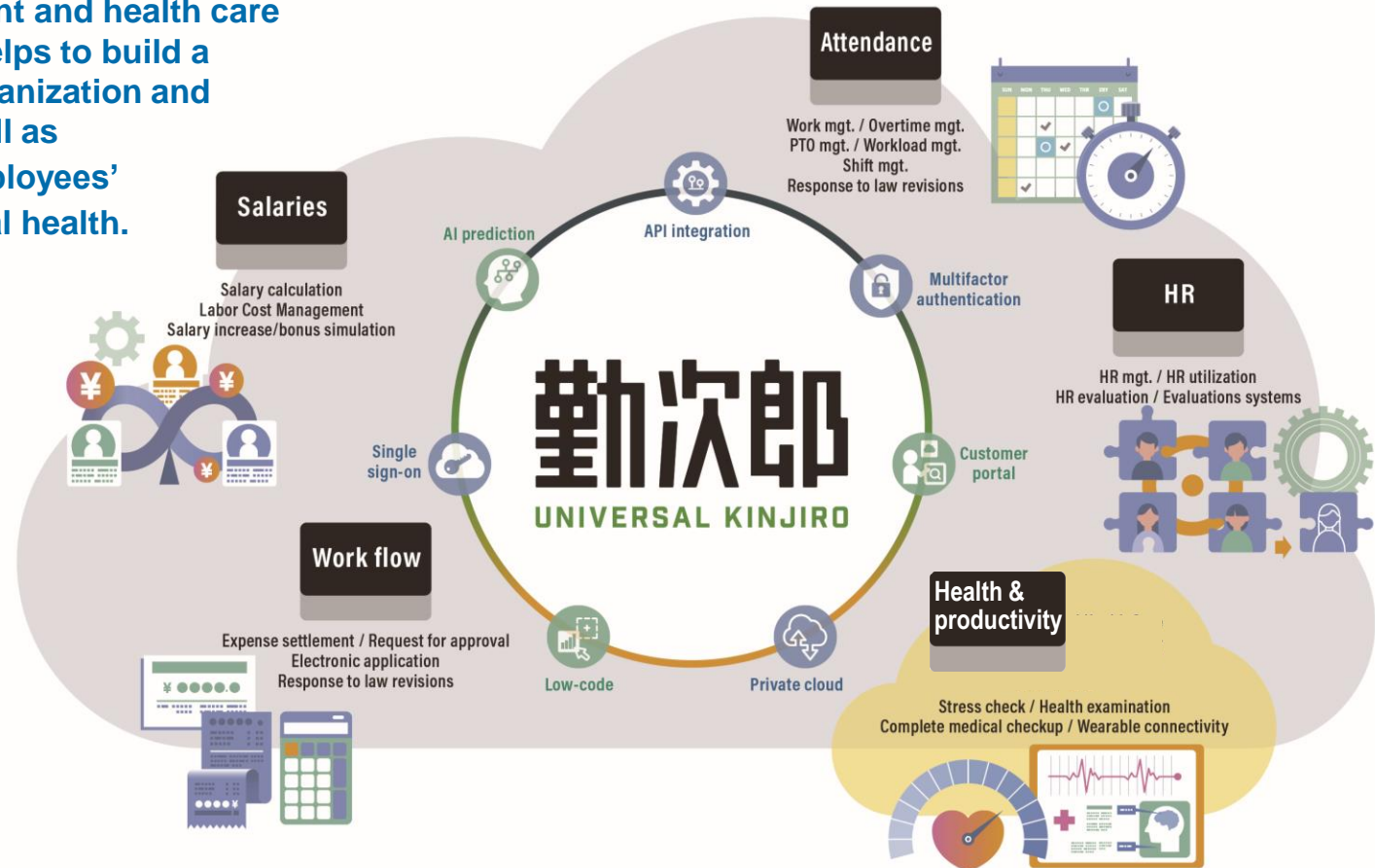
The health and happiness of employees builds the company's future



# Growth Strategy A/B: Advancement in HRM Business

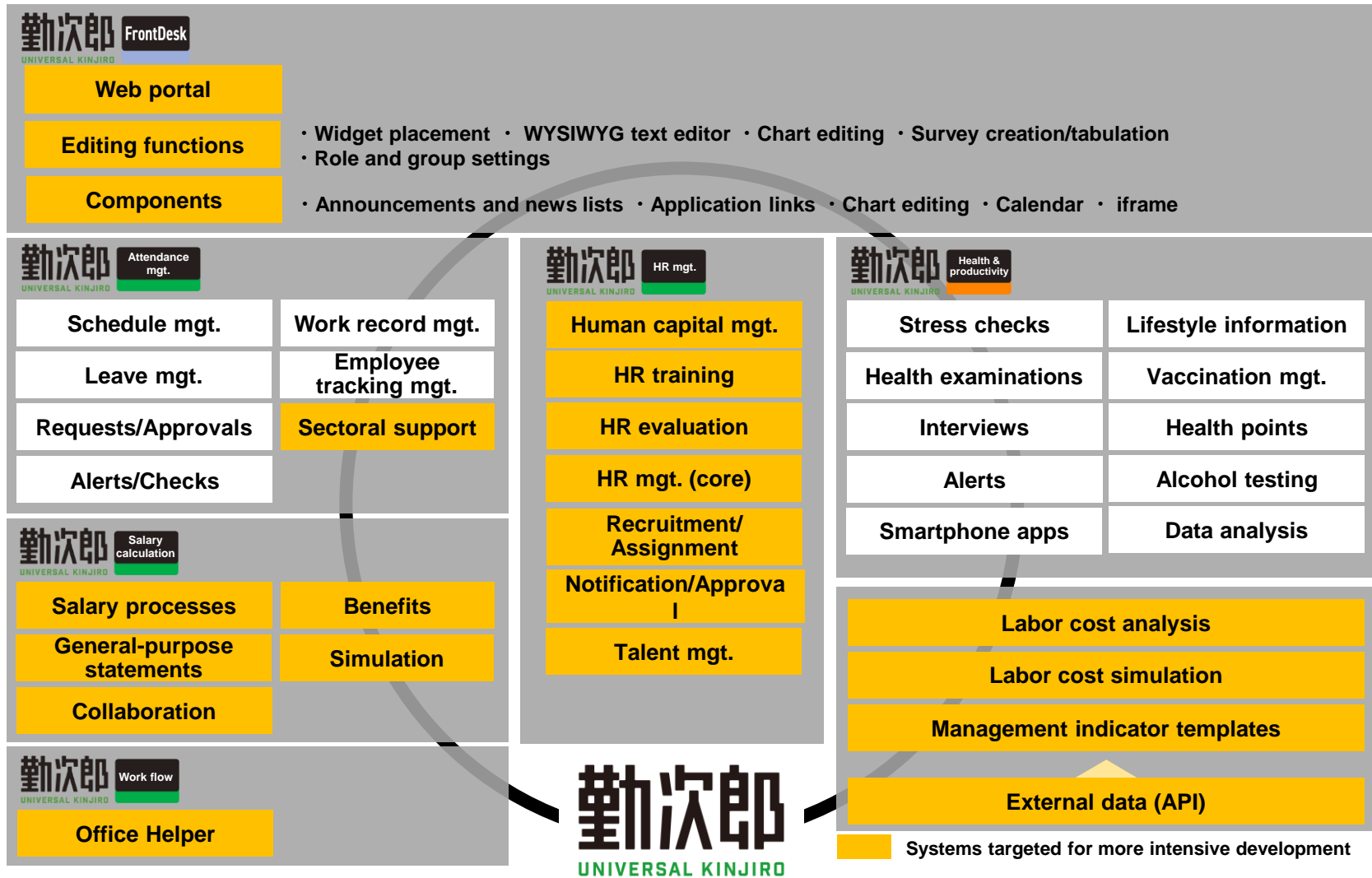
“Universal Kinjiro,” an HRM all-in-one solution for realizing corporate clients’ health & productivity management, supports business growth by enhancing employee labor productivity and work engagement.

■ Universal Kinjiro enables users to manage employment and health care in one go, which helps to build a worker-friendly organization and environment as well as to enhance the employees’ mental and physical health.



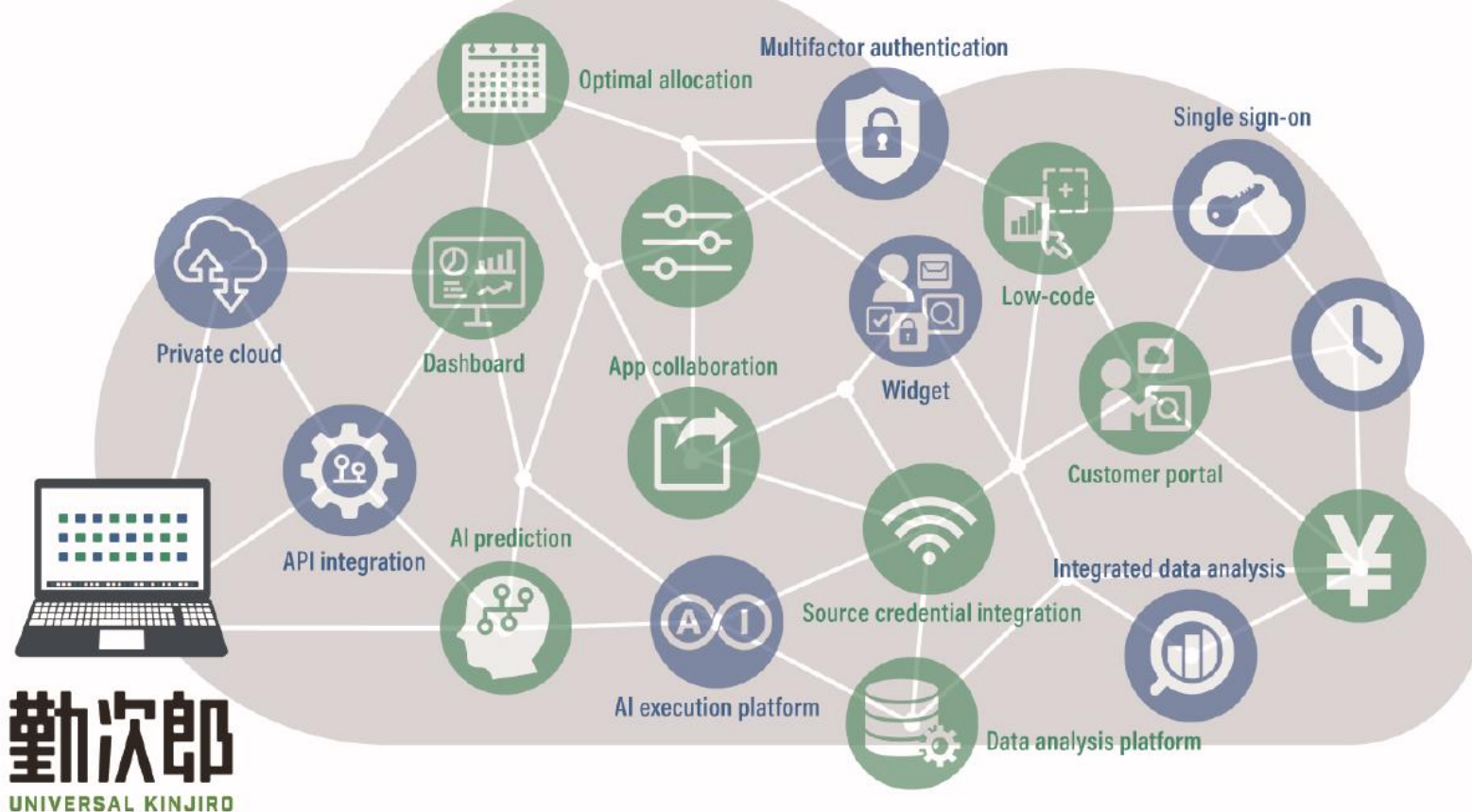
# Growth Strategy A/B: HRM Business

## ■ Universal Kinjiro: Strengthening System Composition



# Growth Strategy C: New Business - Cloud Front Strategy

Enhance our services by evolving the cloud base business

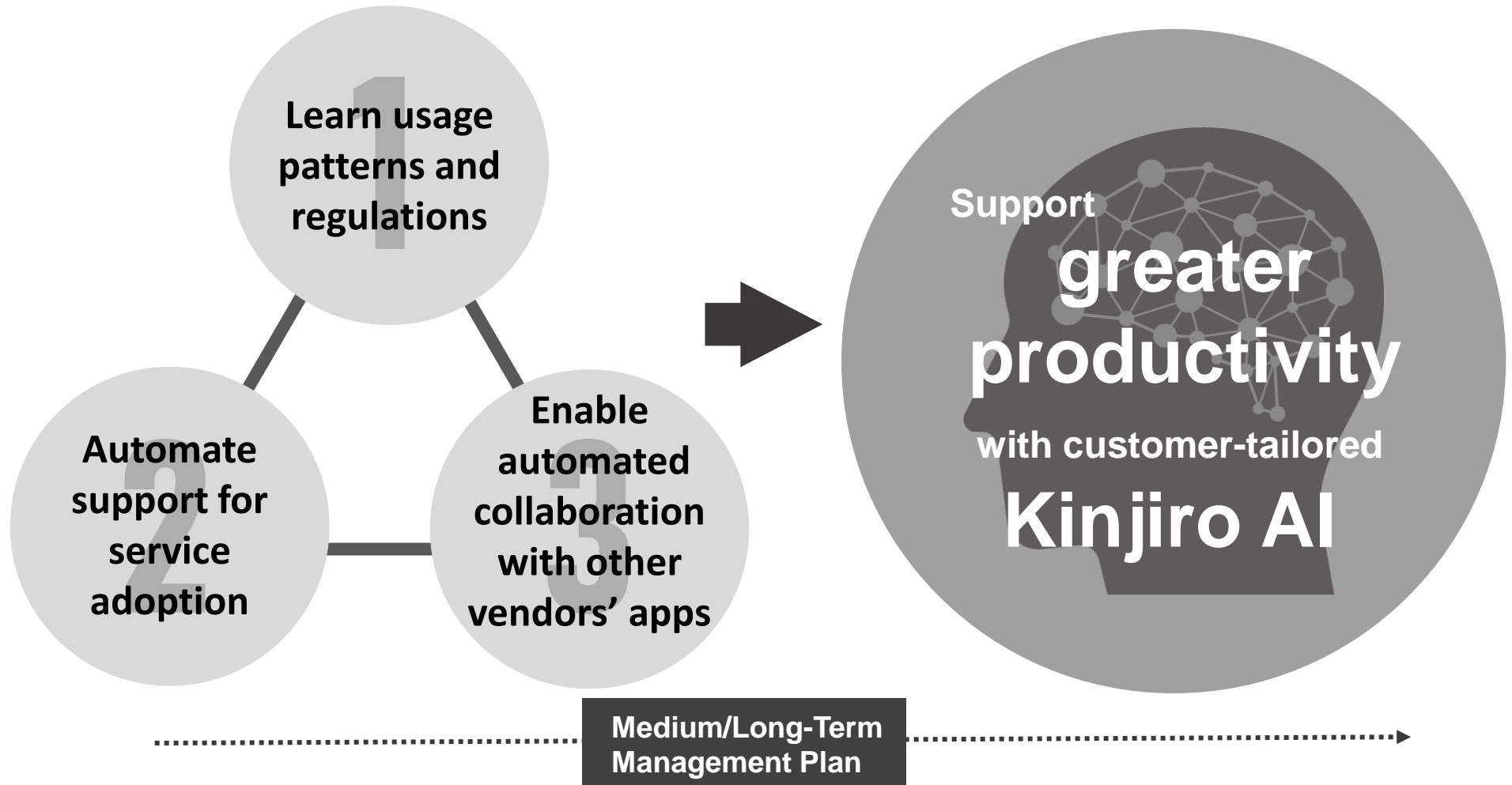


We will maximize contacts with users by utilizing data gathered by our core applications by expanding the menu unique to the cloud-based service, and offer new services that take advantage of data analysis and AI prediction.

We will also further evolve our platform in a way that appeals to business users by enhancing integration functions in the cloud environment.

# Growth Strategy C: New Business - Cloud Front Strategy

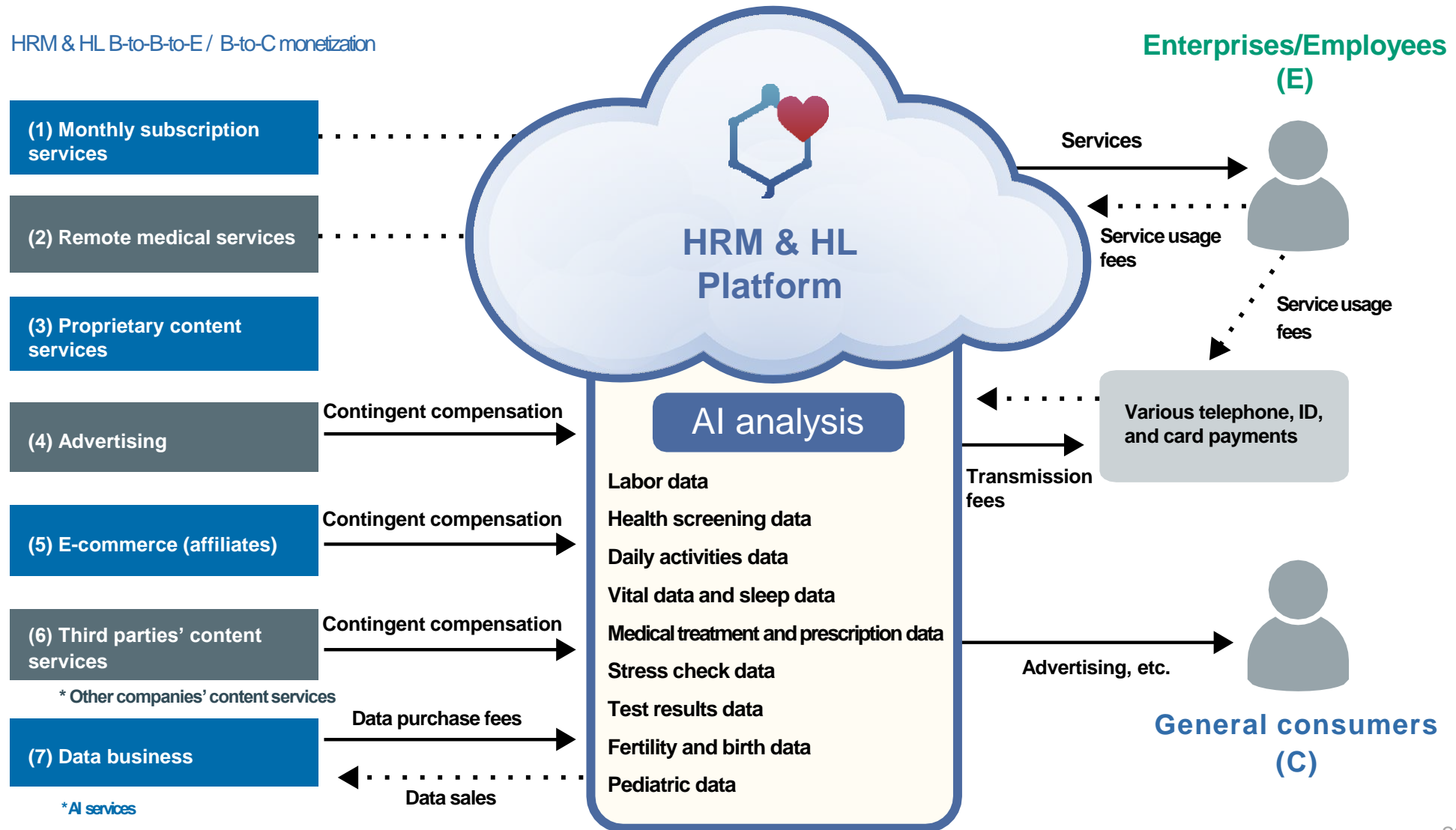
## ■ Kinjiro AI Generation Steps



# Growth Strategy D: Consumer Business Utilizing Platforms

## Monetizing registered users

HRM & HL B-to-B-to-E / B-to-C monetization



1

# Consolidated Financial Results

for the Fiscal Year Ended December 31, 2023 (FY2023)

2

# Plan

for the Fiscal Year Ending December 31, 2024 (FY2024)

3

# Growth Strategy

4

# Topics

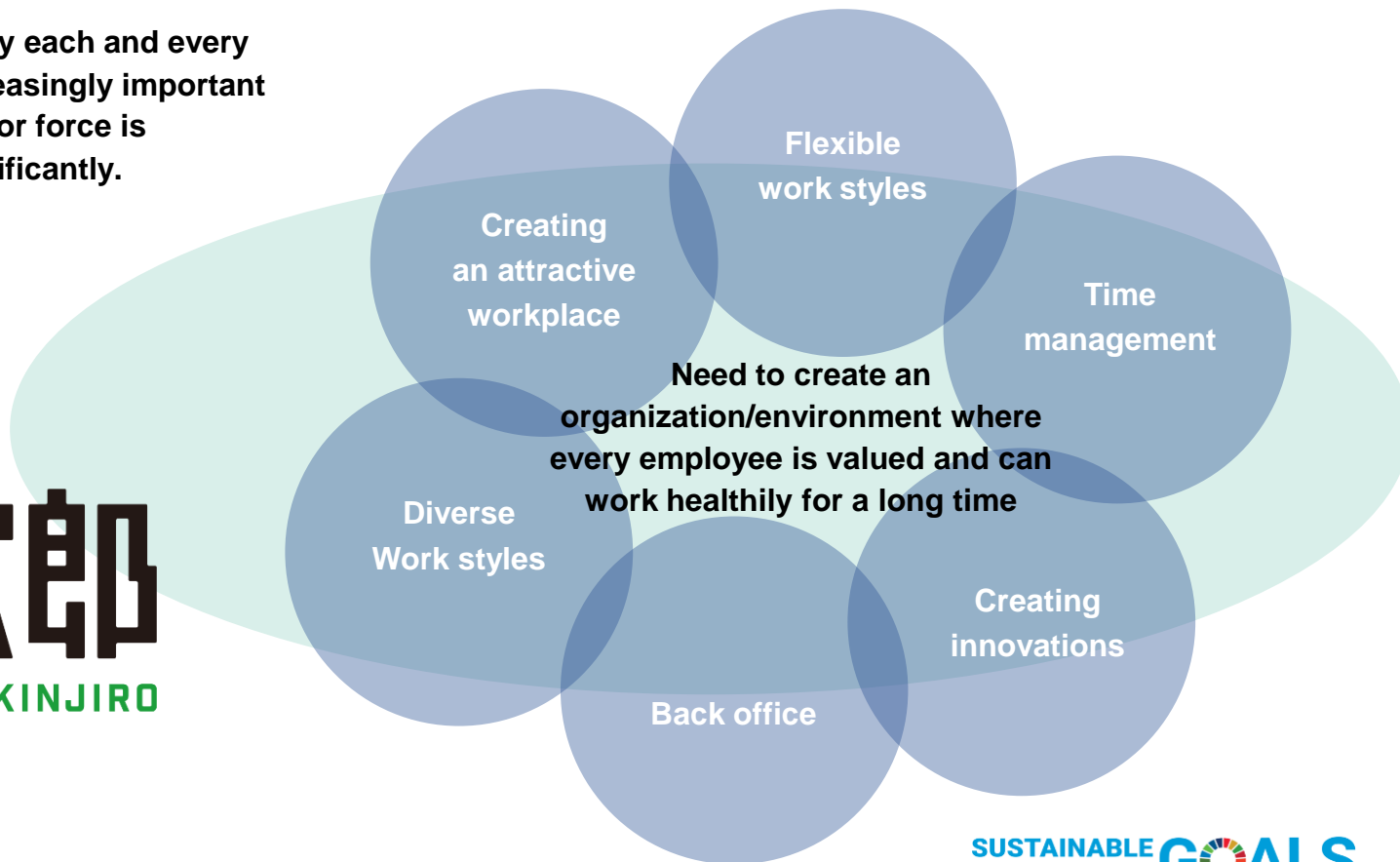


# Kinjiro's Mission and Strength

## ■ Offer products and services that solve social challenges faced by modern Japan

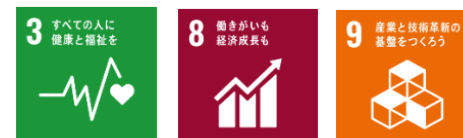
Performance delivered by each and every worker will become increasingly important going forward as the labor force is expected to decline significantly.

**勤次郎**  
UNIVERSAL KINJIRO



Solve social challenges faced by Japan by contributing to corporate clients' HRM with "Universal Kinjiro" and "Health x Life."

SUSTAINABLE DEVELOPMENT GOALS

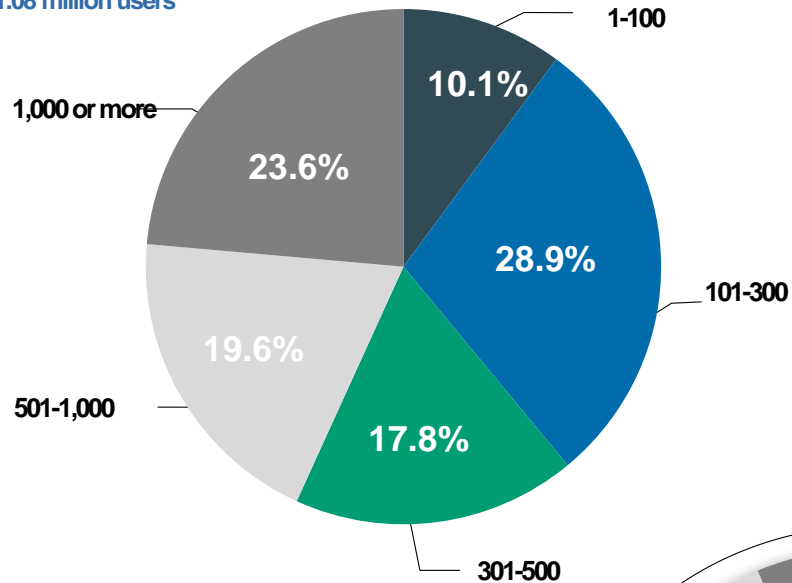


# Kinjiro Enterprise Installations Breakdown by Scale and Industry

■ Meet the needs of diverse enterprises in different sizes, ranging from SMEs to large enterprises, in different industries

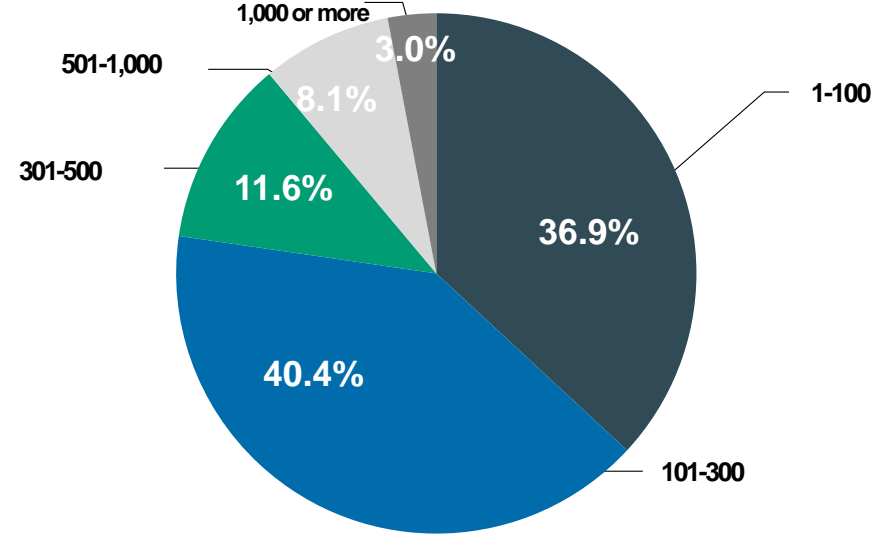
Breakdown of implementation by number of employees (On-premises)

\*1.08 million users



Breakdown of implementation by number of employees (Cloud)

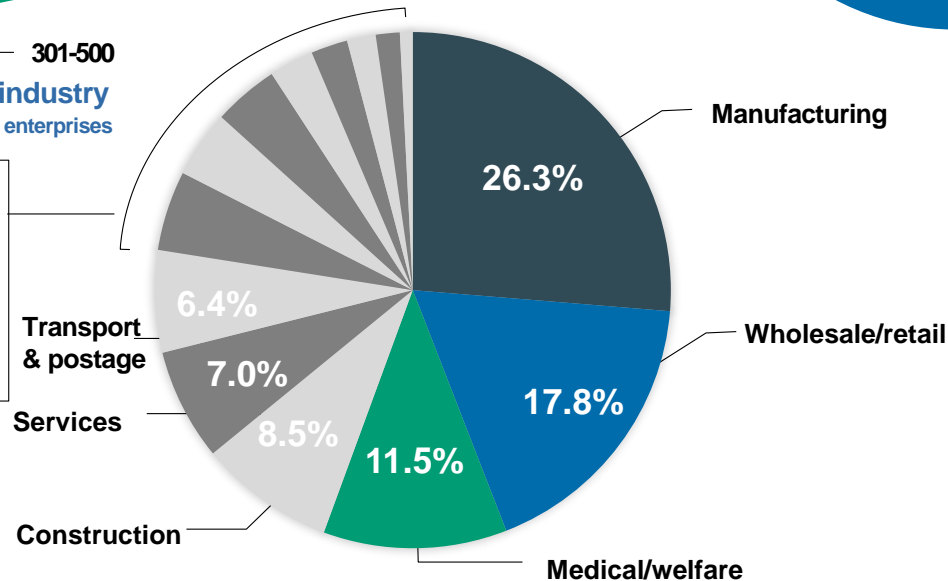
\*0.49 million users



Breakdown of client numbers by industry

\*Implementation at a diverse range of different enterprises

- Academic & specialist / technical services: 5.0%
- Information & communications: 4.1%
- Real estate & rental: 4.2%
- Accommodation & food: 2.8%
- Lifestyle services & entertainment: 2.3%
- Finance & insurance: 1.8%
- Education & learning support: 1.5%
- Others: 0.8%



\* As of December 31, 2023

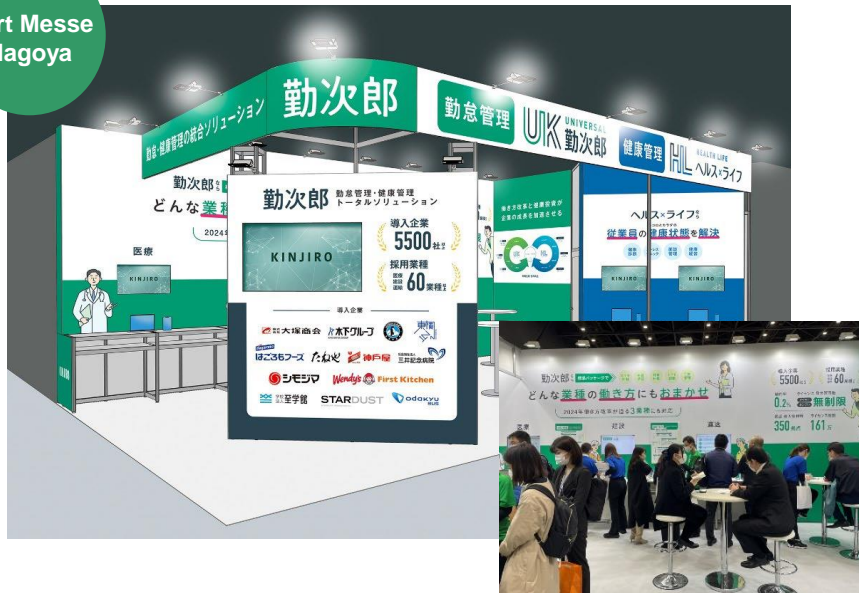
# Participated in HR EXPO (Nagoya & Tokyo)

- "5th Nagoya HR EXPO": We set up a booth at Port Messe Nagoya from February 15 to 17, 2023 (Total number of visitors: 6,638)
- "12th Tokyo HR EXPO": We set up a booth at Tokyo Big Sight from May 10 to 12, 2023 (Total number of visitors: 36,087)

## Exhibition concept focusing on "Work style reform to enhance work engagement"

Our exhibition aimed to improve corporate recognition and promote direct sales (to win business) by promoting the corporate brand "Kinjiro Co., Ltd." and its products "Universal Kinjiro" and "Health x Life." The booth was designed to simulate an office environment that enhances work engagement among HR, general affairs, management, corporate planning, and other divisions. This helped not only visitors but also explaining staff to relax, allowing them to improve their performance.

Port Messe Nagoya



Tokyo Big Sight



# Recognized as a “Certified Health & Productivity Management Outstanding Organization” for the Sixth Consecutive Year

## Recognized as a “Certified Health & Productivity Management Outstanding Organization” for the Sixth Consecutive Year

Kinjiro was ranked in the top 50 among 3,169 organizations, which were recognized by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as “Certified Health & Productivity Management Organizations (White 500).”

### Health & productivity management initiatives

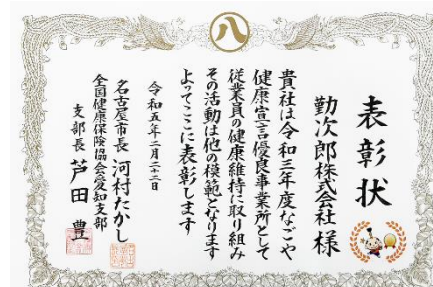
- Measure employees’ performance indicators as presenteeism quantitatively in conjunction with every stress check
- Implement a PDCA cycle on a regular basis using work engagement and pulse surveys

### Using “HRM and Health x Life” platforms at our office

- Early detect deterioration in health data with “Health x Life”
- Facilitate interactions between industrial physicians and in-house public health nurses through “Kelly online services support” while using a remote consultation tool for giving consultations and treatments

### Awarded the “Award for Outstanding Business Facilities under the Nagoya Health Declaration”

Kinjiro was also awarded as a company practicing outstanding initiatives to promote health & productivity management by Nagoya City and Japan Health Insurance Association (JHIA), in addition to receiving the “Healthy Declaration Excellent Office” award from the Aichi Branch of JHIA two years in a row.



2023  
健康経営優良法人  
Health and productivity  
ホワイト500

## Health & Productivity Management Survey Feedback Sheet

CODE: 004013

### Feedback Sheet for FY2022 Health and Productivity Management

Japanese Corporate Name: 勤次郎株式会社 Listed  
 English Corporate Name: Kinjiro Co., Ltd.  
 ■ Industry type: Information and communications  
 ■ Health insurer: Aichi Branch of the Japan Health Insurance Association

#### I Evaluation Summary

■ Rank: **1 - 50th / 3,169**  
 ■ Comprehensive evaluation: **64.8** ↑1.0 (Last year: 63.8)

“White 500” organizations are recognized only among organizations that apply for the Certified Health & Productivity Management Organizations Recognition Program. Thus, organizations that are ranked lower than the top 500 could be recognized as “White 500” enterprises.

#### II Evaluation Breakdown

Four criteria	Weight	Your score	Best score among all responding organizations	Best score in your industry	Average score of your industry
Comprehensive evaluation	-	<b>64.8</b>	67.4	66.6	50.9
Management philosophy & policy	3	<b>67.4</b>	69.6	68.7	50.7
Organizational structure	2	<b>65.7</b>	67.9	67.4	50.4
Implementation of systems & measures	2	<b>65.3</b>	69.5	68.8	51.3
Evaluation & improvement	3	<b>61.3</b>	68.7	64.9	51.2

The numerical value of each criterion is an adjusted deviation score based on the average of responding companies and organizations. Comprehensive evaluation is calculated by multiplying the numerical value of each criterion by its weight.  
 The top numerical value is the best score in each criterion. “-” is displayed at “the best score in your industry” only if four or fewer companies responded in your industry.

# FY2023 Q3 Kinjiro Genki Project Activities

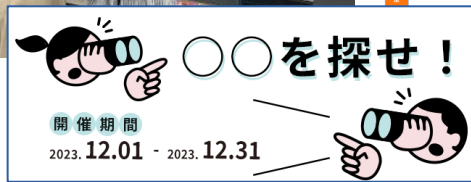
Further enhanced our health & productivity management initiatives through the “Kinjiro Genki Project” led by young employees, and held various events



活動名	2022				2023											
	10月	11月	12月	1月	2月	3月	4月	5月	6月	7月	8月	9月	10月	11月	12月	
多数対抗イベント	10/7-10/21		12/1-12/31				10/24-10/24						10/24-10/24			
オフィスで体力測定																
運動セミナー																
レムルごとの多数グループランニング																
プラス一歩多こう																
職場健やか																
本質ラジオ体操																
おうちでトレーニング																

14 activities

40 events

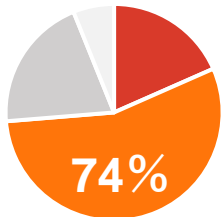


## Participant survey

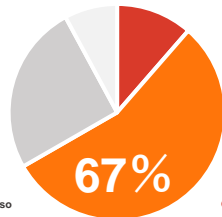
Do you exercise more often now?

Has anything changed in your daily routine?

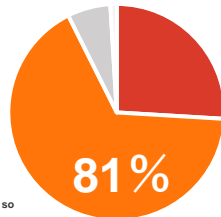
Has the project made you conscious of how much you exercise?



Very much so  
Yes  
Not much  
Not at all



Very much so  
Yes  
Not much  
Not at all



Very much so  
Yes  
Not much  
Not at all

## Results

50% of participants increased their walking by 20%

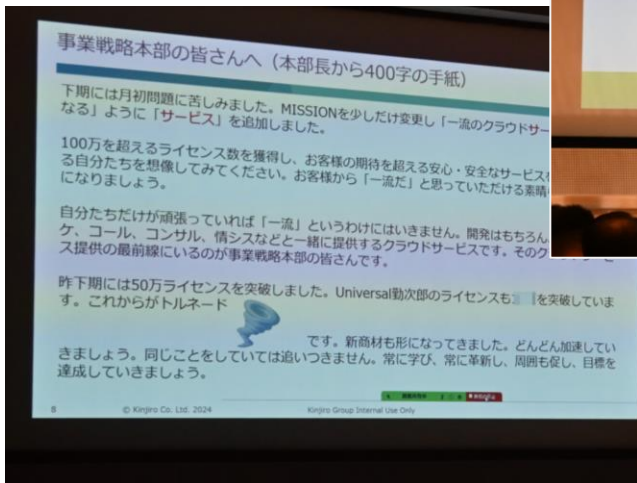


Comparison of each participant's walking distance in two 15-month periods (July 2021–Sep. 2022 versus Oct. 2022–Dec. 2023)

# General Managers Pitch Their Policies at Town Hall Meetings

- The President shared Kinjiro's Mission, Vision, and Values and General Managers presented their divisional policies to employees at all-hands meetings on July 7, 2023 and January 12, 2024
- Each GM explained to their division members the division's purpose and their aspirations
- All employees voted to select the best pitch
- The panel discussion explored Kinjiro's future, and GMs conveyed their wish lists to the President

- Pitch by a GM  
(a "letter to employees")



- Panel discussion by President & GMs



- Best pitch award



# Launch of the Kinjiro Challenge Program / Patent Acquisitions

■ A program was launched to challenge employees to come up with novel ideas under three categories: patent acquisition, new business proposals, and workplace improvements

- ◇ Aims: Increase employees' involvement in management and their problem-solving skills, energize internal communication, and improve quality of internal services
- ◇ Proposals solicited: 1. Patentable ideas 2. New business ideas 3. Workplace improvement ideas
- ◇ Program scheme: Employees working alone or as a team submit an entry, and the program's screening committee selects recipients of awards with cash prizes (Gold Award, Silver Award, Bronze Award, Special Award, etc.)

■ FY2023 patents: 4 patents acquired on inventions that support health



## Patent 1

Patent acquired on a system that supports community-based comprehensive perinatal care by networking maternity health record books and electronic medical records

### Features

Perinatal Network is community-based medical information network whereby tertiary care centers and community medical care centers collaborate in providing perinatal care. The network connects mainly core hospitals, as well as collaborating clinics and midwives, and is used to share information through common medical care notes and maternity health record books.

## Patent 2

Patent acquired on a system that enables composite tabulation of health points reflecting health examination, work, stress, and lifestyle assessments

### Features

Health point schemes are an effective tool for supporting employees' voluntary efforts to improve their health. This system enables users to define health items needing improvement based on data from health examinations, stress checks, lifestyle profiles, etc., and to process the awarding of bonus points. It thus helps to motivate employees about staying healthy and to reduce the company's social insurance costs.

## Patent 3

Patent acquired on a function for calculating cost of labor productivity losses due to presenteeism, absenteeism, etc.

### Features

This function allows users to precisely determine the cost of labor productivity losses, not only in terms of working hours, but also including decreases in productivity stemming from employees' physical/mental health issues. This enables decisions on health-related investments to be made with clearer goals.

## Patent 4

Patent acquired on a system that enables prioritization and appointment booking of industrial physician health guidance interviews based on employees' working and health conditions

## Efforts to Strengthen Operations at Kinjiro Viet Nam (wholly-owned subsidiary)

We aim to grow together with Kinjiro Viet Nam by bringing out the potential of its employees towards further enhancing the Company's product development capabilities.

- Changed company name to “Kinjiro Viet Nam” (March 2023)
- President Kamura of Kinjiro Co., Ltd. was appointed as Chairman of Kinjiro Viet Nam (March 2023)
- President Kamura and Managing Director Hirata visited Viet Nam (September 2023)

Kinjiro Viet Nam Co., Ltd. Chairman: Kozo Kamura, President: Junichi Masaki, Employees: 53 persons

### Mission

To serve as Kinjiro Group's development base for products that support the synchronized management of employment and health

### Vision

To serve as a training center that provides high quality resources for Japan

### Value

Offering development capabilities that deliver high “technological prowess,” “productivity,” “quality,” and “customer satisfaction”

### Initiatives to Strengthen Operations

- Boost recruitment through internship - Hired: 8 persons (all are graduates of Hanoi University of Science and Technology)
- Increase the scale of business - Number of employees: 53 (136% of the previous year)
- Improve quality and productivity - 1) Reduce coding errors, 2) Regression testing, 3) Automate deployment
- Provide outstanding talents to parent company (Kinjiro) - Planning to transfer 5 persons in the next fiscal year
- Cooperation with local partners - Outsourcing part of the development of Universal Kinjiro to a middle-ranking software houses



**Thank you for your attention.**

**KINJIRO CO., LTD.**

# Disclaimer

---

To the extent that statements in this presentation do not relate to historical or current facts, they constitute forward-looking statements. These statements represent the judgment of our senior management, based on the information currently available, and involve risks and uncertainties. Actual results may differ significantly from the outlook for performance and other matters presented here, due to various factors including economic conditions, the status of competition within the industry, and the success or failure of new services.