

カオナビ

FY2021 2Q Financial Results

November 11, 2021

1. kaonavi's Being

2. FY2021 2Q Financial Highlights

3. FY2021 Financial Forecast

4. Appendix

Changes in HR Information Management and Work Styles – Past

1980

1990

2000

2010

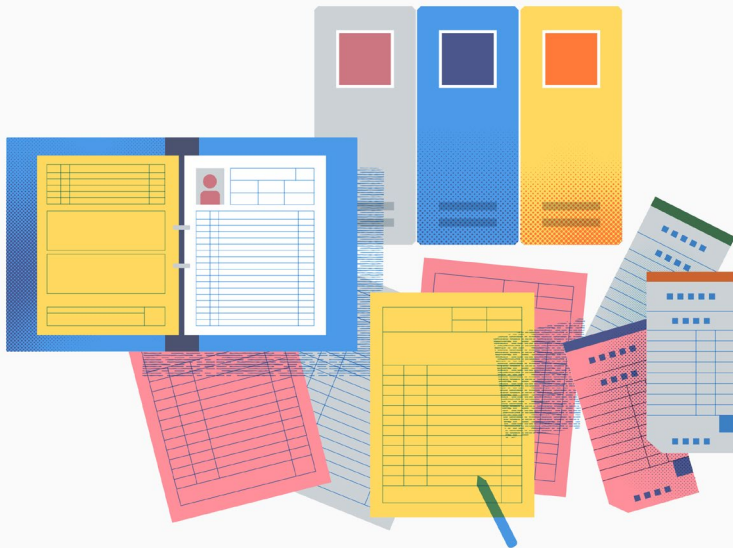
2020

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

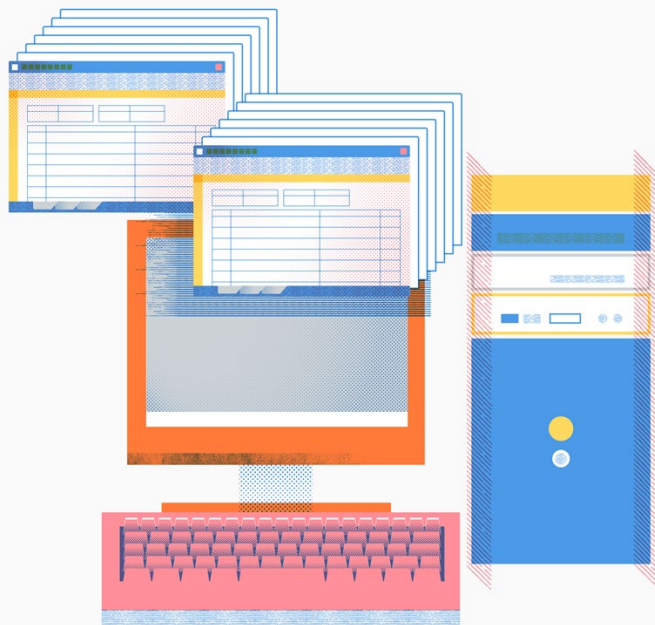
2020

2030

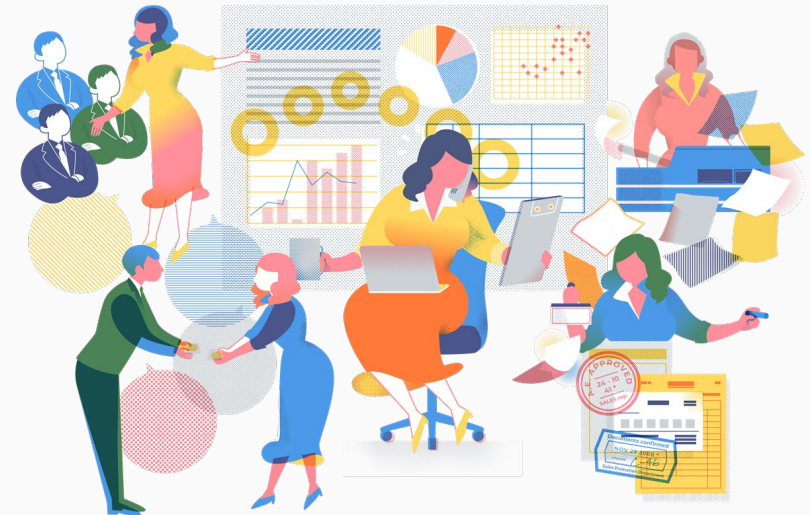
Employers manage employee information

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

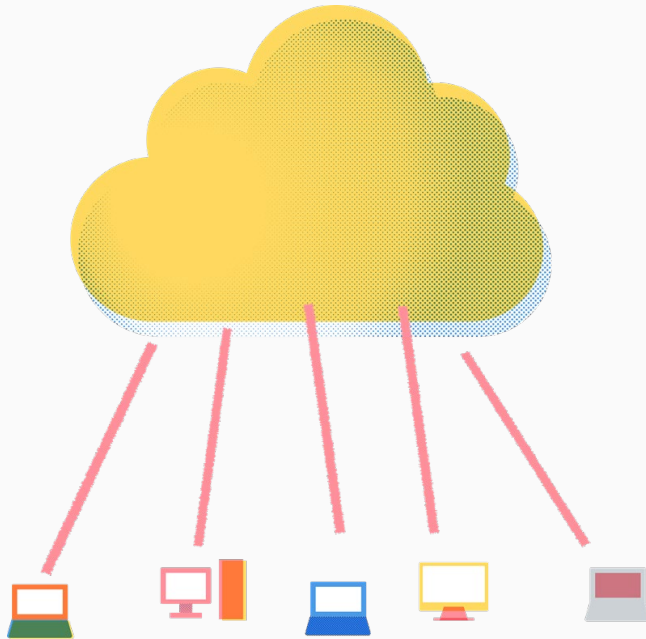
2020

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

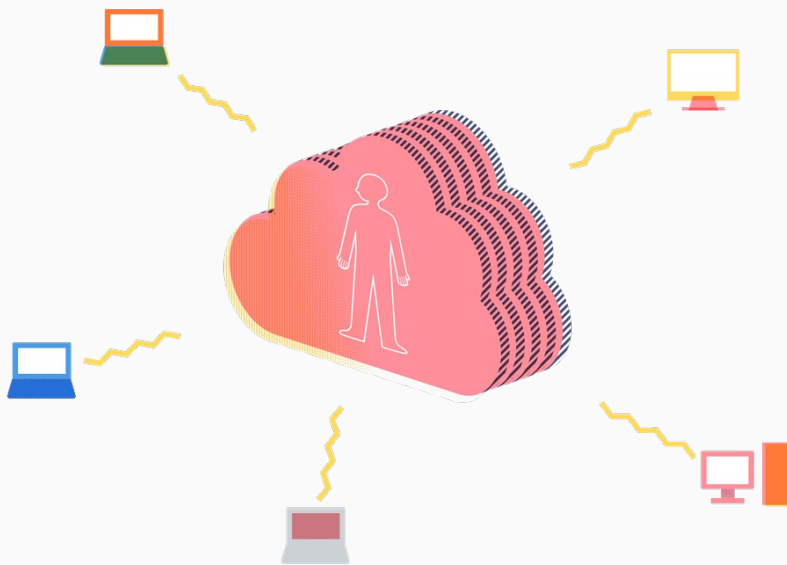
2020

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

Our Purpose

kaonavi defined a new Purpose that clearly states the significance of its existence in society

A decorative background graphic featuring several overlapping circles. One circle has a light blue diagonal line pattern, another has a light yellow solid fill, and a third has a light pink dotted pattern. The text is centered over these circles.

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

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

Product for a New Era



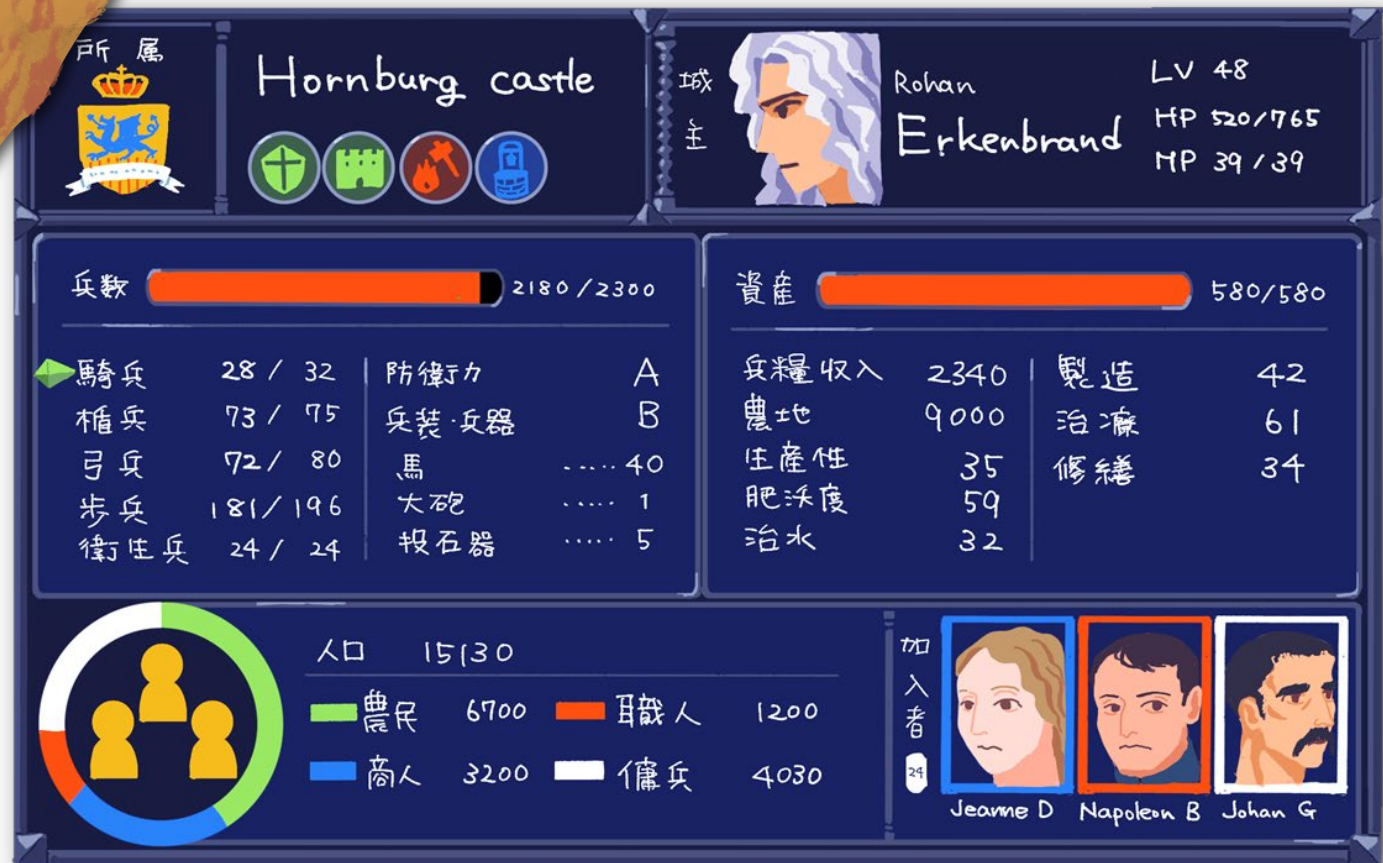
Characteristics of the Product



Gamification Mind

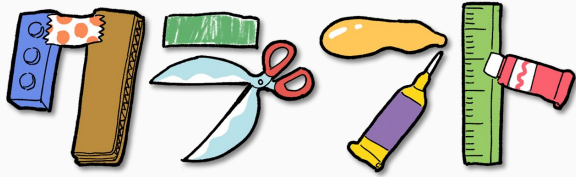
KAONAVI was born out of an audacious idea, “what if talent management could be gamified like Saga of Three Kingdoms”.

The notion to bring gaming elements into our thinking foundation is our **central tenet** that makes us stand where we are.



Ethos of Product Development

Craft



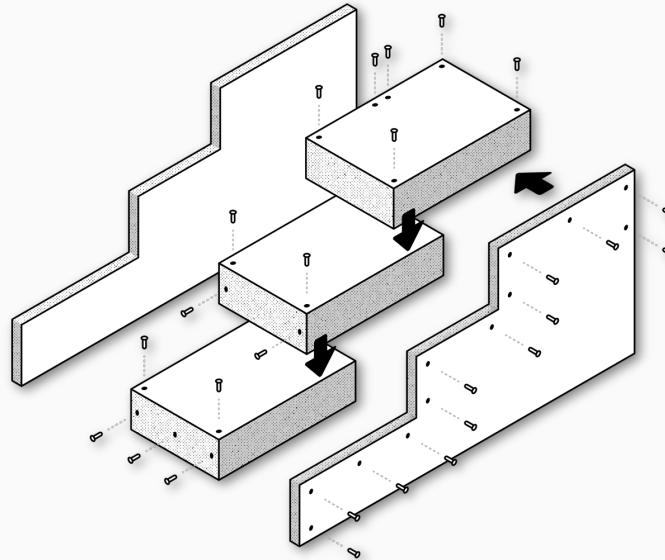
Flexibility-rich System

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

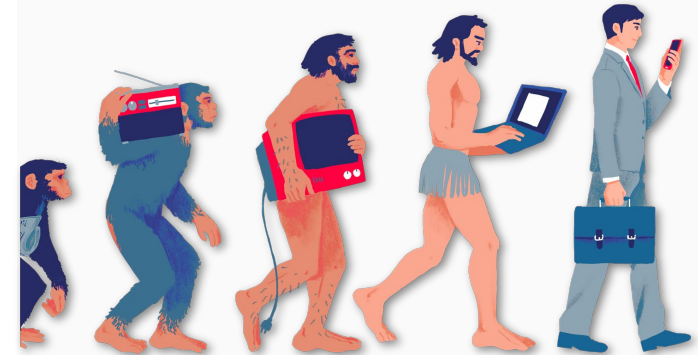


Stress-free Usability

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. kaonavi's Being

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Highlights

Business Overview (Second Quarter)

- Orders in both subscription services and support services were **strong** (which starts impacting P/L in the third quarter)
Subscription services : Active users and ARPU both increased steadily. Churn rate remained at a low level
Support services : Recorded **the highest orders amount ever**. Unit price and attached rate went up by revising service offerings
- Maintained new lead acquisition and business contacting in **high level**, although seasonal factors may cause fluctuations
- Released several product updates to enhance the value of the customer experience, including additional functions and improvements

Financial Results (Cumulative Second Quarter)

- Staying **on track** to achieve full-year forecast
No change to full-year forecast as we plan to invest for future growth in the second half

Net Sales JPY **2,069** MM (YoY **+31.3** %) vs. Forecast **45.6** %

Gross Profit JPY **1,486** MM (YoY **+25.7** %) vs. Forecast **45.3** %

Operating Profit JPY **99** MM (YoY **- 38.8** %) vs. Forecast **98.5** %

Financial Results

Net sales increased by 29.0% YoY. Gross profit also increased steadily, and its margin rose to 72.6%

	FY2020 2Q	FY2021 1Q	FY2021 2Q	YoY	QoQ
JPY MM	Same period last year	Previous quarter			
Net Sales	823	1,008	1,061	+29.0%	+5.2%
Gross Profit	619	715	770	+24.5%	+7.7%
Margin	75.2%	70.9%	72.6%	-2.6pt	+1.7pt
Operating Profit	41	30	69	+68.2%	+130.5%
Margin	5.0%	3.0%	6.5%	+1.5pt	+3.5pt
Ordinary Profit	40	28	67	+67.3%	+138.9%
Net Profit	5	18	45	+863.8%	+150.1%

Business Results

ARR *1

4,177 JPY MM
(+36.0% YoY)

Active Users *2

2,214 Companies
(+15.9% YoY)

ARPU *3

157 JPY Thou.
(+17.4% YoY)

Churn Rate *4

0.63 %

LTV/CAC *5

6.0 x

*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

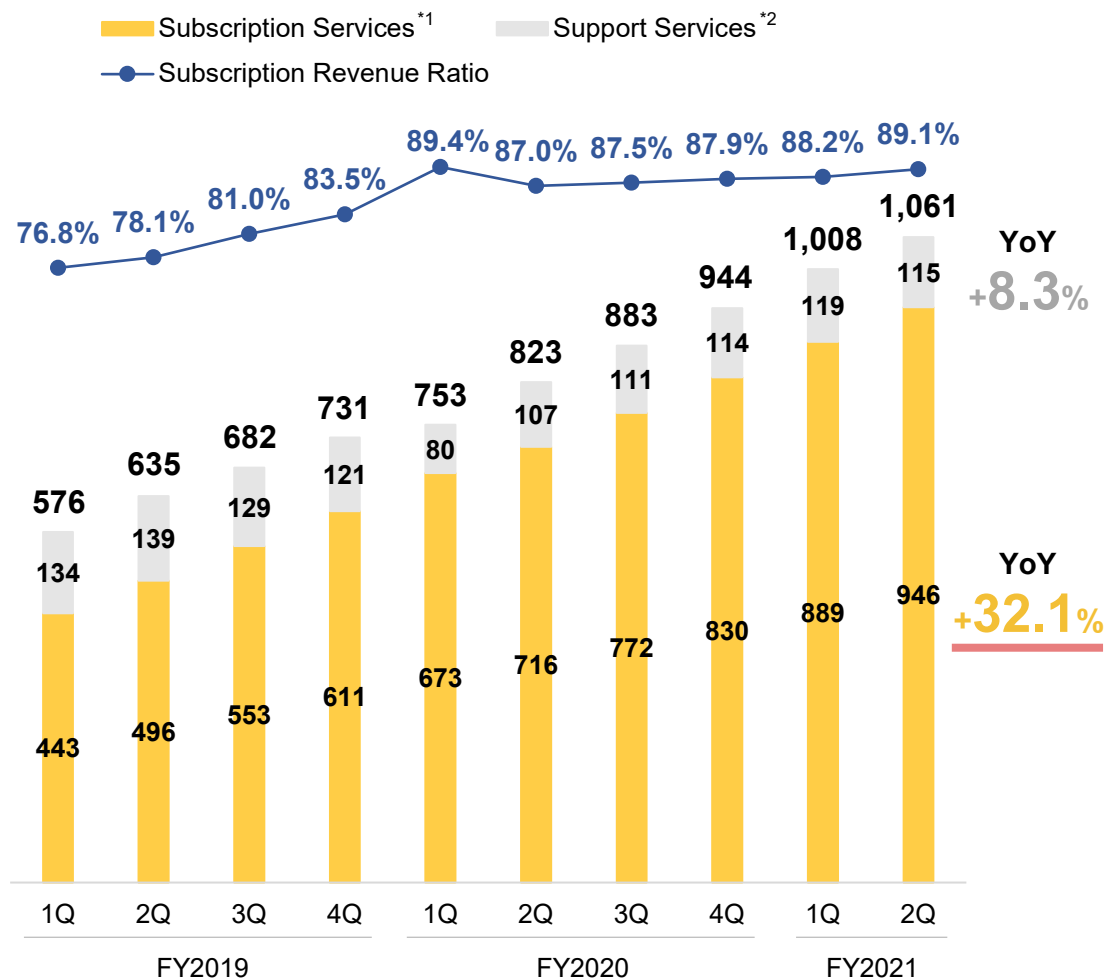
*5 : The ratio is calculated by dividing LTV (Lifetime Value) by CAC (Customer Acquisition Cost) in the quarter

Net Sales and ARR

Subscription revenue increased by 32.1% YoY. ARR also continued to grow steadily and surpassed JPY 4Bn

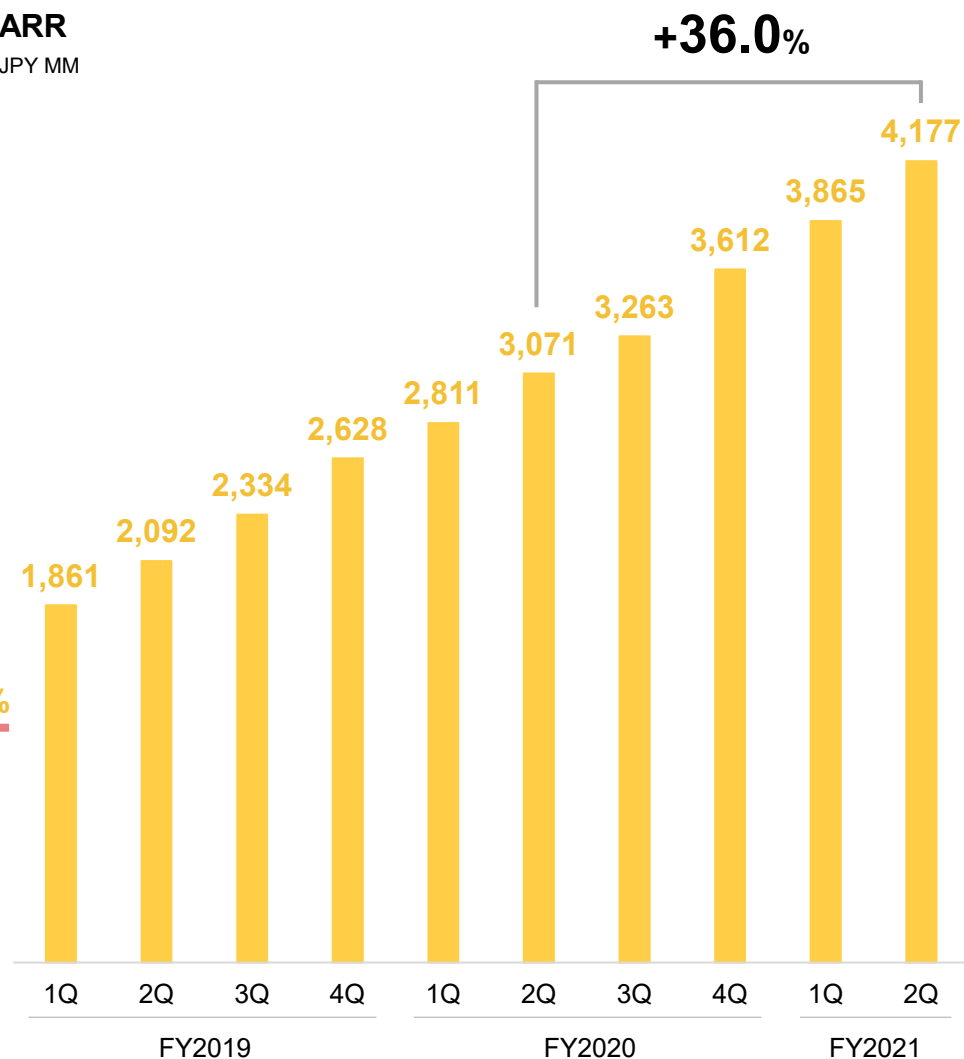
Net Sales

JPY MM



ARR

JPY MM



*1 : Net sales from monthly subscription fee

*2 : Net sales from initial setting support and paid support, etc. Changed the notation from "Professional Services"

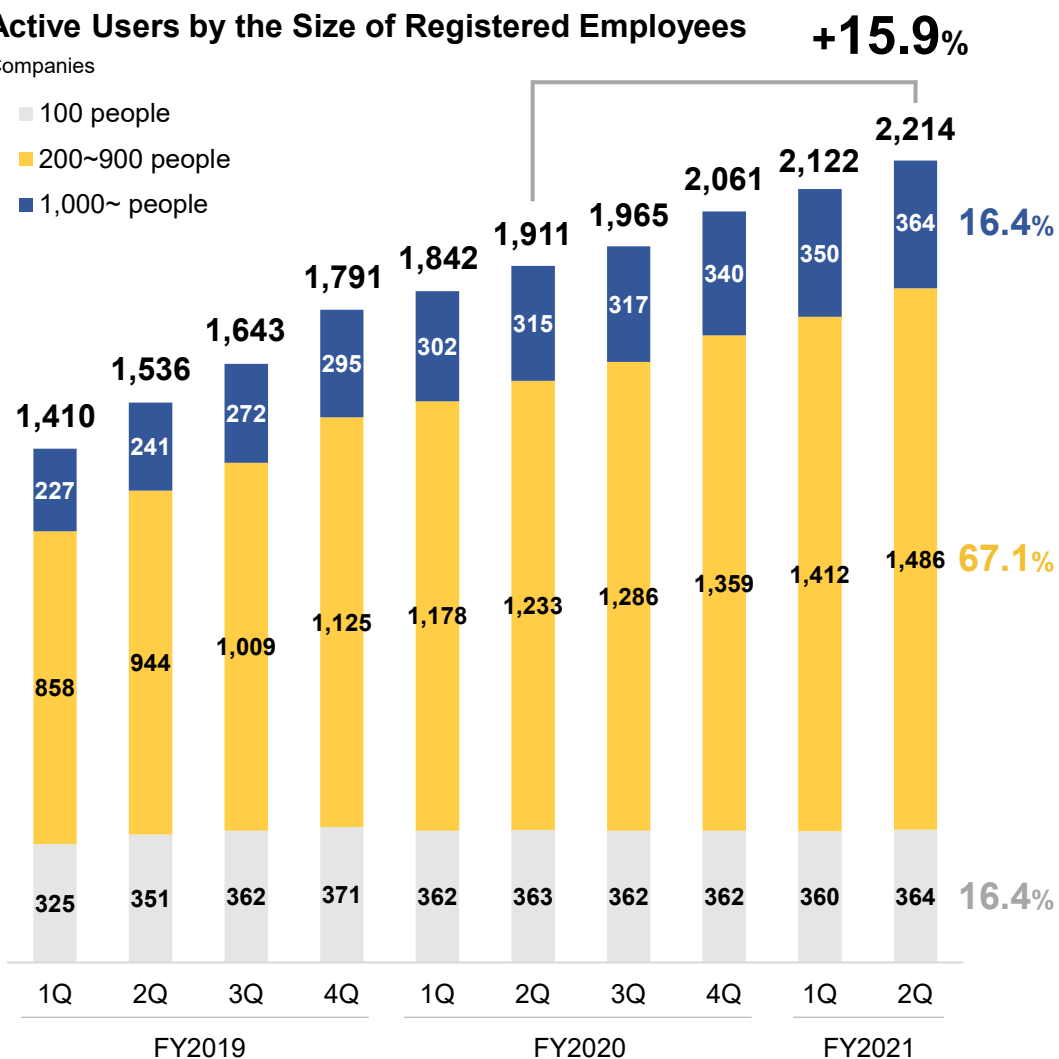
Active Users and ARPU

The number of active users and ARPU increased steadily, by +15.9% and +17.4% YoY, respectively

Active Users by the Size of Registered Employees

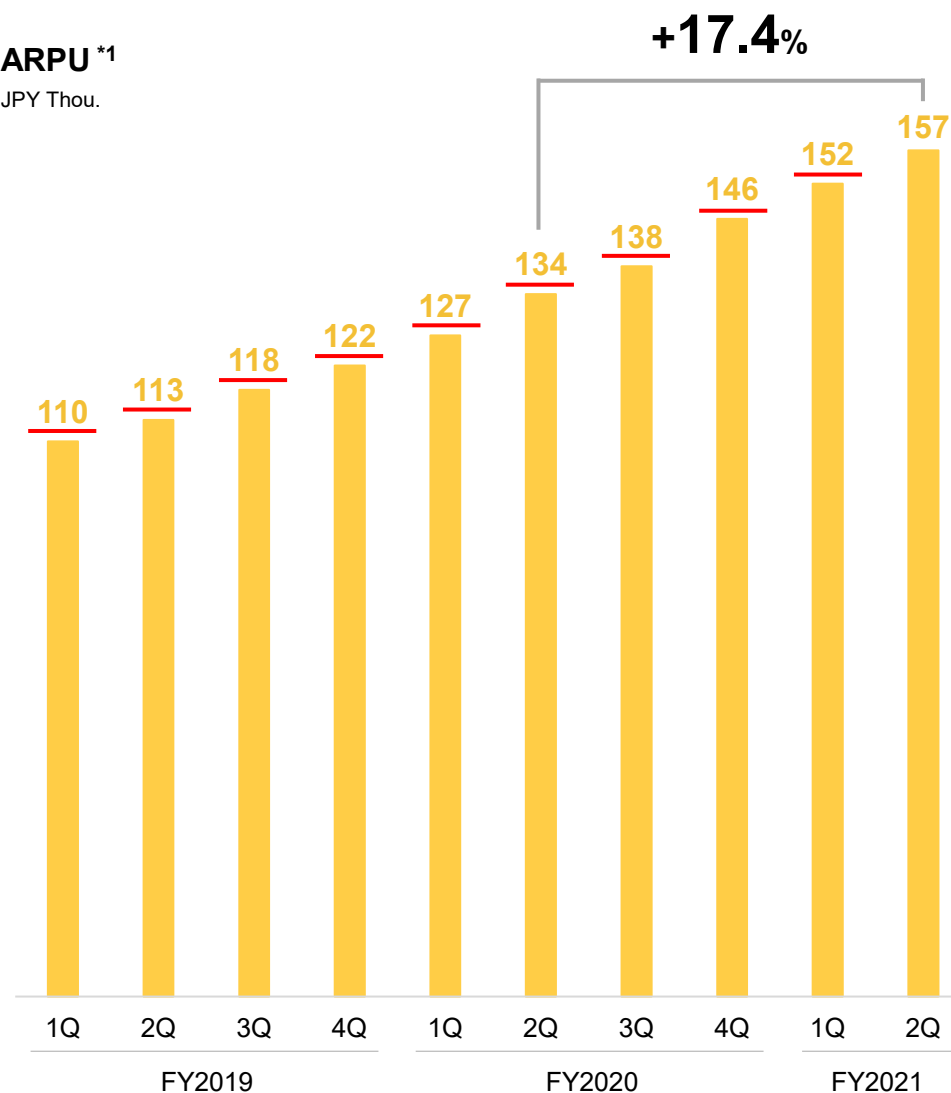
Companies

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



ARPU *1

JPY Thou.

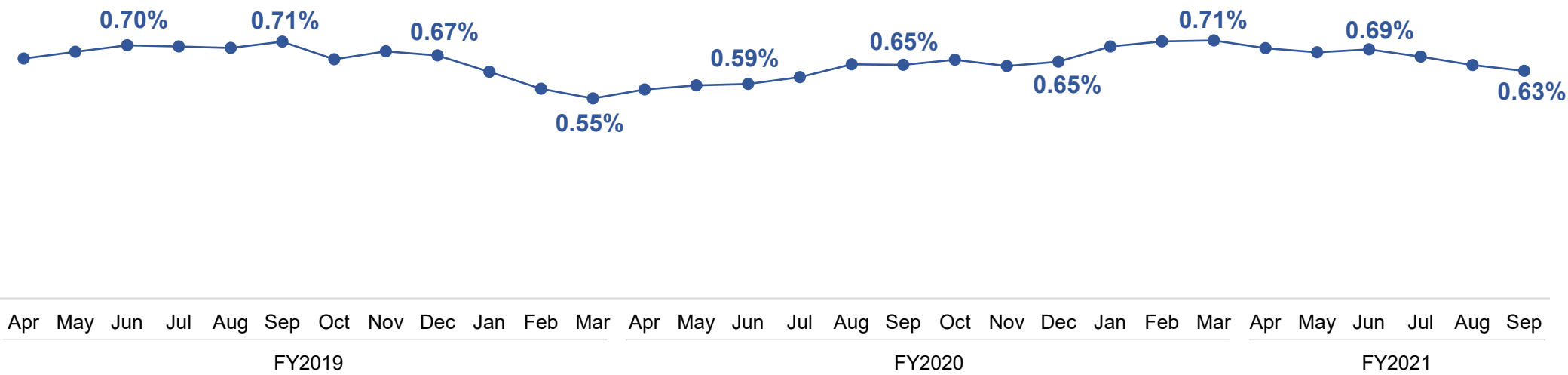


*1 : The basis of ARPU calculation was changed to the end of the quarter from average during the quarter due to the ARR disclosure

Churn Rate

Maintaining a low churn rate by focusing on CS and lifting the database value proposition with data accumulation

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



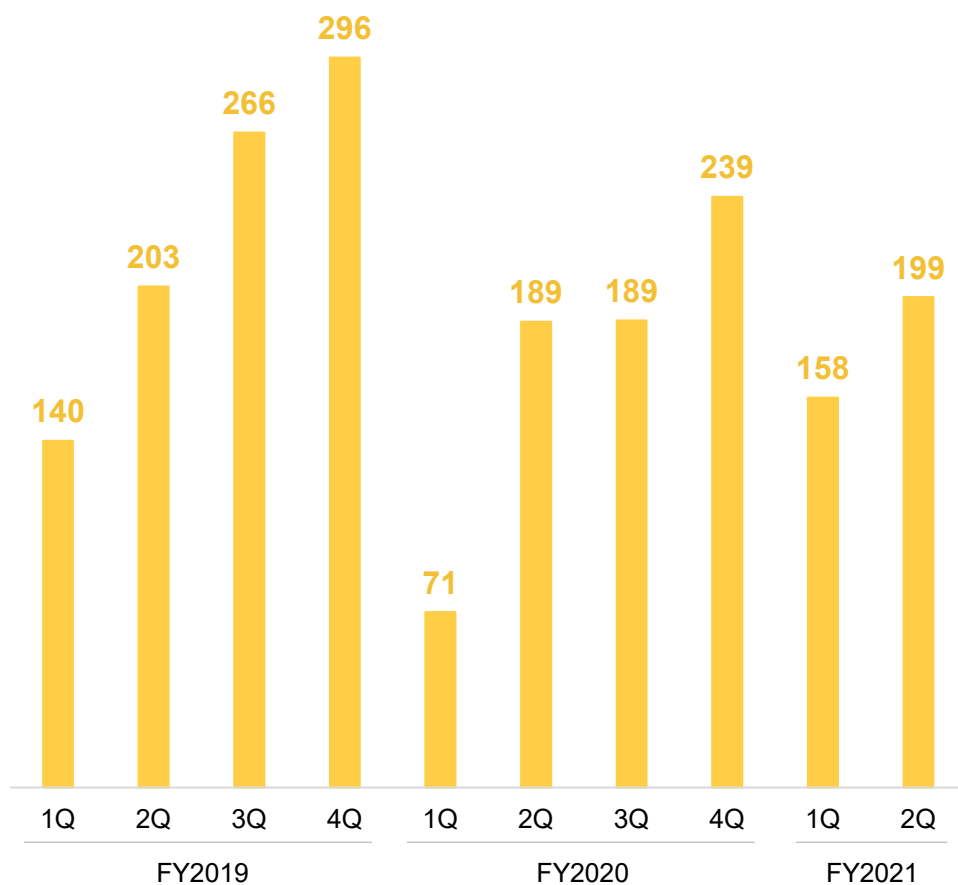
^{*1} : MRR churn rate = MRR lost in the month / MRR as of the end of previous month

Unit Economics

Maintaining healthy unit economics

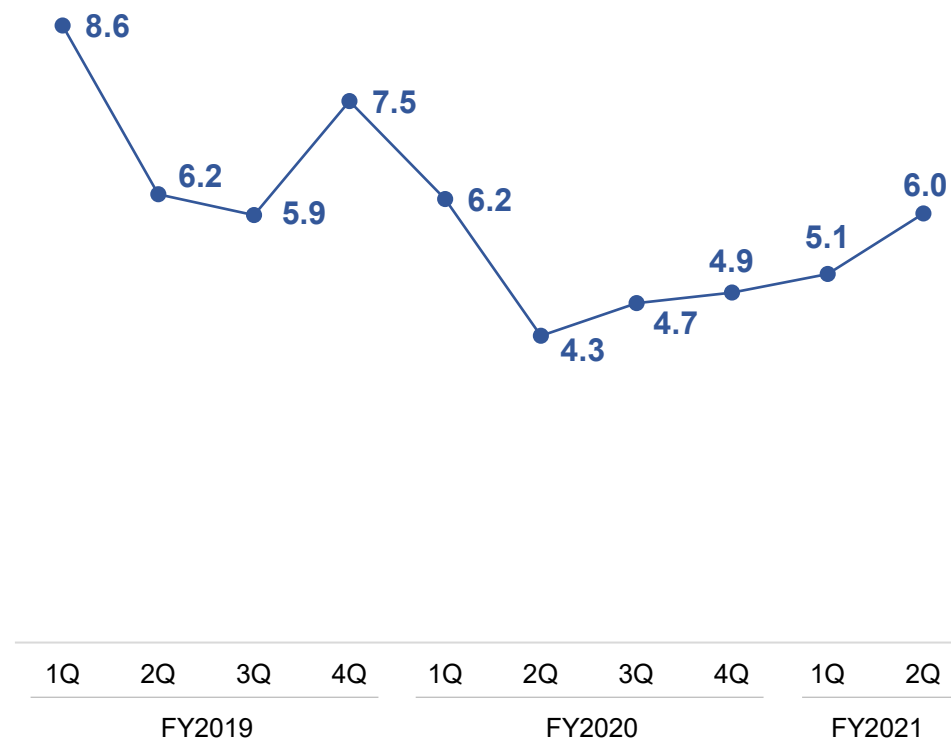
Marketing-related Expenses *1

JPY MM



LTV/CAC *2

X



*1 : Expenses related to marketing activities such as advertising and sales promotion

*2 : LTV= (Quarterly average of ARPU / Quarterly average of MRR churn rate) x Gross profit margin in the quarter

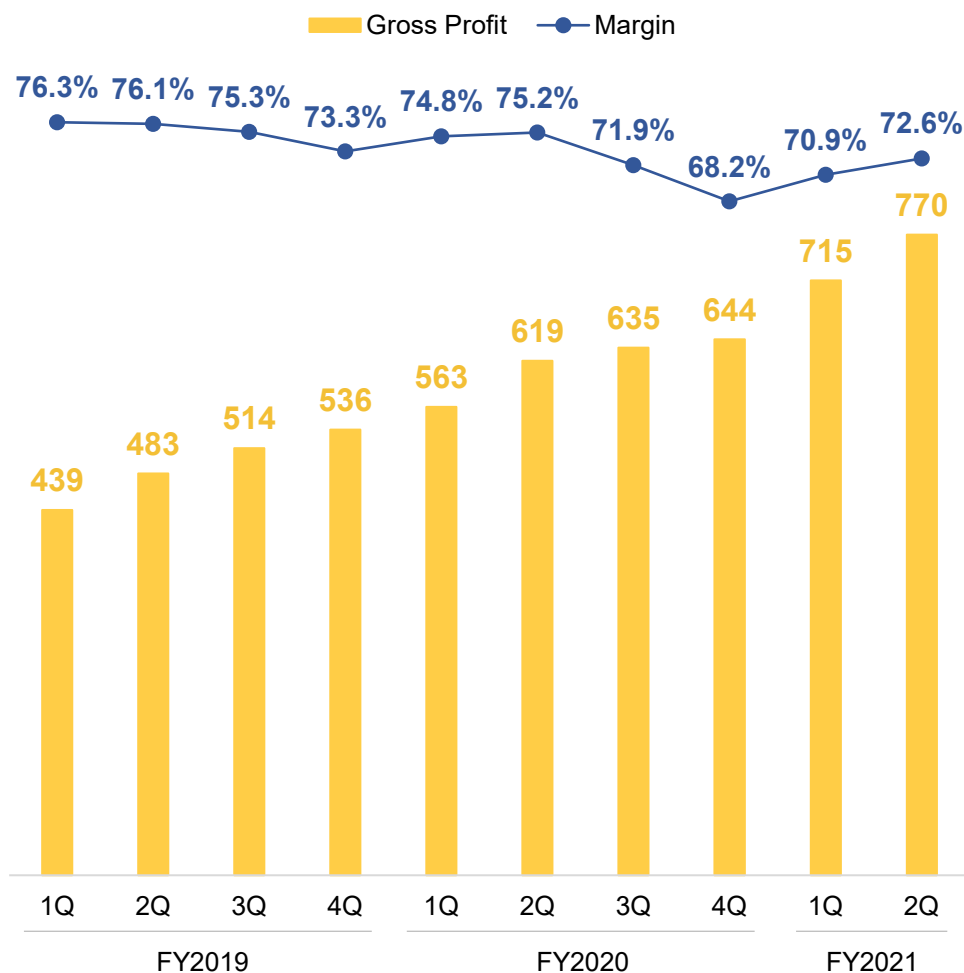
CAC= Sales & Marketing cost (personnel costs for sales & marketing, customer success and PR, marketing-related expenses, rents, system usage fee, etc.) / # of new customers acquired

Gross Profit and Cost of Sales

Gross profit, a source of profitability, has increased steadily in line with the net sales growth

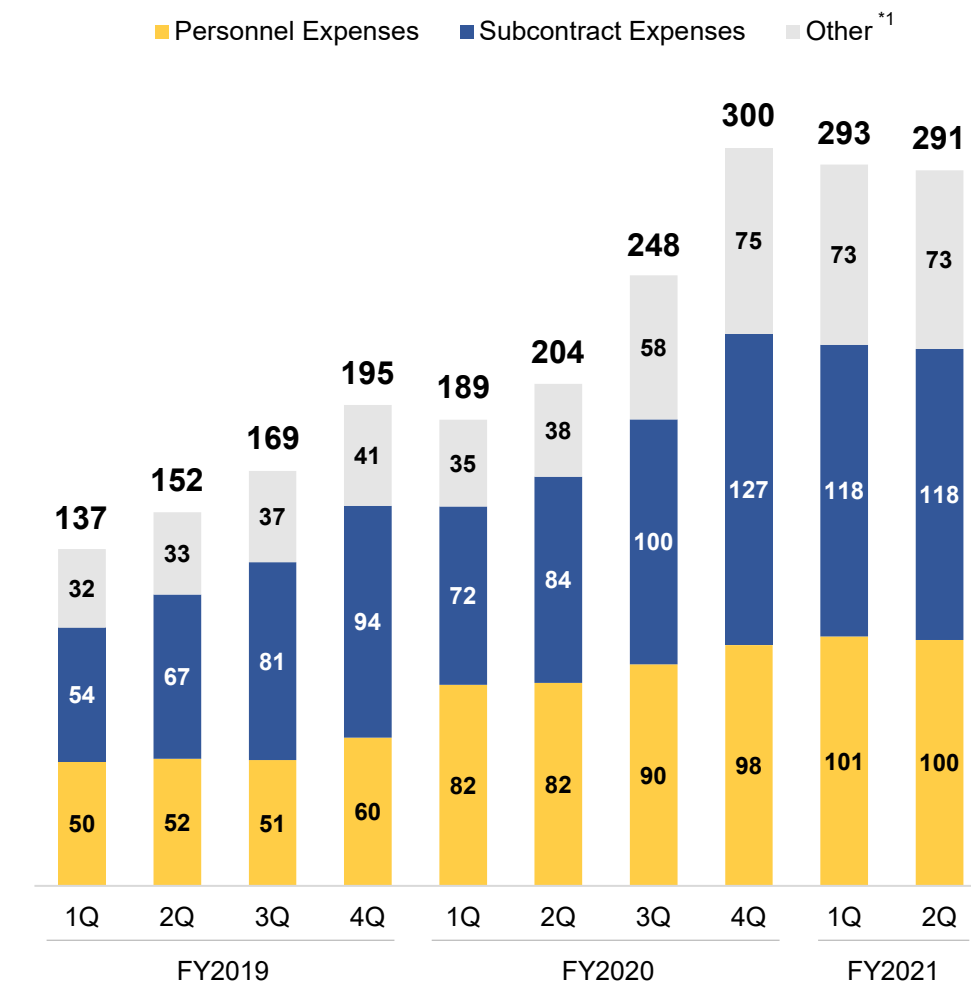
Gross Profit

JPY MM



Cost of Sales

JPY MM



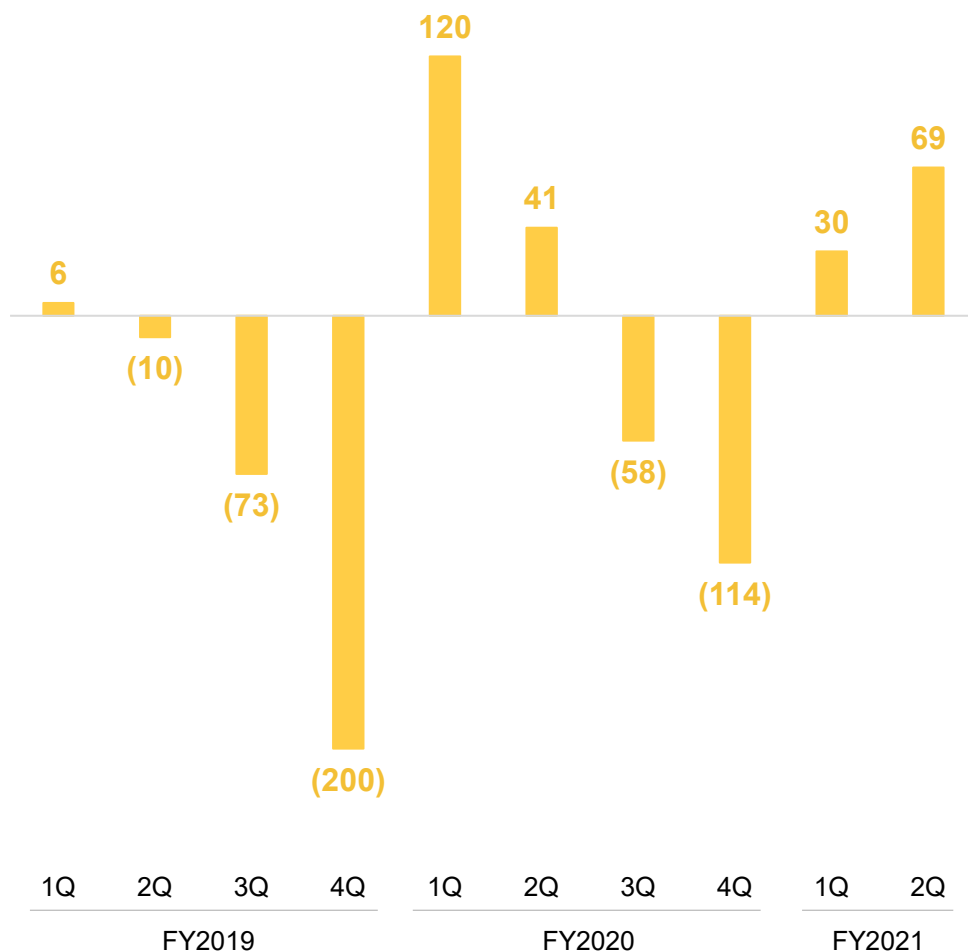
*1 : "Other" in this quarter mainly includes Rents of JPY 37MM and Server costs of JPY 25MM

Operating Profit and SG&A

Along with gross profit growth, profitability to generate operating profit also improved

Operating Profit

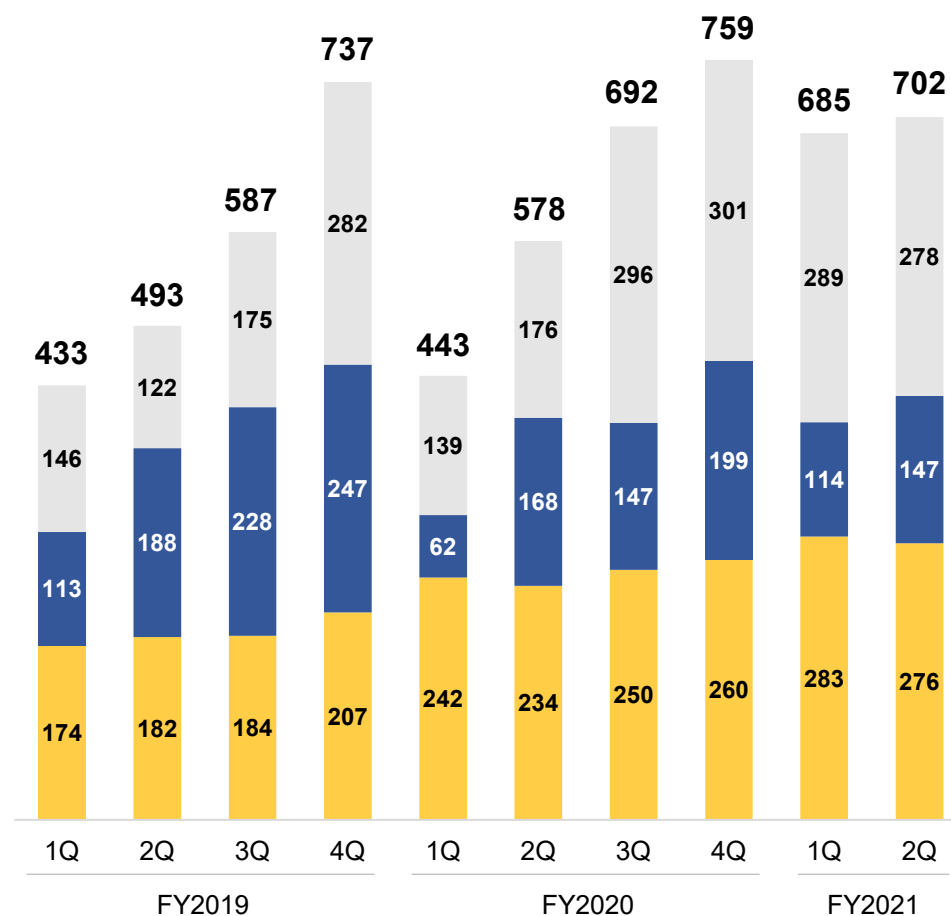
JPY MM



SG&A

JPY MM

■ Personnel Expenses ■ Advertising Expenses ■ Other^{*1}



*1 : "Other" in this quarter mainly includes Rents of JPY 56MM, Outsourcing expenses of JPY 66MM, Sales promotion expenses of JPY 43MM and Recruiting expenses of JPY 27MM

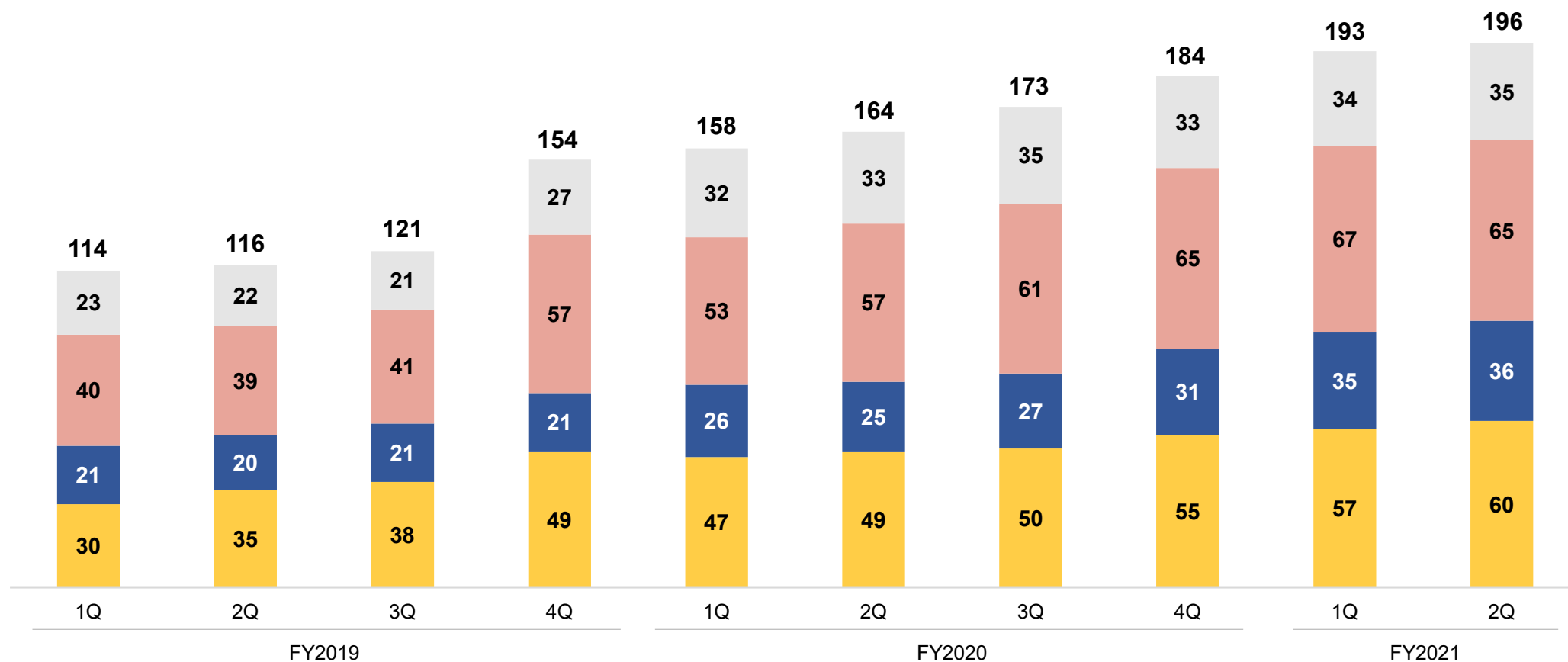
Number of Employees

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

of Employees *1

People

■ Sales & Marketing ■ Customer Success / Support ■ Engineer ■ Corporate

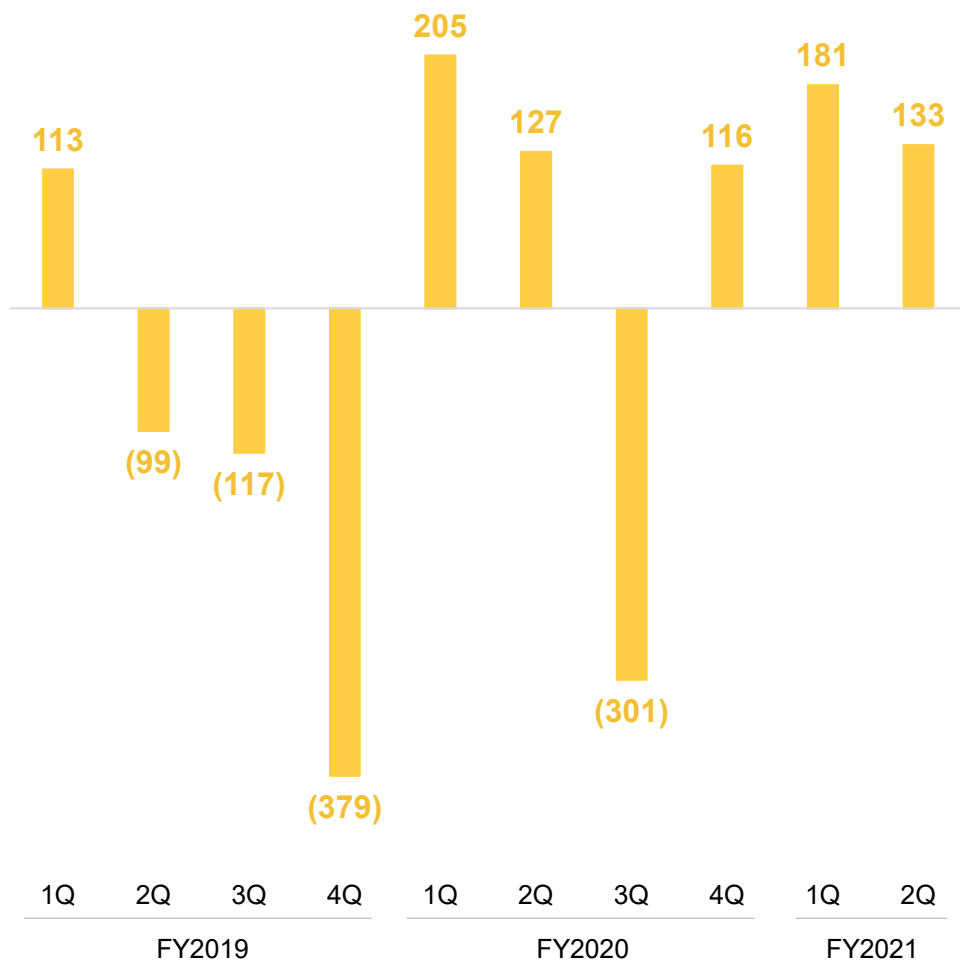


*1 : The number of full-time employees at the end of the quarter

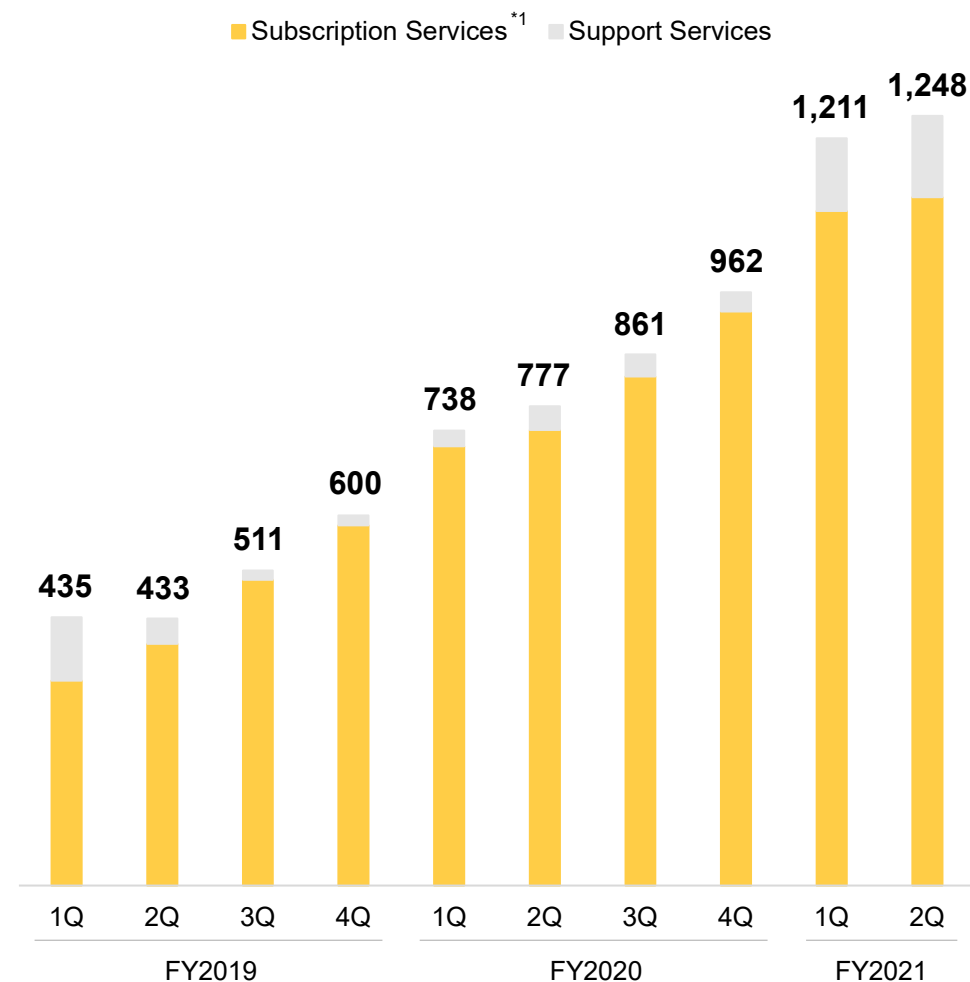
Free Cash Flow and Deferred Revenue

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

FCF
JPY MM



Deferred Revenue
JPY MM



*1 : The ratio of annual payment to MRR at the end of this quarter was 67.3%

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FY2021 Financial Forecast

Staying on track to achieve our full-year forecast

	FY2020 Actual	FY2021 ^{*1} Forecast	YoY	FY2021 1-2Q ^{*2} Actual	vs. Forecst
JPY MM					
Net Sales	3,402	4,540	+33.4%	2,069	<u>45.6%</u>
Subscription	2,991	3,840	+28.4%	1,835	47.8%
Support	411	700	+70.4%	235	33.5%
Gross Profit	2,461	3,280	+33.3%	1,486	<u>45.3%</u>
Margin	72.3%	72.2%	-0.1pt	71.8%	-
Operating Profit	-11	100	-	99	<u>98.5%</u>
Margin	-	2.2%	-	4.8%	-
Ordinary Profit	-16	93	-	95	<u>101.7%</u>
Net Profit	-131	26	-	63	<u>240.8%</u>

*1 : Without applying the new revenue recognition standard, net sales is expected to be JPY 4,520MM (JPY 3,920MM for subscription services and JPY 600MM for support services)

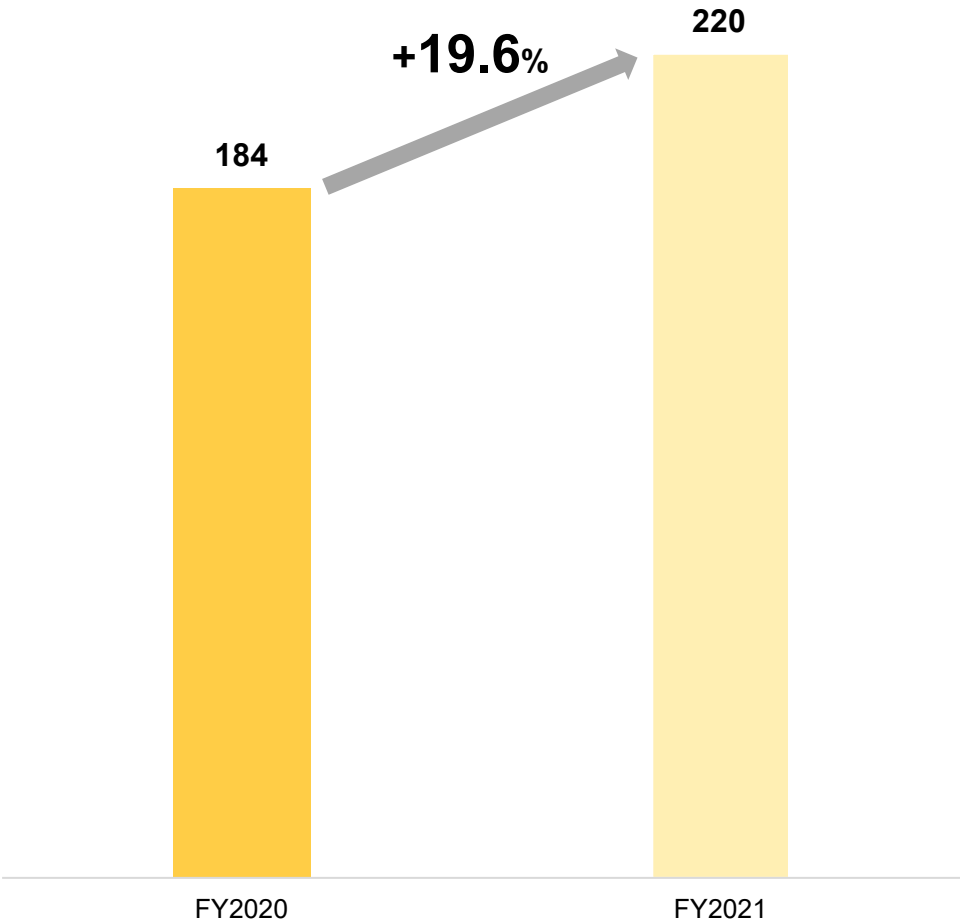
*2 : Without applying the new revenue recognition standard, net sales was JPY 2,073MM (JPY 1,861MM for subscription services and JPY 212MM for support services)

Cost Discipline

Plan to proactively hire talents and invest in marketing activities to accelerate revenue growth

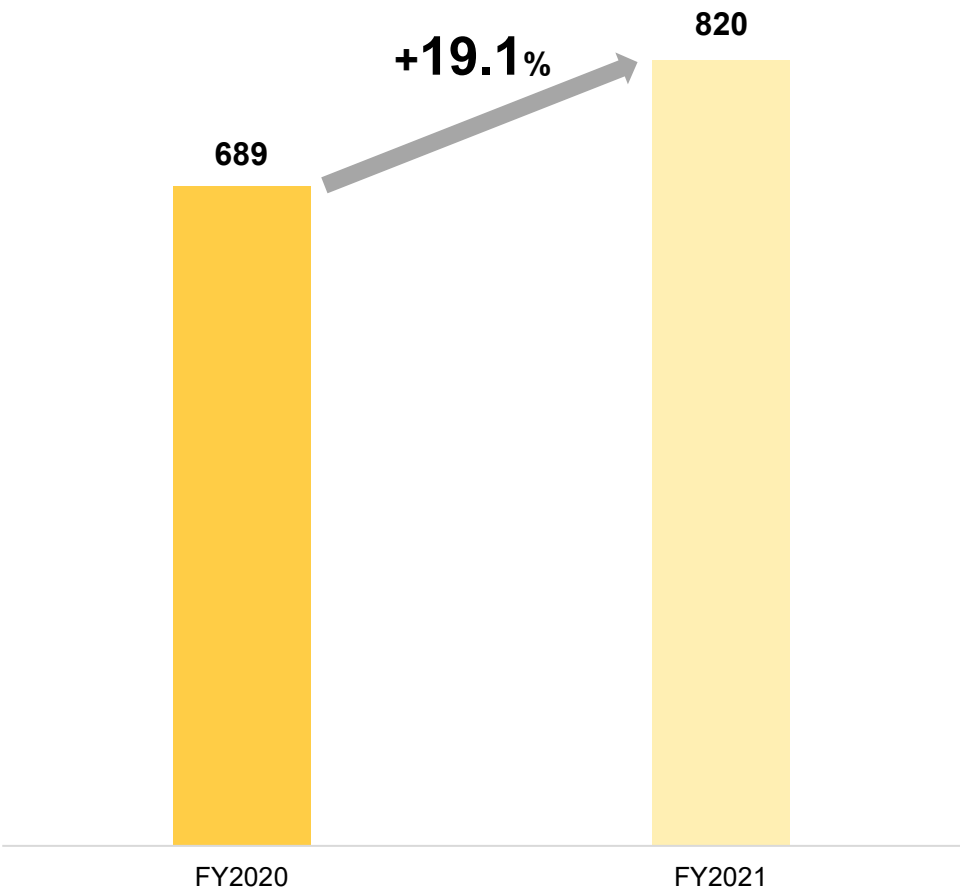
Staffing Plan (# of Employees)

People



Marketing-related Expenses Forecast

JPY MM



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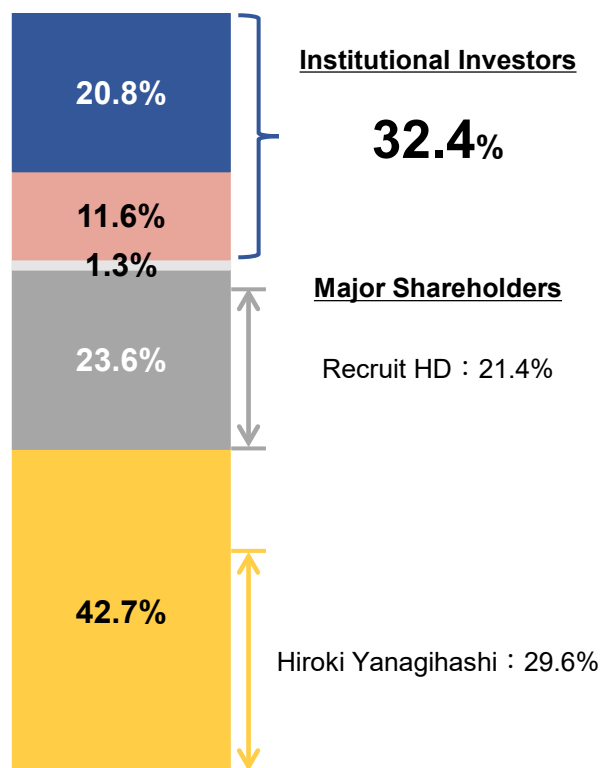
Company Overview

Name	: kaonavi, inc.
HQ Office	: 15F/16F TOKYO TORANOMON GLOBAL SQUARE, 1-3-1 Toranomom, Minato-ku, Tokyo
Established	: May 2008 (Commencement of business : April 2012)
# of Employees	: 196 (September 2021)
Business	: Providing a cloud-based talent management system “KAONAVI”
Board of Directors	: Hiroki Yanagihashi, Representative Director, President & CEO Hiroyuki Sato, Director, Executive Vice President & COO Kimitaka Hashimoto, Director & CFO Suguru Kobayashi, Outside Director, Representative Director of Field Management Human Resource Inc Masumi Sai, Outside Director, Representative Director of Good News and Companies Jiro Ito, Auditor Hiroyuki Yamada, Auditor Masaharu Adachi, Auditor Akemi Higuchi, Auditor
Major Shareholders	: Hiroki Yanagihashi Recruit Holdings Co., Ltd. (RSI Fund 1 LLC)

Ownership Structure (September 2021)

Ownership and Distribution of Shares

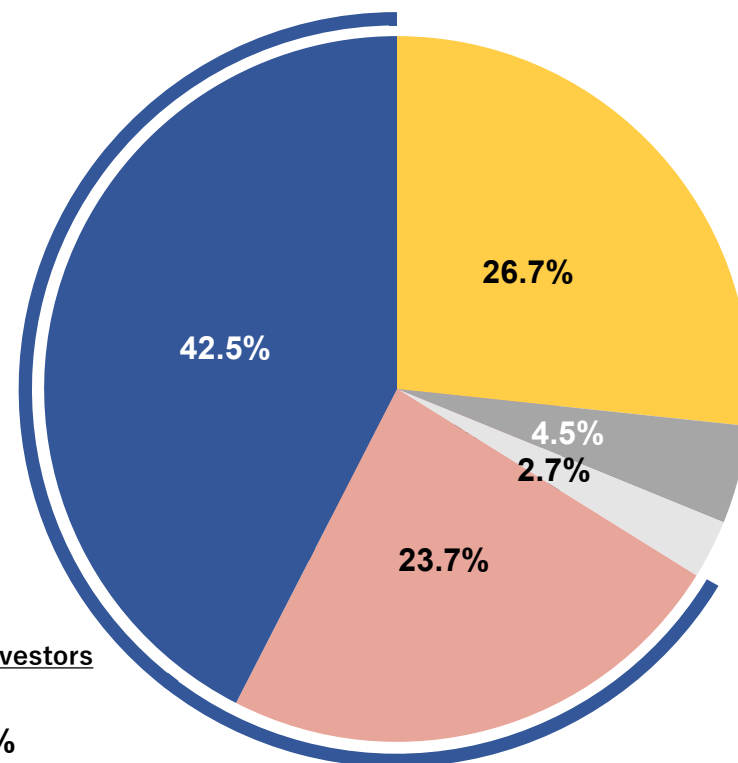
■ Individuals and Others ■ Corporations ■ Securities Firms
■ Financial Institutions ■ Foreign Institutions



September 2021

Ownership and Distribution of Shares Excluding Major Shareholders

■ Individuals and Others ■ Corporations ■ Securities Firms
■ Financial Institutions ■ Foreign Institutions



Institutional Investors

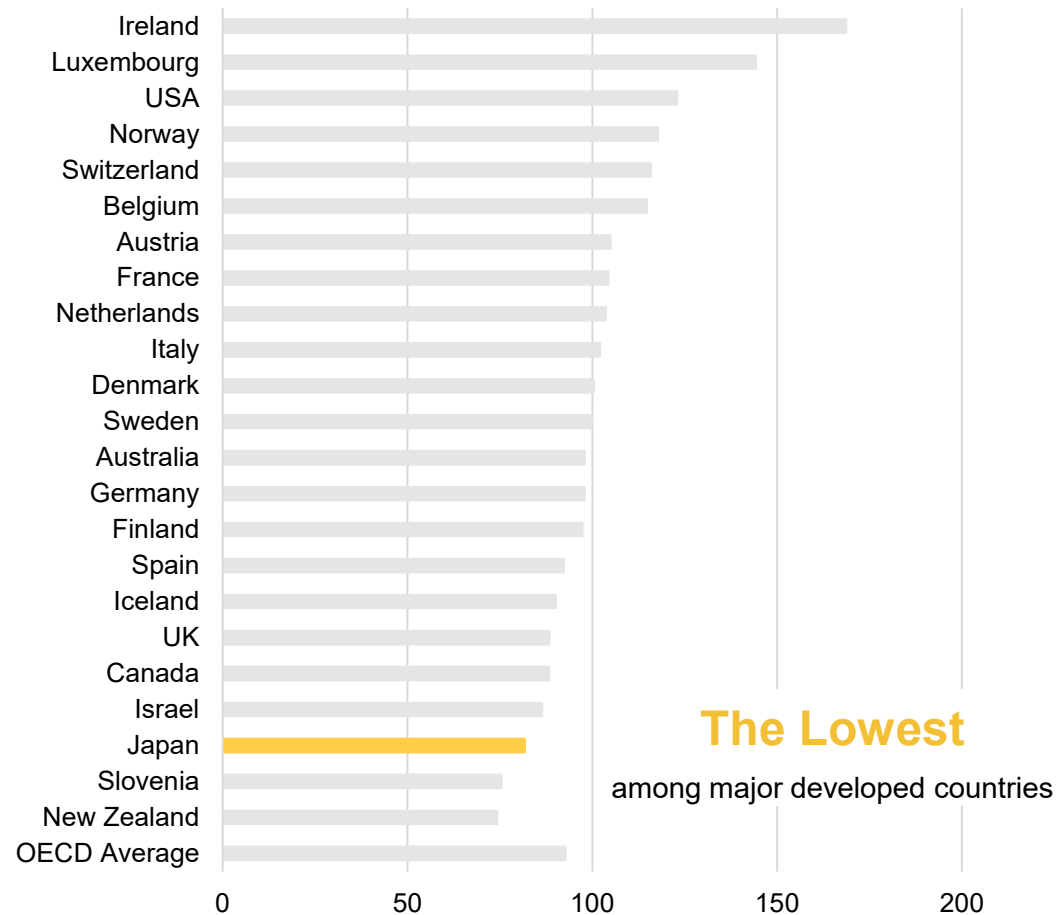
66.2%

Japan's Labor Market Challenges

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

OECD Countries' Labor Productivity (2016, per workers)

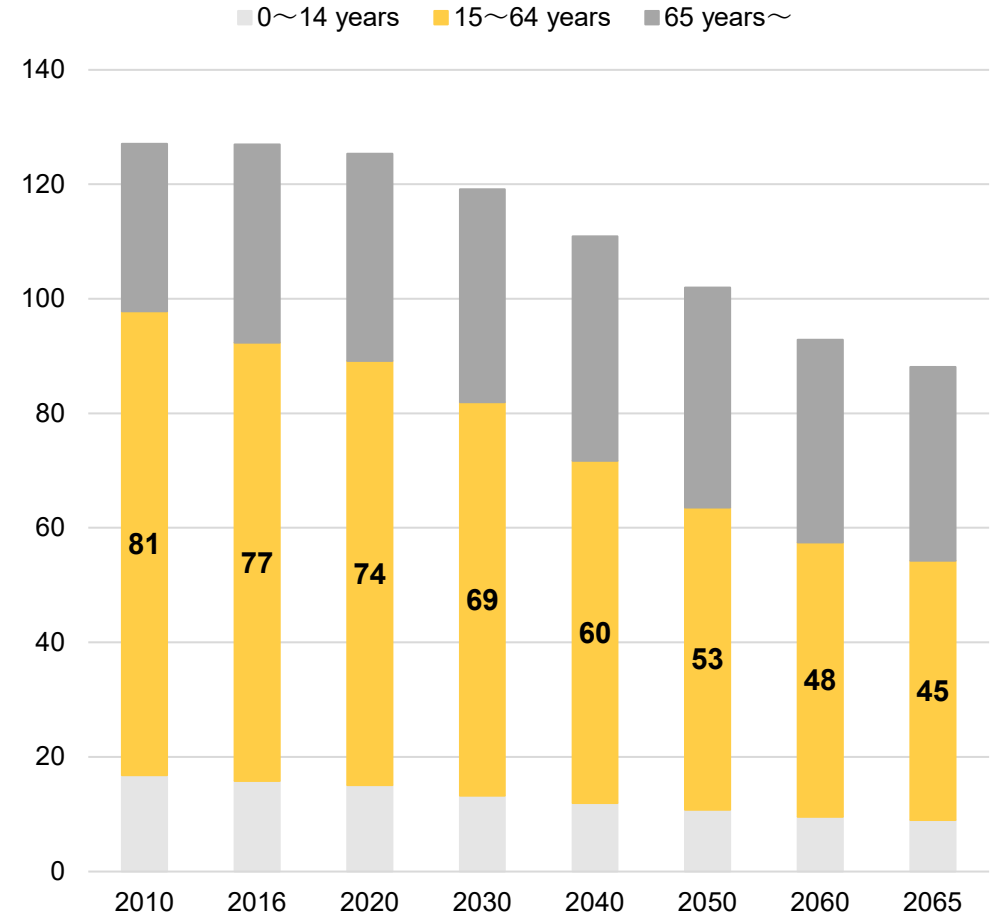
PPP Conversion : US\$ 1,000



Source : Japan Productivity Center "International Comparison of Labor Productivity 2017"

Japan's Population Projections by Age

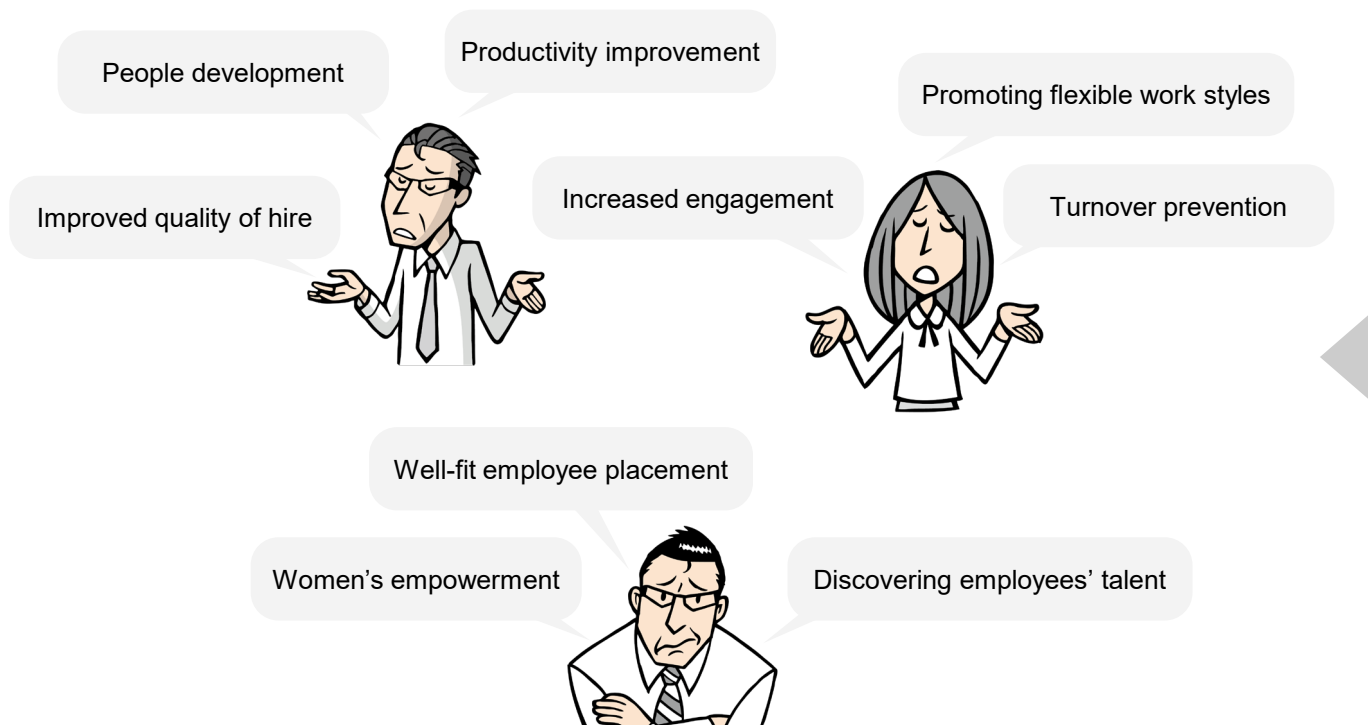
Million people



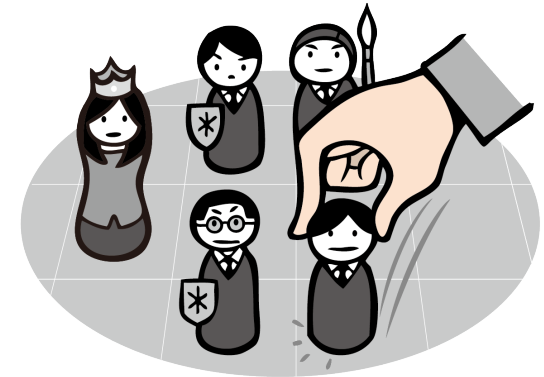
Source : Cabinet Office "White Paper on Aging Society 2017"

Rising Demand for Talent Management

Talent management is gaining traction for solving various HR issues that companies confront



Talent Management



Maximizing the performance of employees and organizations by using information on employees' skills and abilities for recruitment, placement and development

What Is Talent Management System?

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

Centralized and visualized HR data



Streamlined HR operations



Empowering the MGMT to make better decisions



Streamlined performance review



Analysis of mismatch in hiring, High performing analytics



Staff deployment simulation



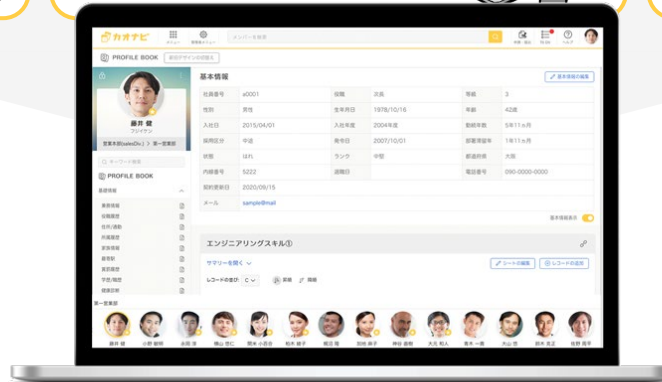
Skills management, People development



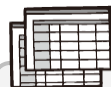
Motivation analysis, Employee turnover analysis



Various surveys, Increased engagement



Information on paper



Data on spreadsheet



Data depending on specific personnel



Data residing in other systems

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

Hands-on know-how available for our users to adapt to their own talent management

Community



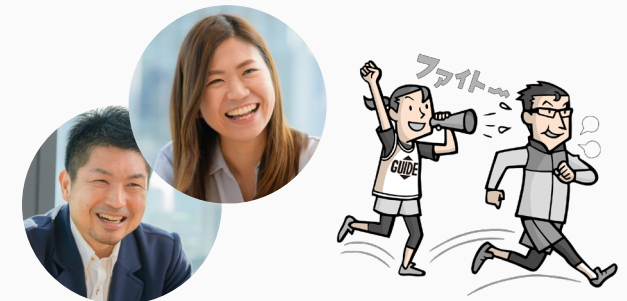
A place where users can learn directly from other users

Library



Overwhelming amount of use cases across industries, business types and scale

Dedicated Staff



Accompanied by our support staff with a wealth of experience and expertise

Fee Structure

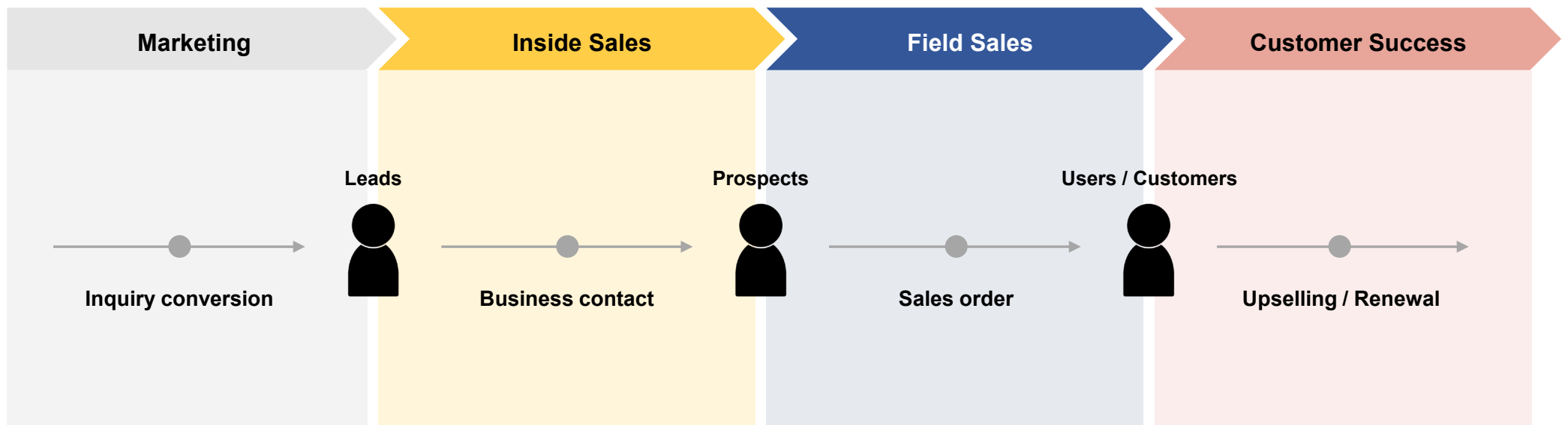
Offer three subscription plans with different sets of functions and charge based on the number of registered employees

	DATABASE PLAN	PERFORMANCE PLAN	STRATEGY PLAN
	Consolidate all personnel data	Efficient review operation	Strategic HR management
HR Database	✓	✓	✓
Pickup List	✓	✓	✓
Organization Chart	✓	✓	✓
Performance Review		✓	✓
Employee Survey		✓	✓
Matrix Chart			✓
Employee Data Graph			✓
Dash Board			✓
Option Services *1	✓	✓	✓

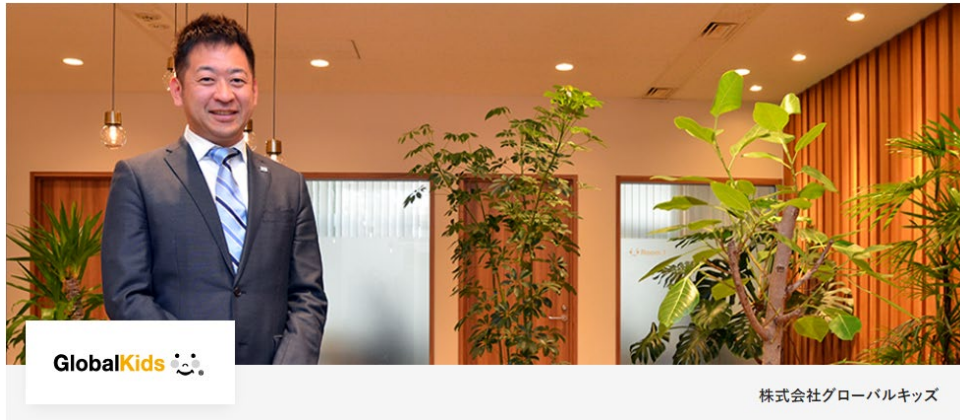
*1 : In addition to our services such as Pulse Survey and Approval Workflow, we also offer third-party services such as the Aptitude Test (SPI3) provided by Recruit Management Solutions Co., Ltd.

Business Process

Aiming to streamline sales & marketing activities and maximize LTV by structuring processes



Customer Stories



Issues / Challenges

- Mismatch between names and faces of staffs amid headcount increase
- Retention of childcare workers

Why KAONAVI ?

- Excellent user interface

Benefits of KAONAVI

- Lower turnover rate (16% → less than 10%)
- Efficient response to administrative audits (centralized document management)
- Prevention of recruitment mismatches



Issues / Challenges

- Harmonization and alignment of employees diversified following the post merger integration

Why KAONAVI ?

- Usability and flexibility as a communication tool
- Applicability as a platform to promote digitization of the HR department

Benefits of KAONAVI

- Driving inter-departmental communication
- Highly improved efficiency of assessment process

Customer Stories



イノチオホールディングス株式会社



学校法人立命館

Issues / Challenges

- Lack of information sharing among group companies
- Inefficient operation of performance review (paper documents and Excel files)

Why KAONAVI ?

- Flexibility in building performance review systems
- No involvement of programming knowledge or expensive customization

Benefits of KAONAVI

- Centralized digitization of performance review
- Visualization of HR issues by employee surveys

Issues / Challenges

- Dispersed HR information among the group organizations
- Upskilling and deploying human resources

Why KAONAVI ?

- Centralized information management capability
- Highly intuitive user interface

Benefits of KAONAVI

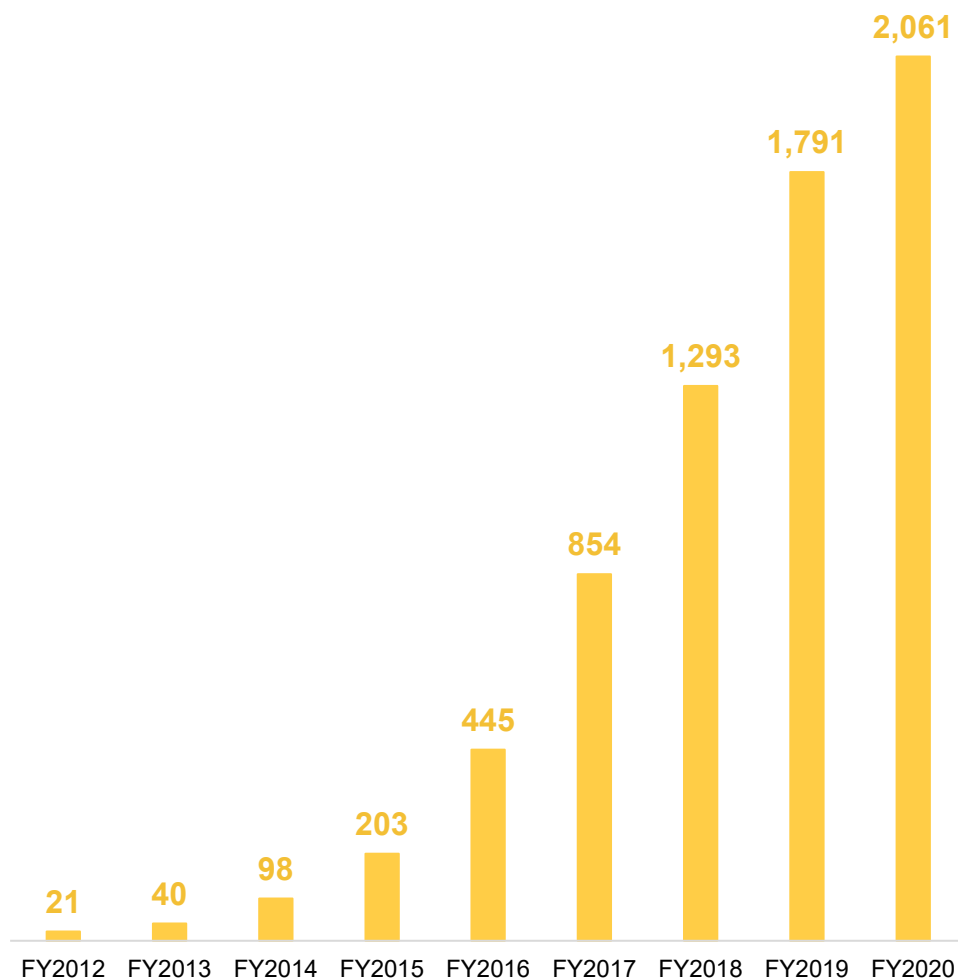
- Centralization of HR data
- Shorter preparation time for personnel transfers (1 week → 1 hour)
- Improved operation efficiency and reduced costs by eliminating paperwork drastically

Market Position

The market leader in talent management system

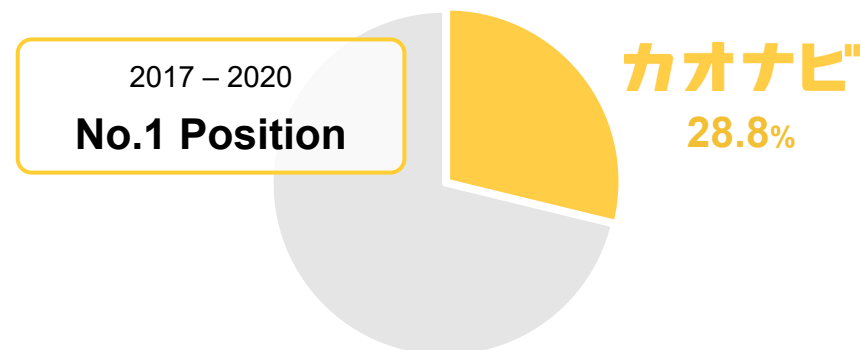
Active Users

Companies



*1 : As of March 31, 2021

Market Share of Shipment (2020)



Source : HRTech Cloud Market – HR and deployment cloud by Deloitte Tohmatsu MIC Research Institute, January 2021

Customers *1

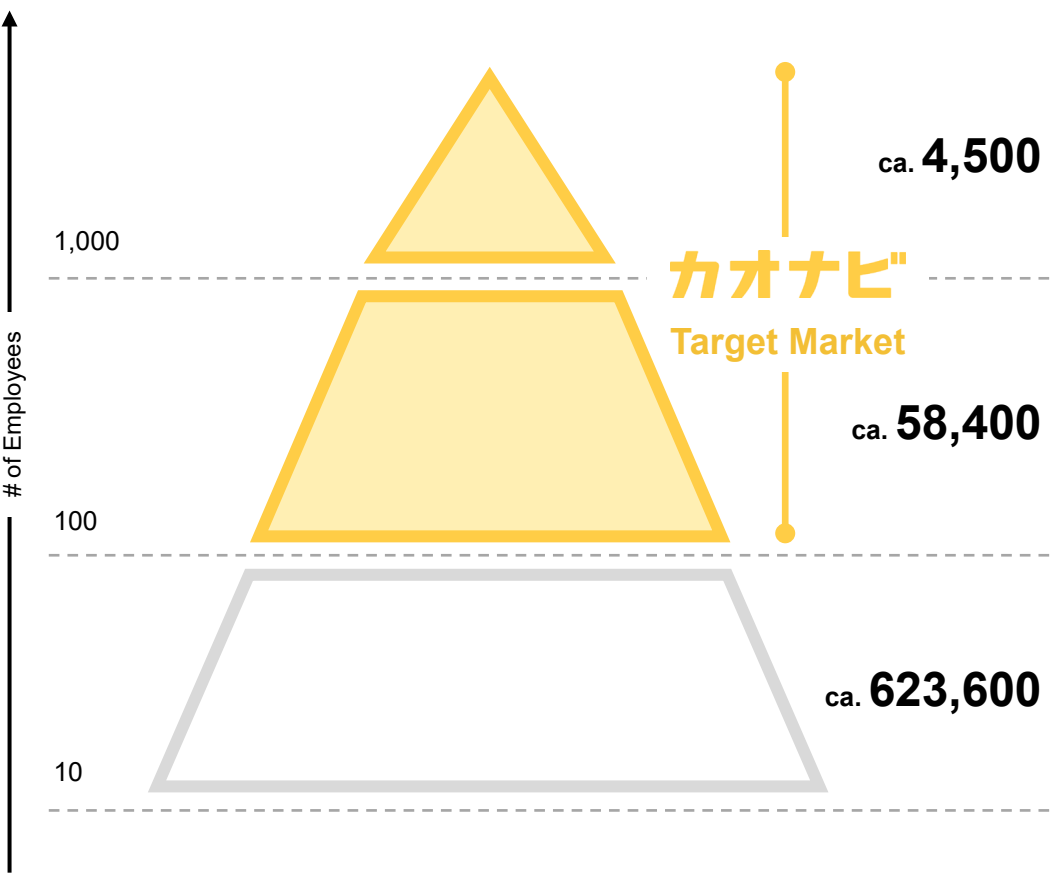


Growth Potential

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

of Companies in Japan

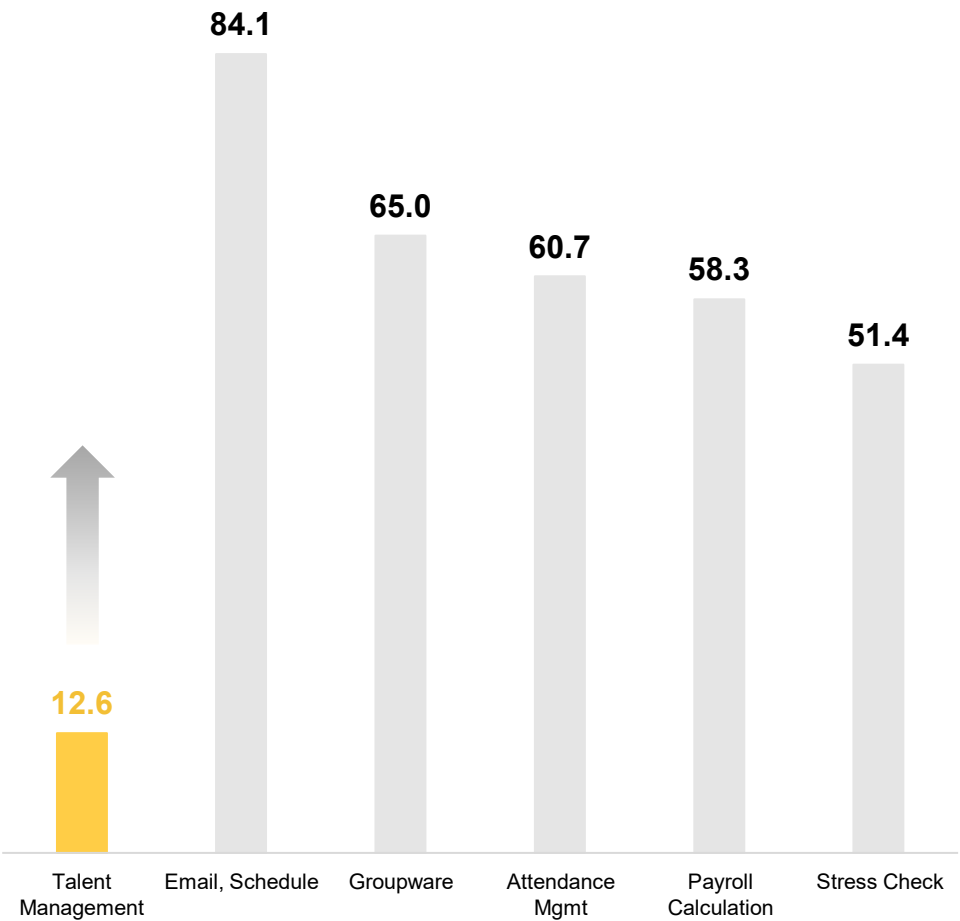
Companies



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

Adoption of HR-related IT Systems in Japan

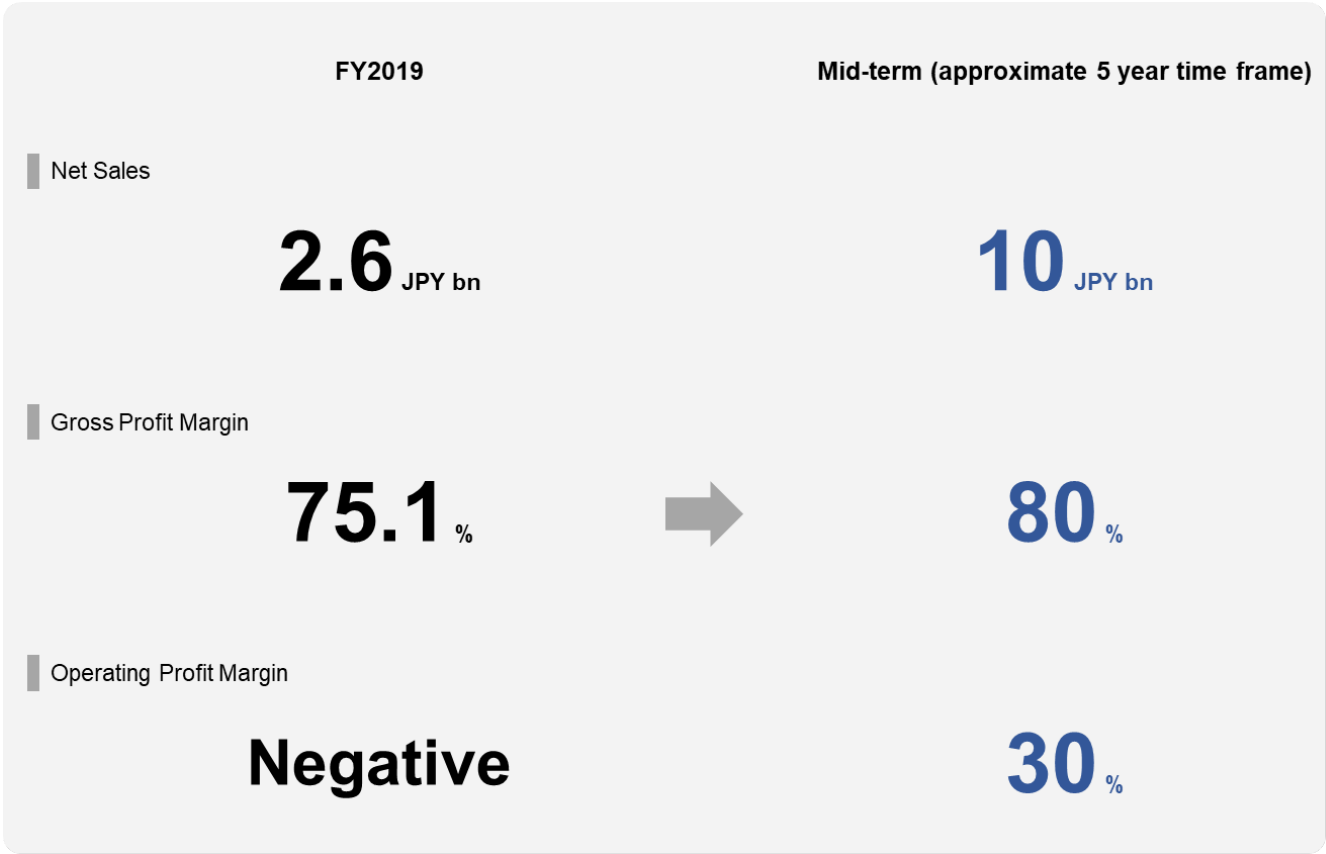
Implementation Rate : %



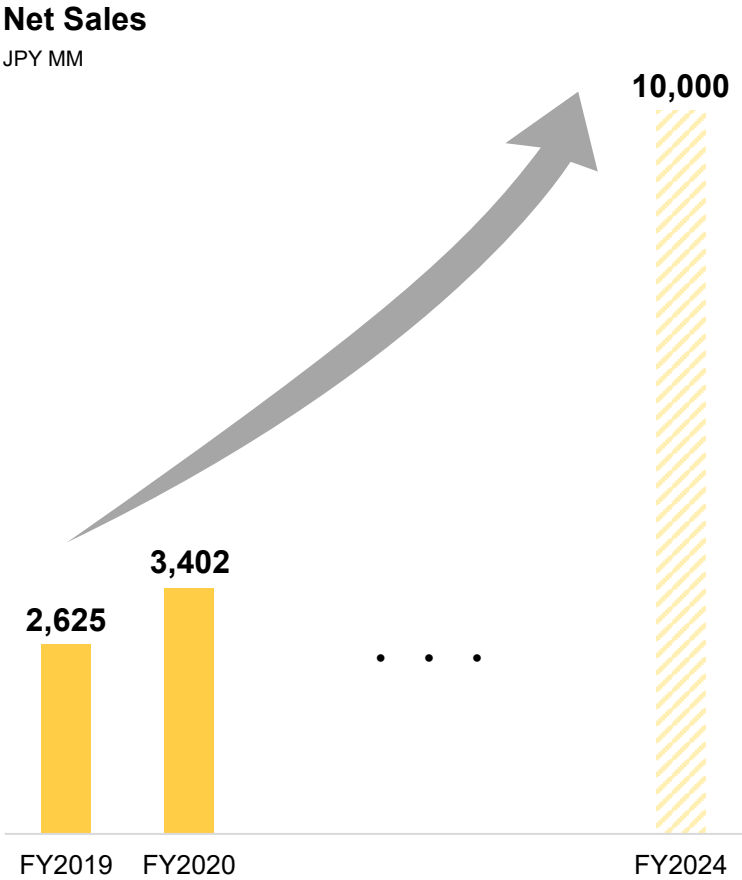
Source : IDC Japan, July 2017

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



Source : Investor Presentation for FY2020Q3 (February 12, 2021)

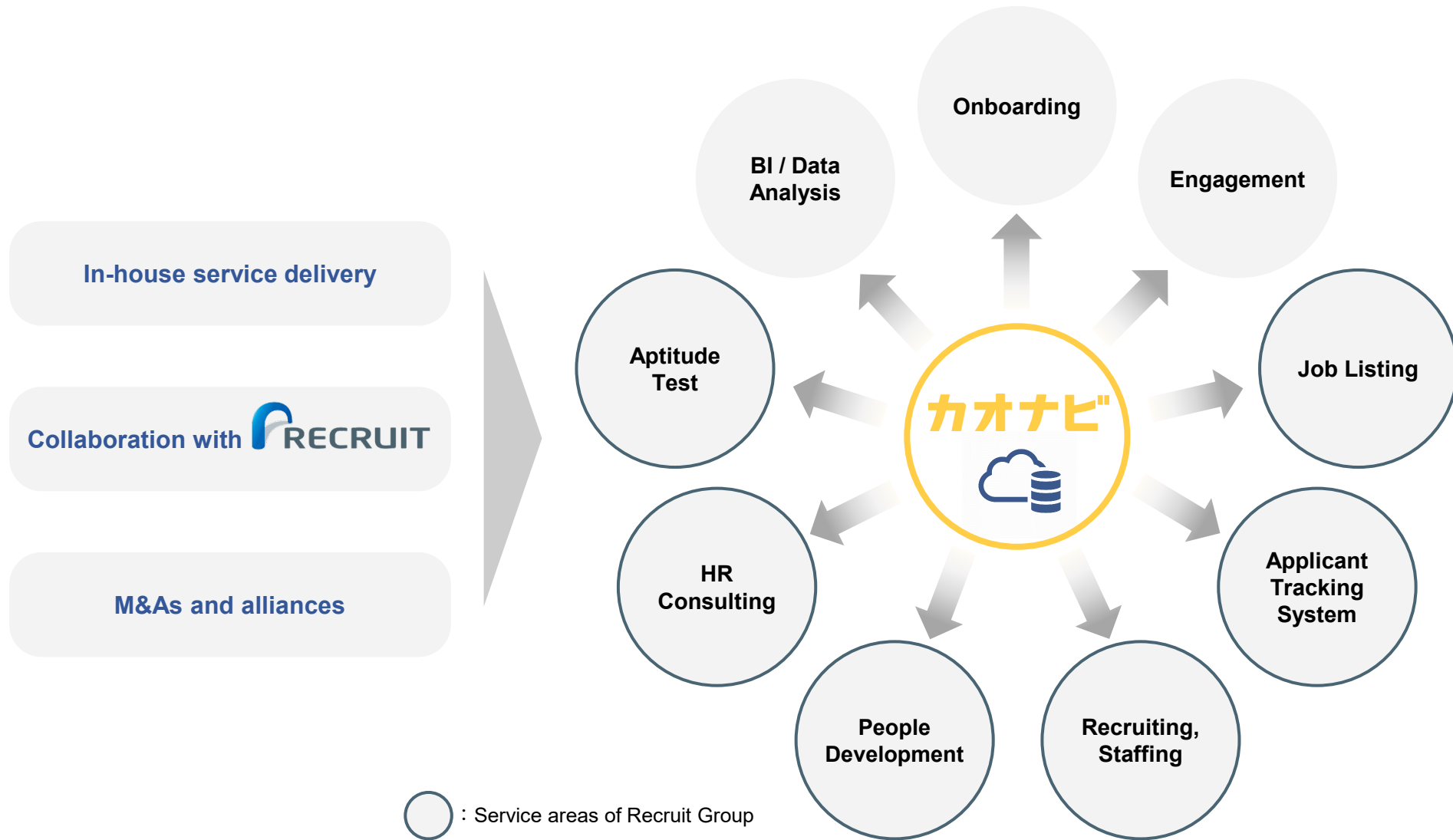


Create a HR data-centric platform

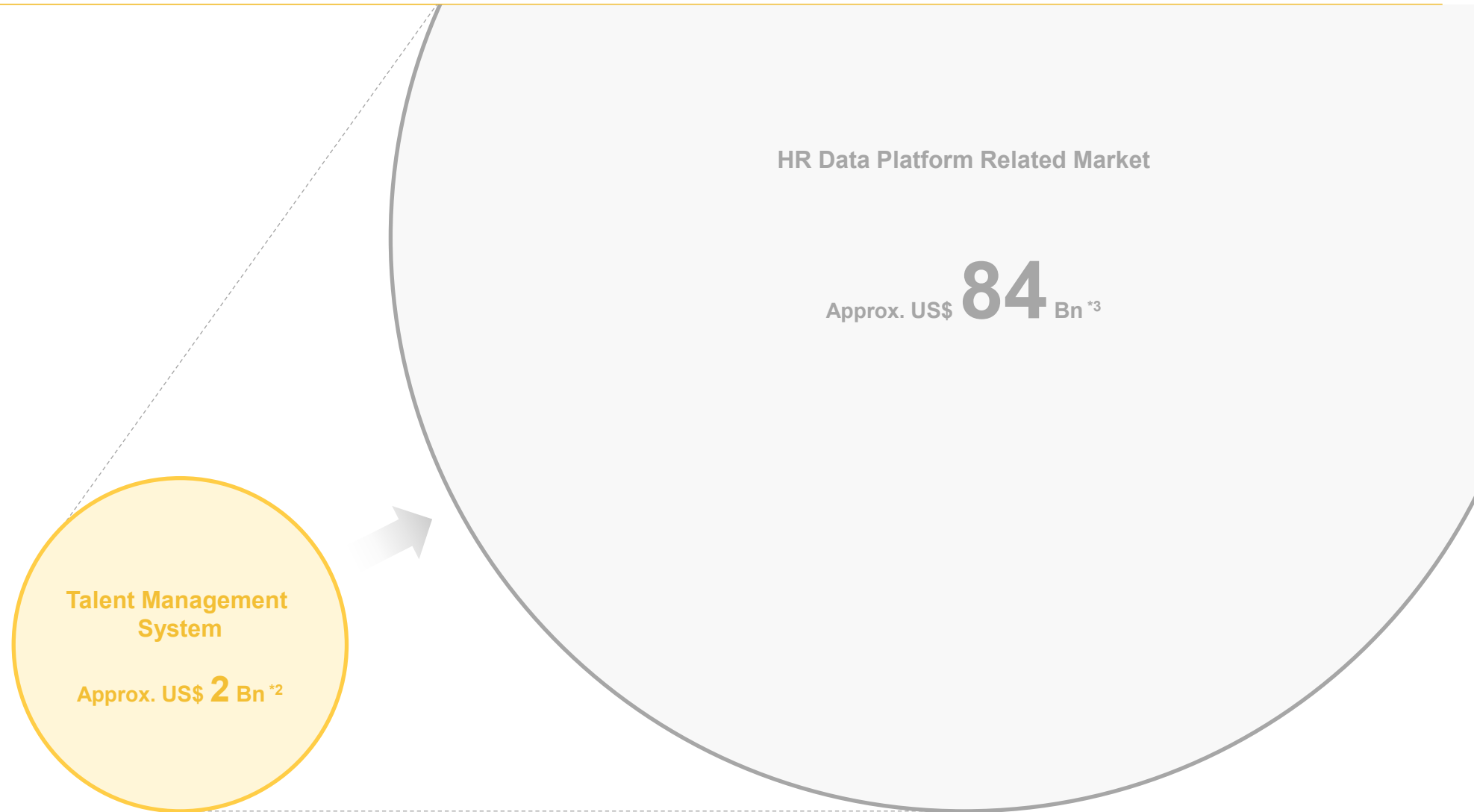


The HR Data Platform Strategy

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 KAONAVI's 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 Resource 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"

Philanthropic Initiatives

Contributing to the sustainable development of society by supporting talent management for academic institutions and public sector organizations



Applicable

Academic institutions such as school corporation

Academy Cloud

Price

Special price



Applicable

Government offices, municipal governments, independent administrative agencies

Government Cloud

Price

Special price

Image of career development program status optimized for academic institutions

 顔那美 メンバー1 カオナビ メンバー1 法人事務部		キャリア形成研修			
Q キーワード検索		■大学経営研修(主に部長・課長向け)			
PROFILE BOOK		環境分析と経営計画策定	<input type="radio"/> 受講 <input checked="" type="radio"/> 未受講	民間企業の経営手法理解	<input type="radio"/> 受講 <input checked="" type="radio"/> 未受講
検討中				自己点検・評価・内部質保証	<input type="radio"/> 受講 <input checked="" type="radio"/> 未受講
業務経験		■キャリア形成(主に部長・課長向け)			
マネジメント研修		ヒューマン・リソース・マネジメント	<input type="radio"/> 受講 <input checked="" type="radio"/> 未受講	アドミニストレーター	<input checked="" type="radio"/> 受講 <input type="radio"/> 未受講
キャリア形成研修		■キャリア形成(主に係長まで)			
基礎情報		PDCAサイクル習得	<input checked="" type="radio"/> 受講 <input type="radio"/> 未受講	創発思考	<input checked="" type="radio"/> 受講 <input type="radio"/> 未受講
業務情報				業務創造	<input type="radio"/> 受講 <input checked="" type="radio"/> 未受講
所属履歴		フォローアップ	<input checked="" type="radio"/> 受講 <input type="radio"/> 未受講	キャリア・ディベロップメント	<input checked="" type="radio"/> 受講 <input type="radio"/> 未受講
等級履歴				キャリア・プランニング	<input checked="" type="radio"/> 受講 <input type="radio"/> 未受講

Empowering Employees

Aim to boost productivity by advancing flexible work style optimized for each employee



Super Flextime

Allows employees to vary the time to work free from the core time set within the flextime. Achieving a unique and personalized work style while balancing self development and care giving among other things



Switch-work

A system to arrange working hours on and off instead of working many hours straight at a time. It accommodates household chores, child-care and more during the day



Work From Anywhere

Employees can choose to work where they work best – home, office or hybrid wherever suitable for employees' lifestyle, mood, and schedule for the day



Second Job Encouragement

Supporting employees who have passion for something apart from full-time job. Experiences in different fields also contribute career development at kaonavi



**Ratio of Employees Who Have
Second Job**
(As of March 2021)

17.9%

Empowering Employees

Diverse and flexible work style also enables us to achieve successful women's empowerment

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）

2020年度

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



企業プロフィール

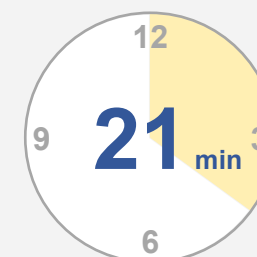
設立	2008年
所在地	東京都港区
事業内容	タレントマネジメントシステム「カオナビ」の製造・販売・サポート
従業員数	164人（うち女性約60人）
企業認定・表彰等	

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

Employee Data at kaonavi

Average Daily Overtime
(FY2020)



Ratio of Women in
Managerial Positions
(As of March 2021)

30.0 %

Source : Ministry of Health, Labor and Welfare

Focusing on “Individuality”

Exploring and communicating ideas and concepts of individuality through our owned media

個性って、なんだ？
うにくる

 **kaonavi vivivi**
人とチームの個性を鮮明にする



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 general industry and market conditions, interest rates, and foreign exchange fluctuations.

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