

Translation

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Summary of Financial Results
for the Nine Months Ended December 31, 2023
(Based on Japanese GAAP)

February 14, 2024

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: February 14, 2024
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 nine months ended December 31, 2023 (April 1, 2023 - December 31, 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	%
Nine months ended December 31, 2023	5,531	27.5	600	68.5	502	91.2	500	93.3	282	63.6
Nine months ended December 31, 2022	4,339	34.3	356	33.0	263	13.6	258	14.4	172	13.4

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	24.34	22.91
Nine months ended December 31, 2022	14.93	14.02

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 December 31, 2023	5,243	1,787	34.1
As of March 31, 2023	4,623	1,491	32.3

Reference: Shareholders' equity December 31, 2023: 1,787 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	7,600	26.9	765	61.4

Note 1: Revisions of most recent financial results forecast: Yes (Please refer to the “Announcement of Financial Forecast Revision” disclosed today for more details of the revision)

Note 2: Forecasts for operating profit, ordinary profit and net profit are not disclosed.

Note 3: The above is a forecast of non-consolidated financial results.

Note 4: The Company will shift to consolidated accounting as of the fourth quarter of the fiscal year ending March 31, 2024. Please refer to the “Notice Regarding Transition to Consolidated Settlement of Accounts and Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024” disclosed today, for the reasons for commencing the consolidated accounting and the consolidated full-year financial forecast for the fiscal year ending March 31, 2024.

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

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|---|------|
| 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 December 31, 2023: | 11,594,600 shares | As of March 31, 2023: | 11,581,700 shares |
| 2) Number of treasury stock at the end of period | | | |
| As of December 31, 2023: | 280 shares | As of March 31, 2023: | 280 shares |
| 3) Average number of shares outstanding during the period | | | |
| Nine months ended December 31, 2023: | 11,588,432 shares | Nine months ended December 31, 2022: | 11,549,622 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, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	3,399,662	4,354,879
Accounts receivable - trade	245,719	259,615
Contract assets	13,721	52,192
Prepaid expenses	222,411	177,465
Other	2,648	19,951
Allowance for doubtful accounts	(1,426)	(3,343)
Total current assets	3,882,736	4,860,759
Non-current assets		
Property, plant and equipment		
Buildings	213,806	28,137
Accumulated depreciation	(142,749)	(5,076)
Buildings, net	71,056	23,061
Tools, furniture and fixtures	93,553	44,145
Accumulated depreciation	(75,989)	(26,615)
Tools, furniture and fixtures, net	17,564	17,530
Total property, plant and equipment	88,620	40,591
Intangible assets		
Trademark right	221	164
Software	5,549	2,317
Total intangible assets	5,770	2,481
Investments and other assets		
Investment securities	86,097	86,097
Guarantee deposits	376,877	73,258
Long-term prepaid expenses	3,164	—
Deferred tax assets	179,648	179,648
Total investments and other assets	645,786	339,003
Total non-current assets	740,176	382,076
Total assets	4,622,912	5,242,835

(Thousands of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	87,270	103,103
Current portion of long-term loans payable	262,381	—
Accounts payable - other	199,347	179,122
Accrued expenses	211,134	284,047
Income taxes payable	73,022	112,116
Accrued consumption taxes	102,736	76,769
Deposits received	18,661	9,218
Deferred revenue	2,072,597	2,620,329
Contract liabilities	39,454	47,944
Provision for bonuses	—	22,446
Other	—	792
Total current liabilities	3,066,602	3,455,888
Non-current liabilities		
Long-term loans payable	65,000	—
Total non-current liabilities	65,000	—
Total liabilities	3,131,602	3,455,888
Net assets		
Shareholders' equity		
Capital stock	1,143,777	1,144,617
Capital surplus		
Legal capital surplus	1,133,777	1,134,617
Other capital surplus	—	11,916
Total capital surplus	1,133,777	1,146,532
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(785,217)	(503,176)
Total retained earnings	(785,217)	(503,176)
Treasury stock	(1,026)	(1,026)
Total shareholders' equity	1,491,310	1,786,947
Total net assets	1,491,310	1,786,947
Total liabilities and net assets	4,622,912	5,242,835

2. Statements of Income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net sales	4,339,234	5,530,595
Cost of sales	1,089,633	1,283,518
Gross profit	3,249,601	4,247,077
Selling, general and administrative expenses	2,986,854	3,744,813
Operating profit	262,747	502,265
Non-operating income		
Interest income	16	20
Miscellaneous income	43	266
Total non-operating income	59	286
Non-operating expenses		
Interest expenses	3,231	2,221
Share issuance cost	1,156	480
Loss on sales and retirement of non-current assets	—	248
Total non-operating expenses	4,387	2,949
Ordinary profit	258,419	499,602
Extraordinary losses		
Headquarters relocation expenses	—	86,755
Total extraordinary losses	—	86,755
Profit before income taxes	258,419	412,847
Total income taxes	86,007	130,806
Net Profit	172,411	282,041