FY23/3 3Q
Financial Results

February 10, 2023 | kaonavi, inc. (TSE Growth : 4435)

1. Topics

Implement technology to "WORK"
and modify the specification of society
leveraging individual power

Sustainability Initiatives
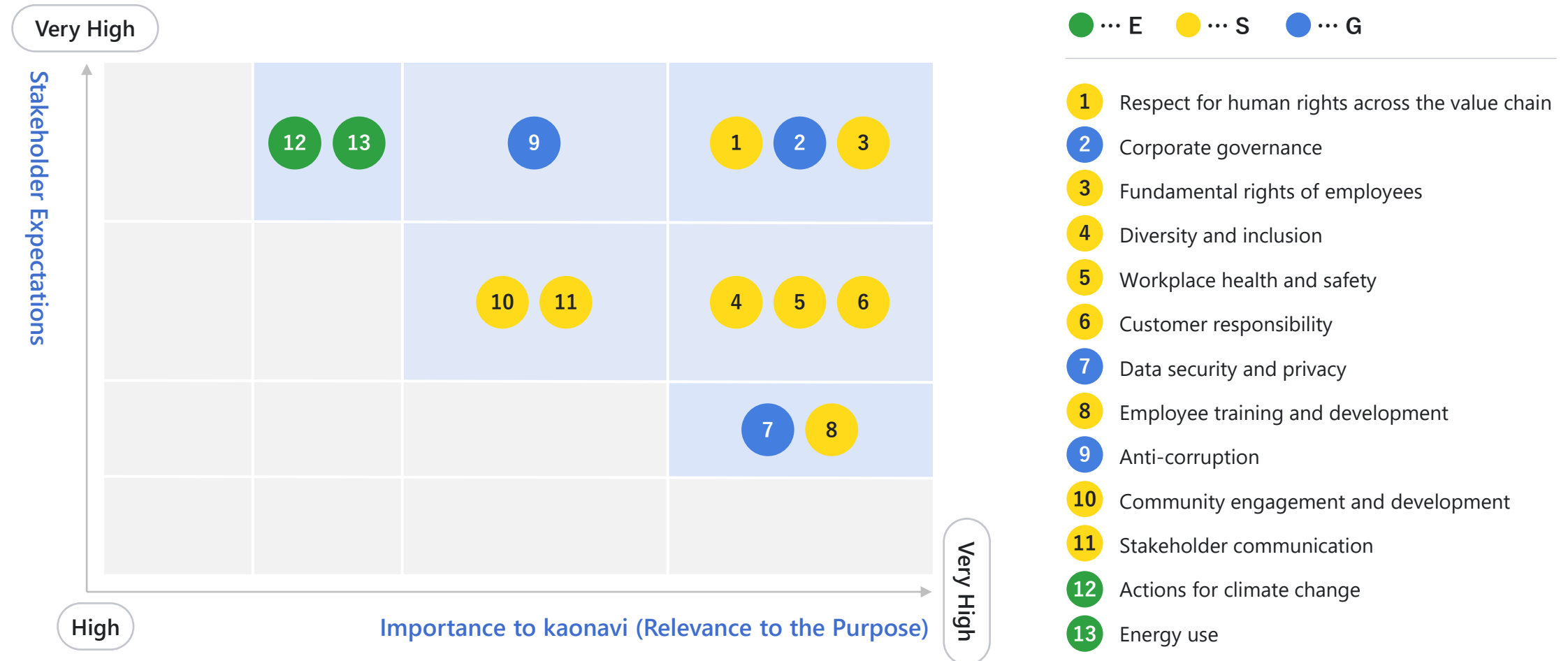
We have launched a sustainability website to inform a wide range of stakeholders of our initiatives to realize a sustainable society, and will continue to promote reliable disclosure along with our measures in action
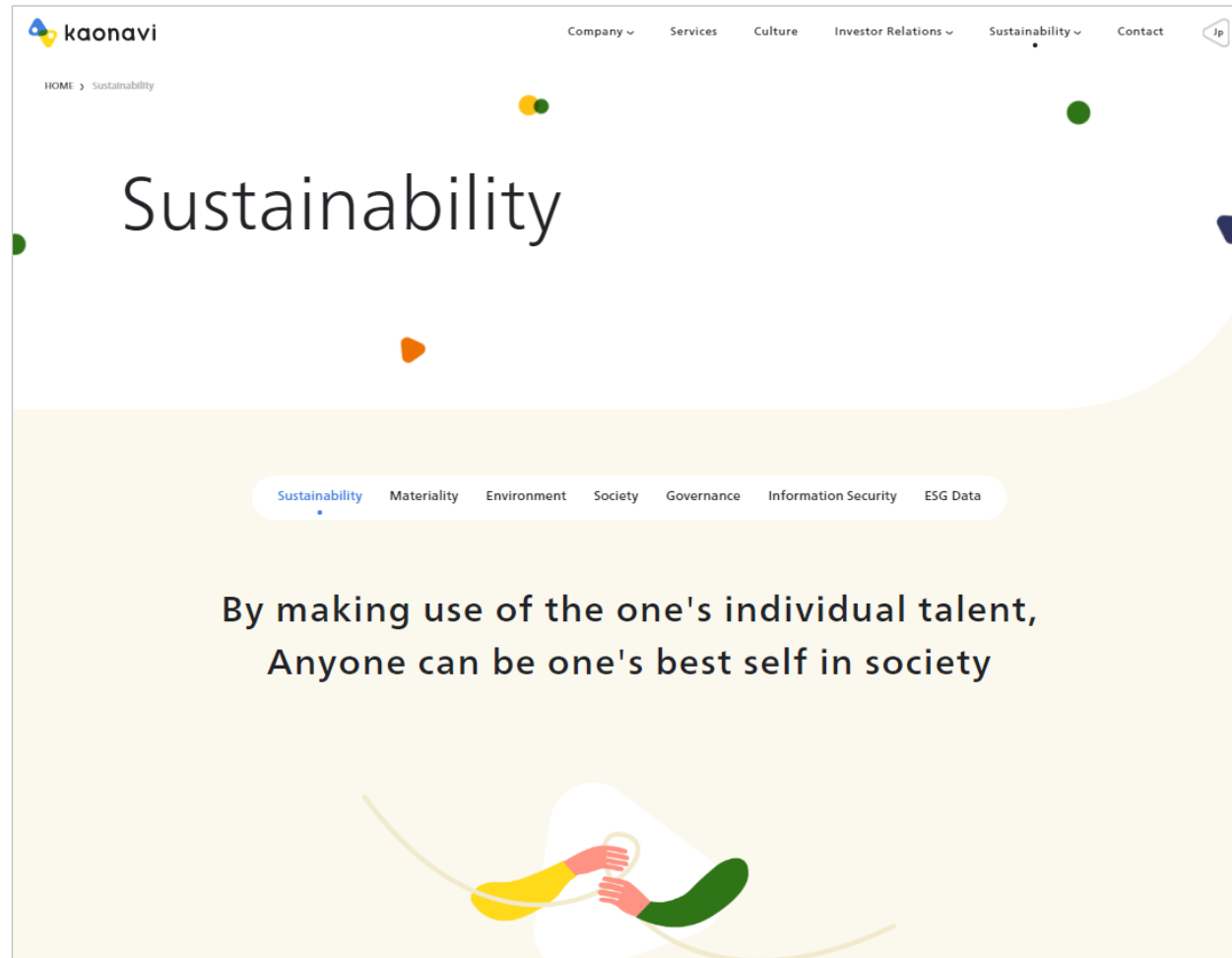
Sustainability Initiatives: Materiality

Created our materiality map from the perspectives of "Stakeholder Expectations" and "Importance to kaonavi" upon identification of materiality to be focused[1]

● … E ● … S ● … G

Very High

Stakeholder Expectations

12 13   9   1 2 3

10 11   4 5 6

7 8

High

Importance to kaonavi (Relevance to the Purpose)

Very High

1	Respect for human rights across the value chain
2	Corporate governance
3	Fundamental rights of employees
4	Diversity and inclusion
5	Workplace health and safety
6	Customer responsibility
7	Data security and privacy
8	Employee training and development
9	Anti-corruption
10	Community engagement and development
11	Stakeholder communication
12	Actions for climate change
13	Energy use

*1：Plans to review materiality periodically, taking account of dialogue with stakeholders and future business development

Sustainability Initiatives: Materiality

The materiality map categorized key issues into four areas. We aim to contribute to the development of a sustainable society and realize our purpose by addressing these material issues

Implement technology to "WORK"

and modify the specification of society leveraging individual power

Contribution to society through our business

Realization of a society that respects the individual

Employees
- Fundamental rights of employees
- Diversity and inclusion
- Workplace health and safety
- Employee training and development

Society
- Respect for human rights across the value chain
- Community engagement and development
- Stakeholder communication

Transition to a decarbonized society
- Actions for climate change
- Energy use

Business foundation

Secure and user-friendly platform
- Customer responsibility
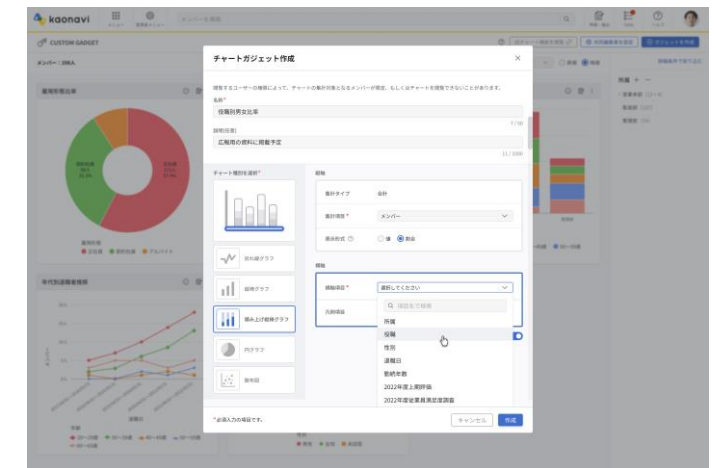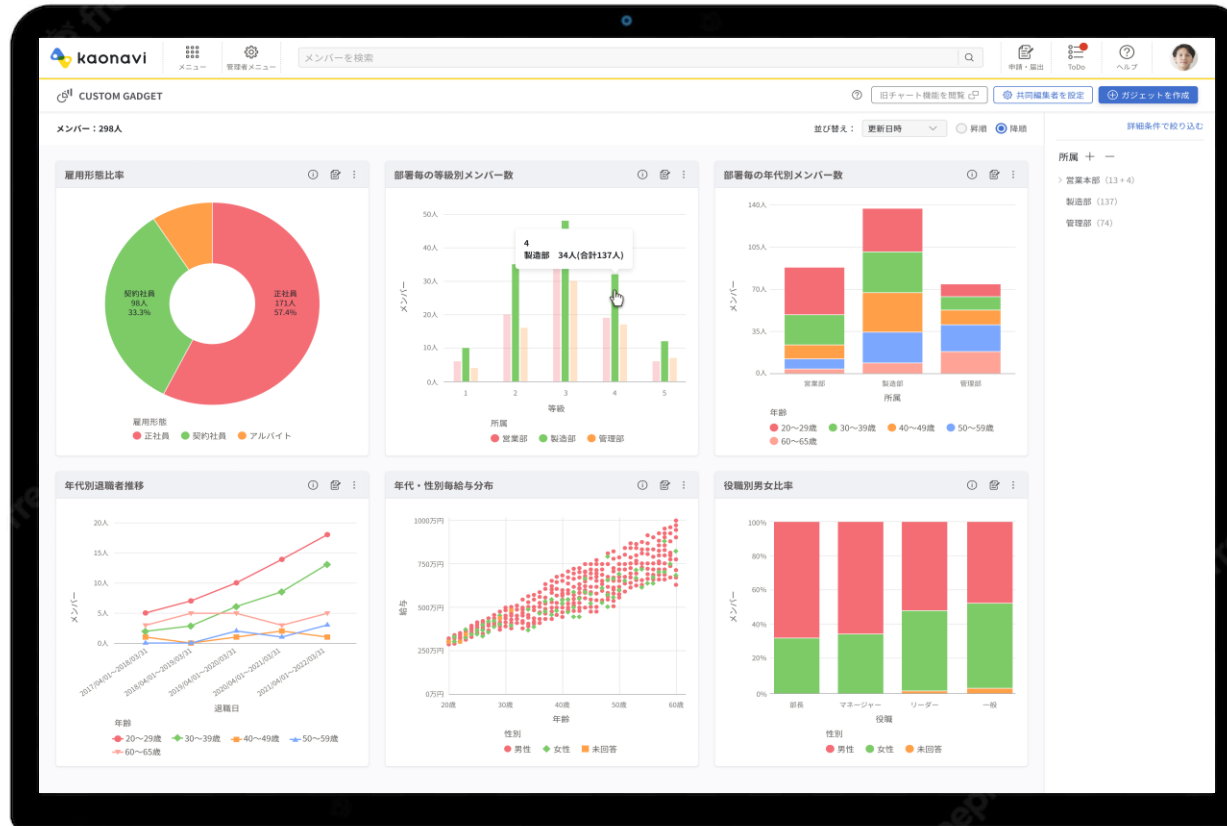- Data security and privacy

Transparent and fair business
- Corporate governance
- Anti-corruption

Launching a New Feature

Released "Custom Gadget" for easy and flexible visualization of human capital data

Instantly generates graphs of the type of your choice with the x and y-axis set from the pull-down list

Review of Mid-term Growth Strategy

Commenced review of our grand design to enhance the resolution of the mid-term growth strategy

Current Grand Design (Growth Image)

FY25/3

Net Sales	GP Margin	OP Margin
10 JPY Bn	**80** %	**30** %

▶▶▶ **New management policy to be announced with 4Q results**

Highlights

- 3Q results continue to show solid progress

  Net sales were **JPY 1,526MM (+31.5% YoY)**

  Gross profit was **JPY 1,131MM (+29.7% YoY)**, and its margin landed at **74.1%**

  Operating profit was **JPY 118MM (-11.2% YoY)**

- ARR reached **JPY 5,930MM (+32.1% YoY)**, ahead of the plan

  Newly acquired MRR hit **a new record high**

  Churn rate (last 12-month average) was **0.50%**, remaining at a **low level**

- Orders from support services also posted **a new record high**, outpacing the plan

- The number of employees at the end of December 2022 was **271**, hiring progressed in line with the plan

- **Revised full-year forecast** based on results through the third quarter and other factors

Revision of Financial Forecast

Subscription revenue was revised upward based on the achievement of KPIs. So was gross profit in relation to the increase in net sales, but operating profit is expected to remain within the range of the initial forecast as a result of reviewed expenses and other factors

JPY MM	FY22/3 Actual	FY23/3 Old Forecast	FY23/3 New Forecast	YoY	vs. Old Forecast
Net Sales	4,496	5,740 ~ 5,890	5,960	+32.6%	+1.2% ~ +3.8%
Subscription Revenue	3,931	4,970 ~ 5,060	5,150	+31.0%	+1.8% ~ +3.6%
Support Revenue	565	770 ~ 830	810	+43.3%	-2.4% ~ +5.2%
Gross Profit	3,295	4,180 ~ 4,340	4,388	+33.2%	+1.1% ~ +5.0%
Margin	73.3%	72.8% ~ 73.7%	73.6%	+0.3pt	-0.1pt ~ +0.8pt
Operating Profit	174	120 ~ 300	282	+62.0%	-6.0% ~ +135.0%
Margin	3.9%	2.1% ~ 5.1%	4.7%	+0.9pt	-0.4pt ~ +2.6pt

PL Summary

Net sales increased by 31.5% YoY. Gross profit also increased steadily, and its margin landed at 74.1%
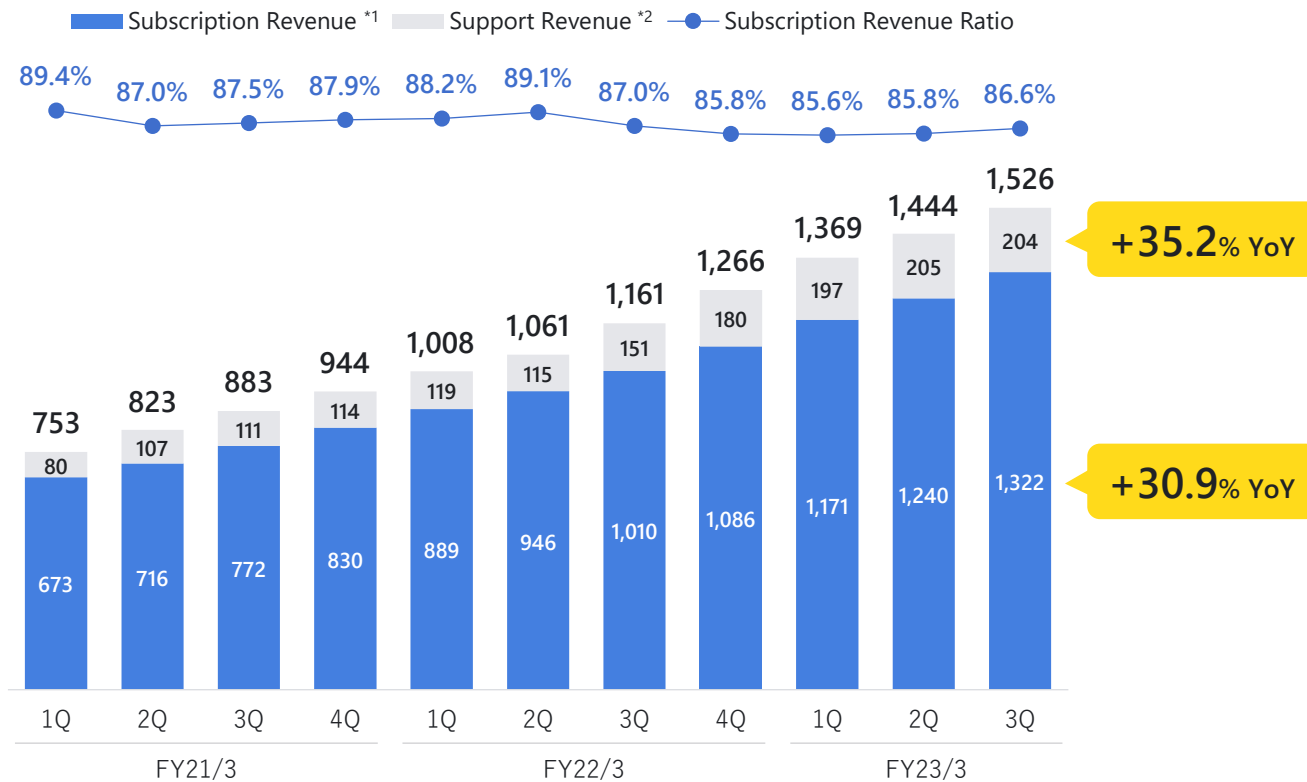
JPY MM	FY22/3 3Q Same period last year	FY23/3 2Q Previous quarter	FY23/3 3Q Actual	YoY	QoQ
Net Sales	1,161	1,444	**1,526**	✔ +31.5%	+5.7%
Gross Profit	872	1,083	**1,131**	+29.7%	+4.4%
Margin	75.2%	75.0%	✔ 74.1%	-1.0pt	-0.9pt
Operating Profit	133	36	**118**	-11.2%	+227.2%
Margin	11.4%	2.5%	7.7%	-3.7pt	+5.2pt
Ordinary Profit	131	35	**117**	-11.3%	+237.6%
Net Profit	89	15	**78**	-12.5%	+406.0%

Net Sales

Subscription revenue and support revenue increased by 30.9% and 35.2% YoY, respectively

Net Sales

JPY MM

Legend: Subscription Revenue *1 | Support Revenue *2 | Subscription Revenue Ratio

Subscription Revenue Ratio:
89.4% | 87.0% | 87.5% | 87.9% | 88.2% | 89.1% | 87.0% | 85.8% | 85.6% | 85.8% | 86.6%

	FY21/3 1Q	2Q	3Q	4Q	FY22/3 1Q	2Q	3Q	4Q	FY23/3 1Q	2Q	3Q
Total	753	823	883	944	1,008	1,061	1,161	1,266	1,369	1,444	1,526
Support	80	107	111	114	119	115	151	180	197	205	204
Subscription	673	716	772	830	889	946	1,010	1,086	1,171	1,240	1,322

+35.2% YoY

+30.9% YoY

Progress Against Full-year Forecast

Actual JPY **4,496**MM

Forecast JPY **5,960**MM

FY22/3:
- 4Q: 28.2%
- 3Q: 25.8%
- 2Q: 23.6%
- 1Q: 22.4%

FY23/3:
- 3Q: 25.6%
- 2Q: 24.2%
- 1Q: 23.0%
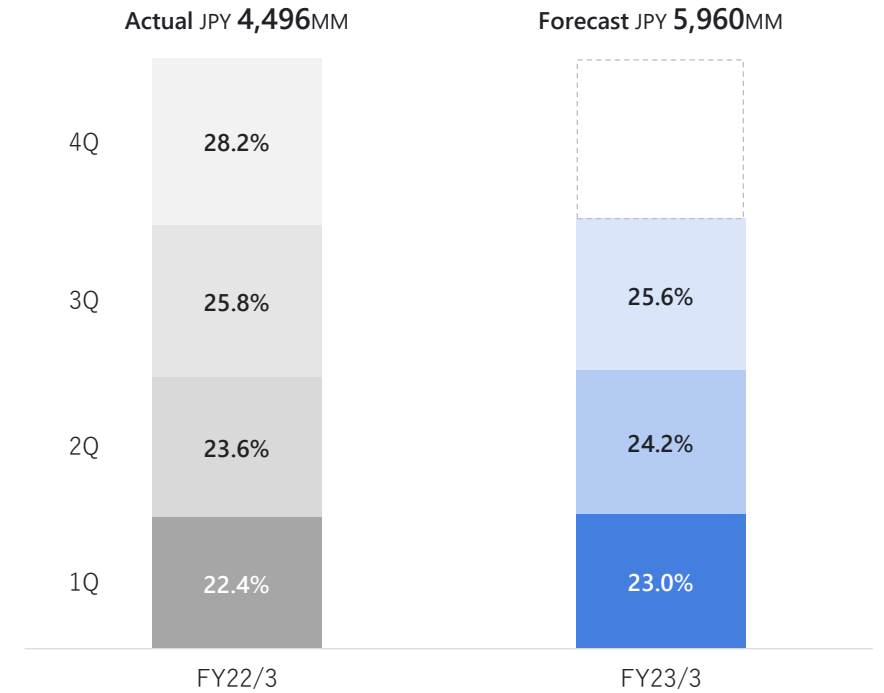
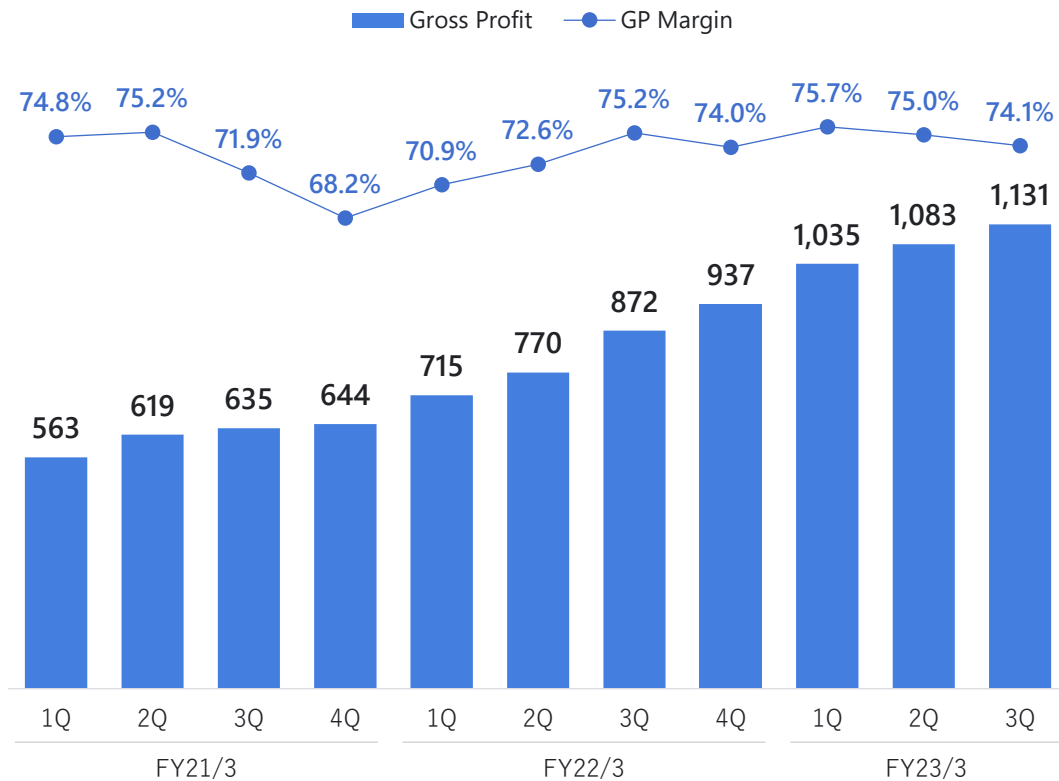*1：Net sales from monthly subscription fees
*2：Net sales from initial setting support and paid support, etc.

Gross Profit and Cost of Sales

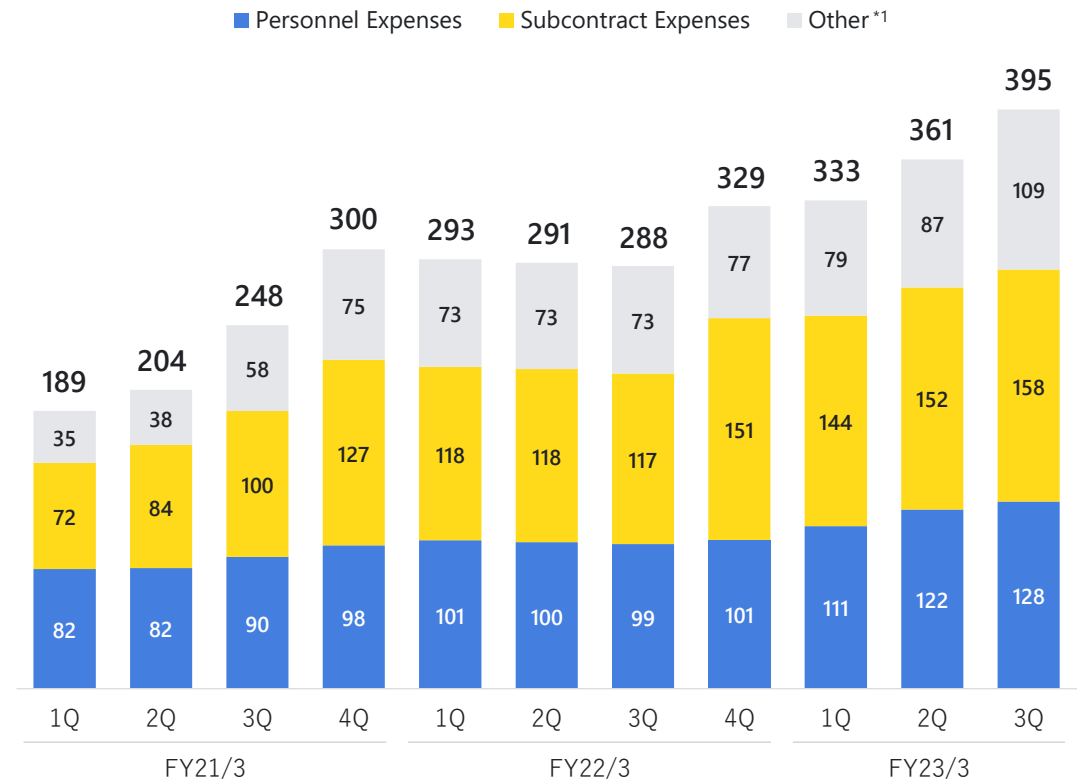Gross profit, a source of profitability, has increased steadily

Gross Profit

JPY MM

Legend: Gross Profit, GP Margin

GP Margin: 74.8%, 75.2%, 71.9%, 68.2%, 70.9%, 72.6%, 75.2%, 74.0%, 75.7%, 75.0%, 74.1%

Gross Profit: 563, 619, 635, 644, 715, 770, 872, 937, 1,035, 1,083, 1,131

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	FY21/3				FY22/3				FY23/3		

Cost of Sales

JPY MM

Legend: Personnel Expenses, Subcontract Expenses, Other [1]

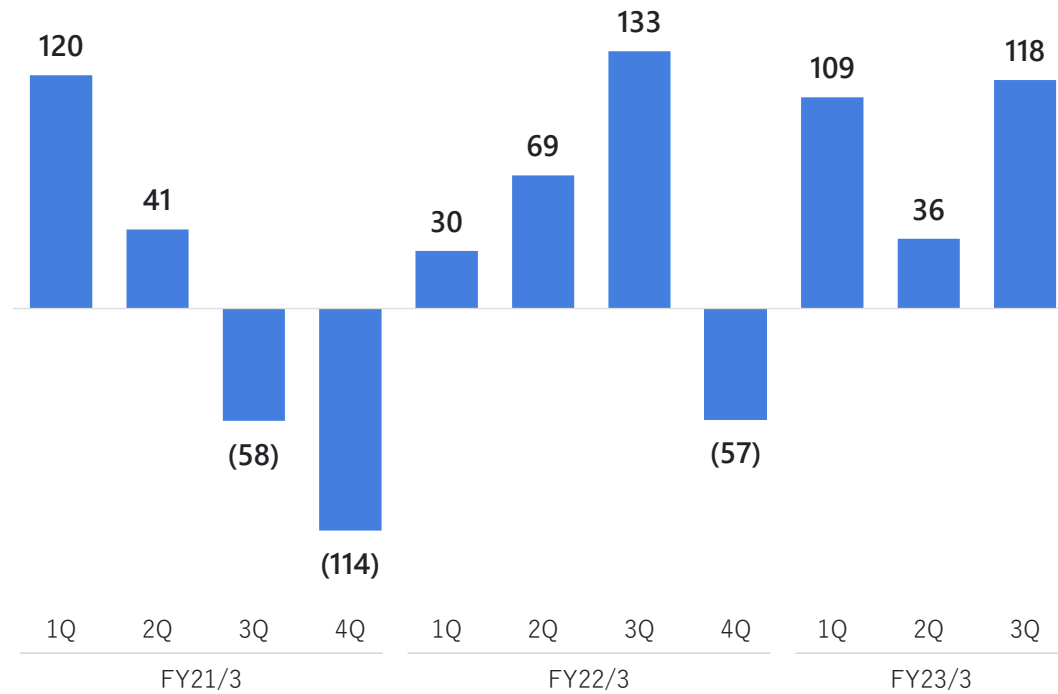|	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total	189	204	248	300	293	291	288	329	333	361	395
Other	35	38	58	75	73	73	73	77	79	87	109
Subcontract Expenses	72	84	100	127	118	118	117	151	144	152	158
Personnel Expenses	82	82	90	98	101	100	99	101	111	122	128
	FY21/3				FY22/3				FY23/3		

*1："Other" in this quarter mainly includes Rents of JPY 36MM and Server cost of JPY 44MM

Operating Profit and SG&A

Profitability steadily improved due to growth in gross profit
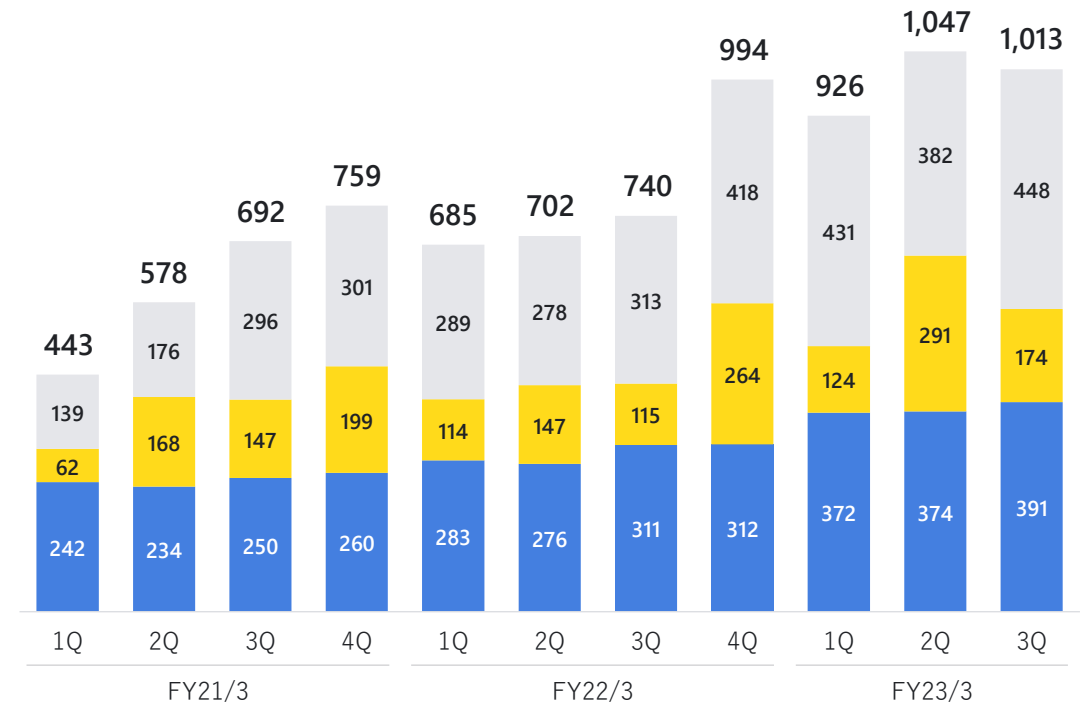
Operating Profit

JPY MM

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	120	41	(58)	(114)	30	69	133	(57)	109	36	118
		FY21/3				FY22/3				FY23/3	

SG&A

JPY MM

■ Personnel Expenses ■ Advertising Expenses □ Other*1

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total	443	578	692	759	685	702	740	994	926	1,047	1,013
Other*1	139	176	296	301	289	278	313	418	431	382	448
Advertising	62	168	147	199	114	147	115	264	124	291	174
Personnel	242	234	250	260	283	276	311	312	372	374	391
		FY21/3				FY22/3				FY23/3	

*1："Other" in this quarter mainly includes Rents of JPY 61MM, Outsourcing expenses of JPY 104MM, Sales promotion expenses of JPY 104MM, Recruiting expenses of JPY 36MM and Communication expenses of JPY 45MM

Free Cash Flow and Balance Sheet

Stable cash flow generation has led to a 20.7% YoY increase in cash and deposits

FCF

JPY MM

Legend: ■ FCF — ●— FCF Margin

FCF Margin values: 27.2%, 15.5%, 12.3%, 18.0%, 12.5%, 29.3%, 23.3%, 16.1%, 21.4%

FCF values: 205, 127, (301), 116, 181, 133, 340, 295, 221, (200), 326

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
		FY21/3				FY22/3				FY23/3	
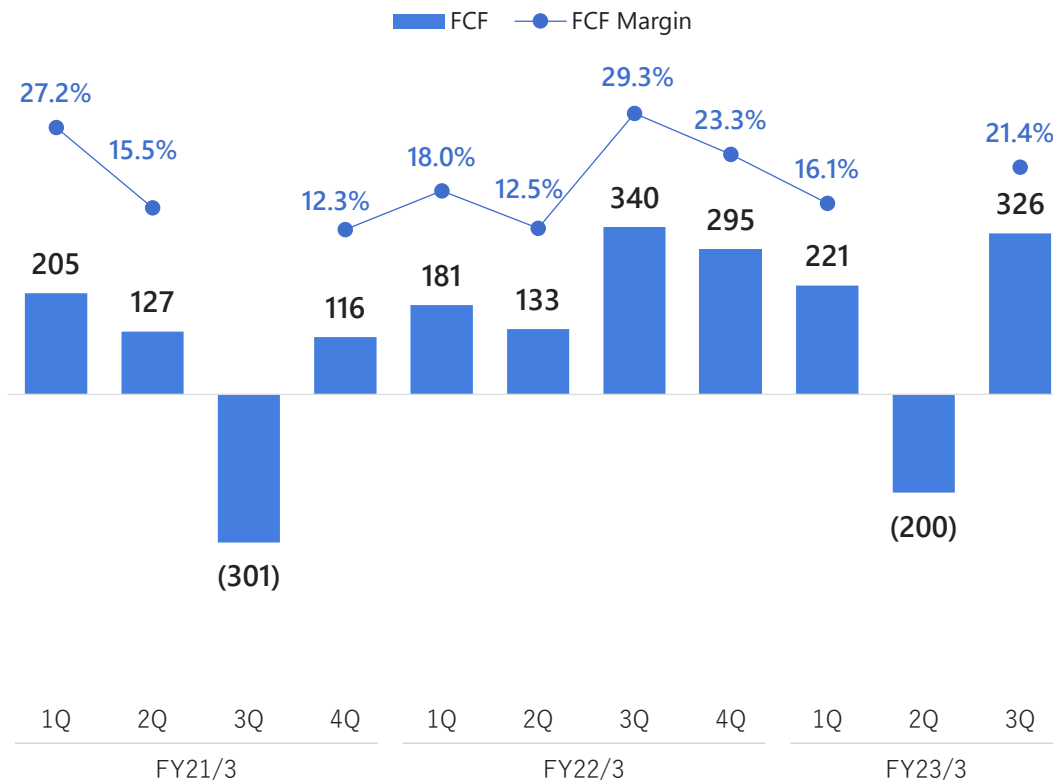
B/S

JPY MM

	FY22/3		FY23/3		
	3Q	4Q	1Q	2Q	3Q
Cash and deposits	2,564	2,835	3,024	2,799	3,095
Other current assets	373	355	370	531	487
Property, plant and equipment	196	190	184	178	134
Intangible assets	11	10	9	8	7
Investments and other assets	493	602	614	668	664
Total assets	**3,637**	**3,993**	**4,201**	**4,184**	**4,387**
Loans payable	486	455	423	391	359
Deferred revenue	1,392	1,509	1,874	1,861	1,961
Other liabilities	615	821	608	612	655
Total liabilities	**2,494**	**2,785**	**2,905**	**2,865**	**2,975**
Total net assets	**1,143**	**1,208**	**1,296**	**1,320**	**1,412**
Total liabilities and net assets	**3,637**	**3,993**	**4,201**	**4,184**	**4,387**

KPI Summary

ARR[1]

5,930 JPY MM

(+32.1% YoY)

Active Users[2]

2,880 Companies

(+22.7% YoY)

ARPU[3]

172 JPY Thou.

(+7.7% YoY)

Churn Rate[4]

0.50 %

LTV/CAC[5]

9.1 x

Number of Employees[6]

271 People

*1：MRR (Monthly Recurring Revenue) at the end of the quarter multiplied by 12
    MRR is a monthly subscription fee based on the contract value that does not reflect the new revenue recognition standard or prorated free-month (one of the 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：Last 12-month average of the ratio calculated by dividing LTV (Lifetime Value) by CAC (Customer Acquisition Cost)
*6：The number of full-time employees at the end of the quarter

ARR

ARR is growing constantly and increased by 32.1% YoY

ARR

JPY MM

+32.1% YoY

	FY21/3				FY22/3				FY23/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
ARR	2,811	3,071	3,263	3,612	3,865	4,177	4,488	4,912	5,162	5,537	5,930
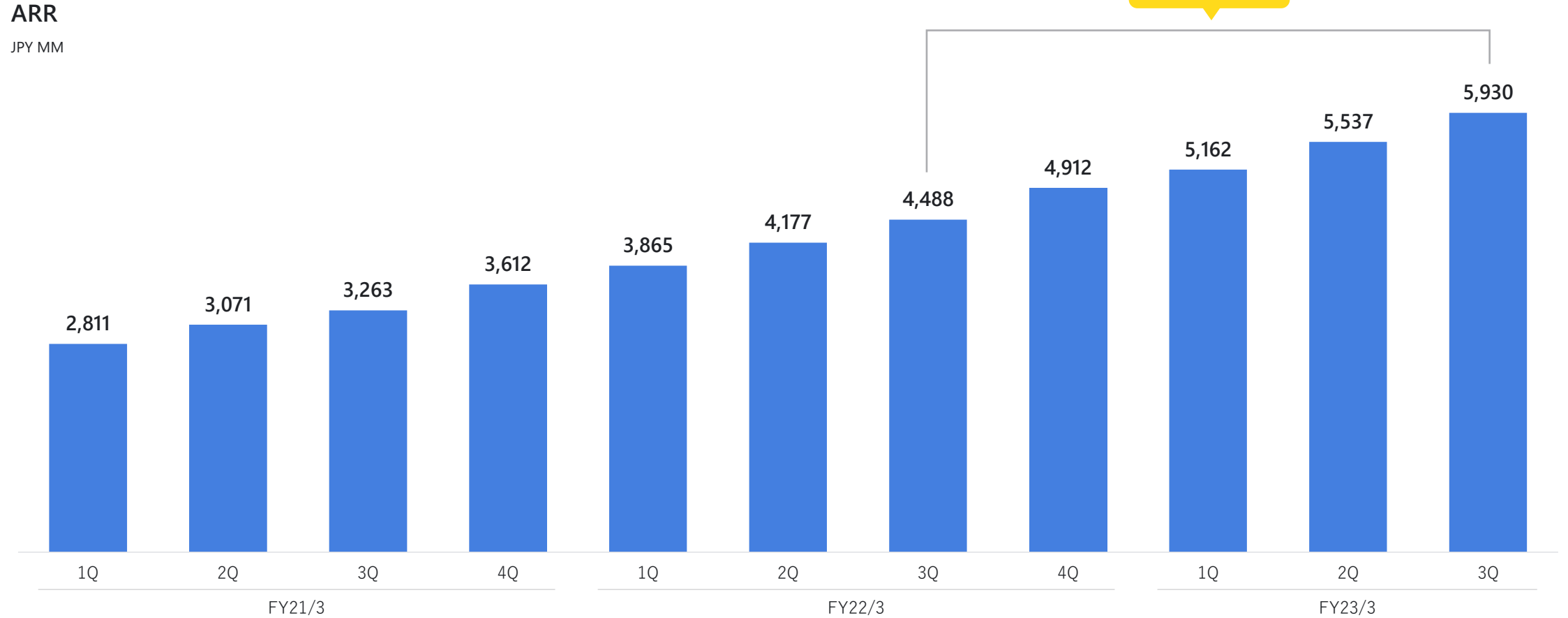
Active Users and ARPU

The number of active users and ARPU increased steadily, by 22.7% and 7.7% YoY, respectively

Active Users by the Size of Registered Employees

Companies

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

+22.7% YoY

	FY21/3				FY22/3				FY23/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total	1,842	1,911	1,965	2,061	2,122	2,214	2,348	2,497	2,588	2,729	2,880
1,000~	302	315	317	340	350	364	374	388	399	419	437
200~900	1,178	1,233	1,286	1,359	1,412	1,486	1,582	1,700	1,762	1,867	1,964
100	362	363	362	362	360	364	392	409	427	443	479

ARPU

JPY Thou.

+7.7% YoY

	FY21/3				FY22/3				FY23/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
ARPU	127	134	138	146	152	157	159	164	166	169	172
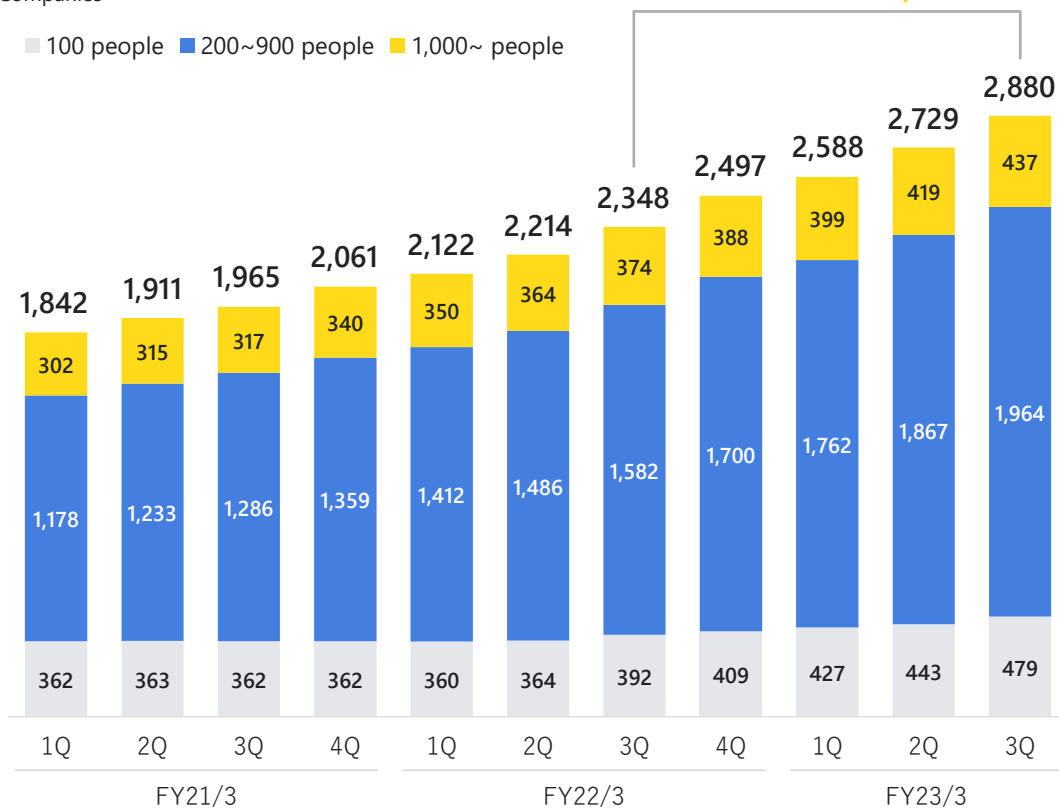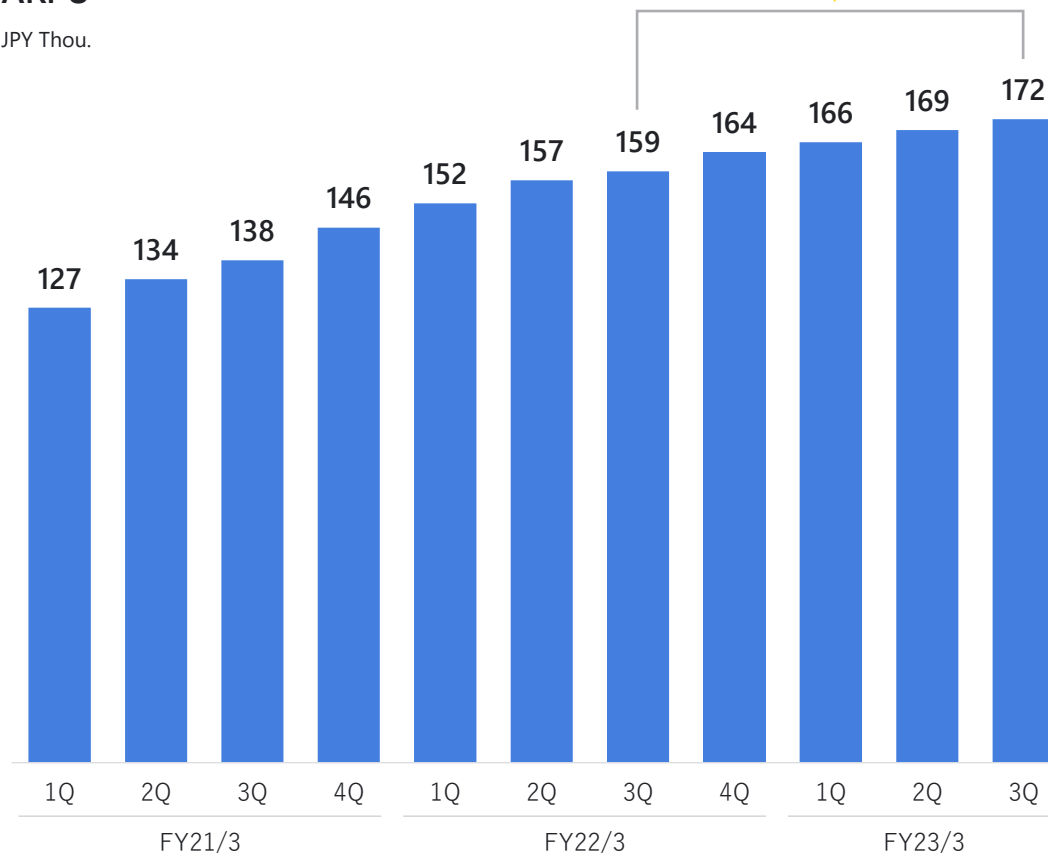
Churn Rate

Maintaining a low churn rate due to product enhancement and customer success initiative

Last 12-Month Average of MRR Churn Rate[1]

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
	0.59%	0.65%	0.65%	0.71%	0.69%	0.63%	0.58%	0.56%	0.55%	0.49%	0.50%
	FY21/3				FY22/3				FY23/3		
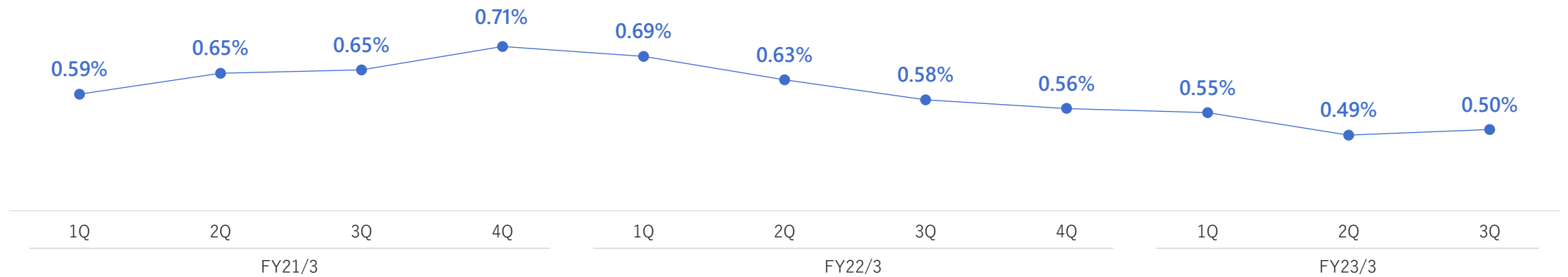
*1：MRR churn rate = MRR lost in the month / MRR as of the end of the previous month

Maintaining healthy unit economics

Marketing-related Expenses[1]

JPY MM

71	189	189	239	158	199	182	391	233	366	293
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
FY21/3				FY22/3				FY23/3		
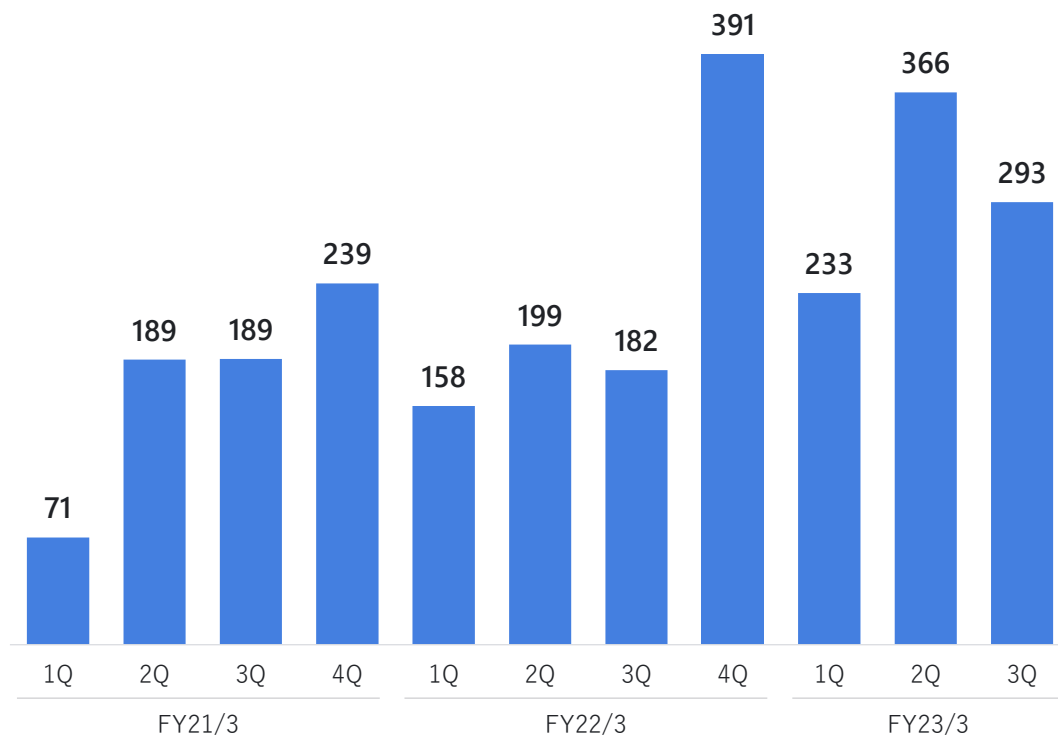
Last 12-Month Average of LTV/CAC[2]

X

8.4	7.6	6.7	5.7	5.4	5.8	8.3	8.6	8.9	9.8	9.1
1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
FY21/3				FY22/3				FY23/3		
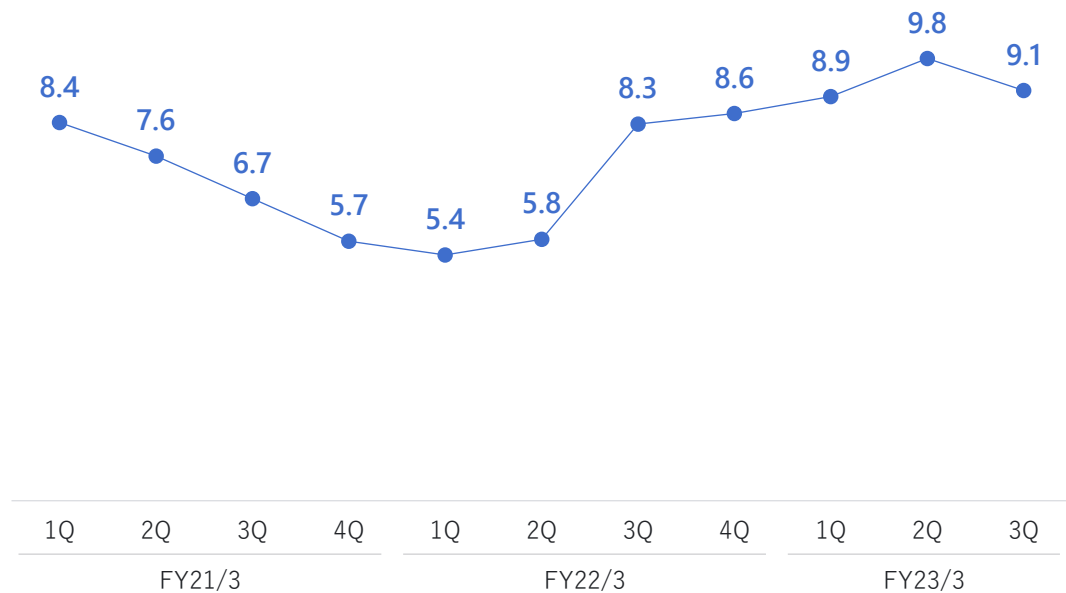
*1：Expenses related to marketing activities such as advertising and sales promotion
*2：LTV = (ARPU of the end of the month / MRR churn rate of the month) x Gross profit margin of the month
     CAC = Sales & Marketing cost of the month (personnel costs for S&M/CS/PR, marketing-related expenses, rents, system usage fee, etc.) / # of new customers acquired in the month

Number of Employees

Hiring progressed in line with the plan

Number of Employees*1

People
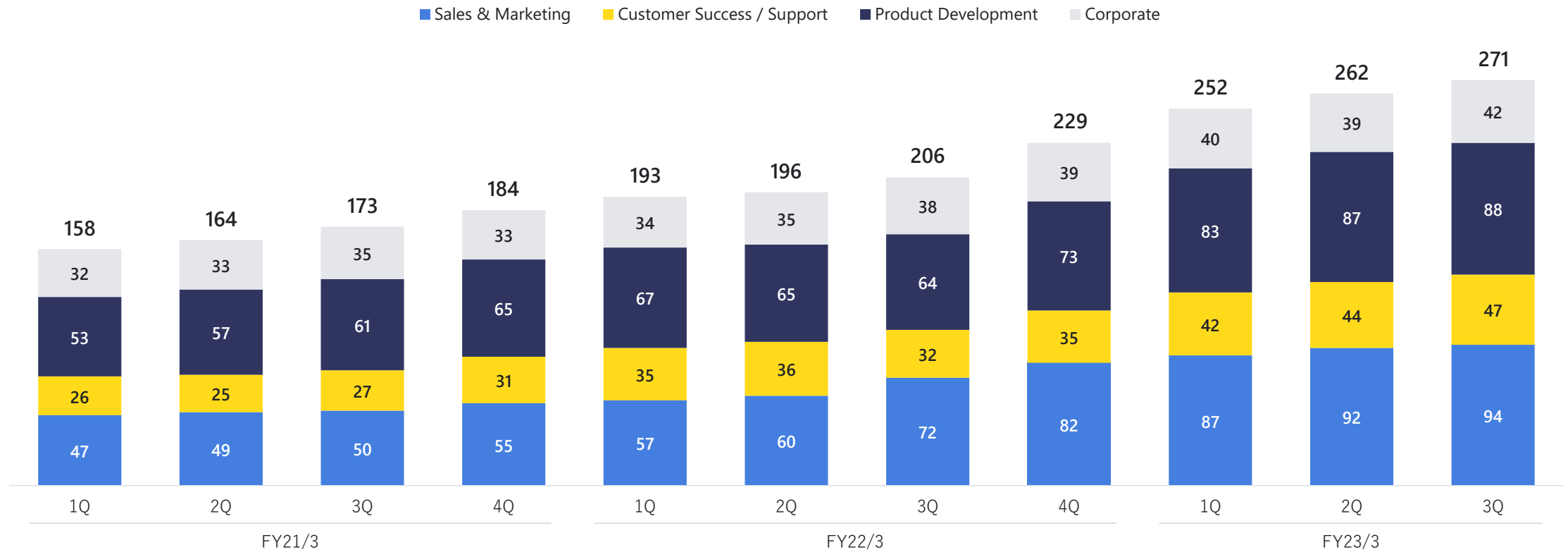
■ Sales & Marketing ■ Customer Success / Support ■ Product Development ■ Corporate

	FY21/3				FY22/3				FY23/3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Total	158	164	173	184	193	196	206	229	252	262	271
Corporate	32	33	35	33	34	35	38	39	40	39	42
Product Development	53	57	61	65	67	65	64	73	83	87	88
Customer Success / Support	26	25	27	31	35	36	32	35	42	44	47
Sales & Marketing	47	49	50	55	57	60	72	82	87	92	94

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

FY23/3 Forecast

Revised full-year forecast based on results through the third quarter and other factors

JPY MM	FY22/3 Actual	FY23/3 Old Forecast	FY23/3 New Forecast	YoY	FY23/3 1-3Q Actual	vs. Forecast
Net Sales	4,496	5,740 ~ 5,890	5,960	+32.6%	4,339	72.8%
Subscription Revenue	3,931	4,970 ~ 5,060	5,150	+31.0%	3,734	72.5%
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Gross Profit	3,295	4,180 ~ 4,340	4,388	+33.2%	3,250	74.1%
Margin	73.3%	72.8% ~ 73.7%	73.6%	+0.3pt	74.9%	-
Operating Profit	174	120 ~ 300	282	+62.0%	263	93.2%
Margin	3.9%	2.1% ~ 5.1%	4.7%	+0.9pt	6.1%	-

Major Cost Assumptions

Elaborated personnel expenses estimate from the original plan considering the progress of hiring in this fiscal year and other factors

Staffing Plan and Personnel Expenses (CoS+SG&A) Forecast

Personnel Expenses: JPY MM, Number of Employees: People

Legend: Personnel Expenses, Number of Employees

Before revision (left chart)
- FY21/3: 1,336 / 184
- FY22/3: 1,583 / 229
- FY23/3: 2,060～2,160 / 275～290 (+20.1～26.6%)
- +30.1～36.4%

After revision (right chart)
- FY21/3: 1,336 / 184
- FY22/3: 1,583 / 229
- FY23/3: 2,033 / 282 (+23.1%)
  - 3Q: 519
  - 2Q: 496
  - 1Q: 483
  - 1,498
- +28.4%
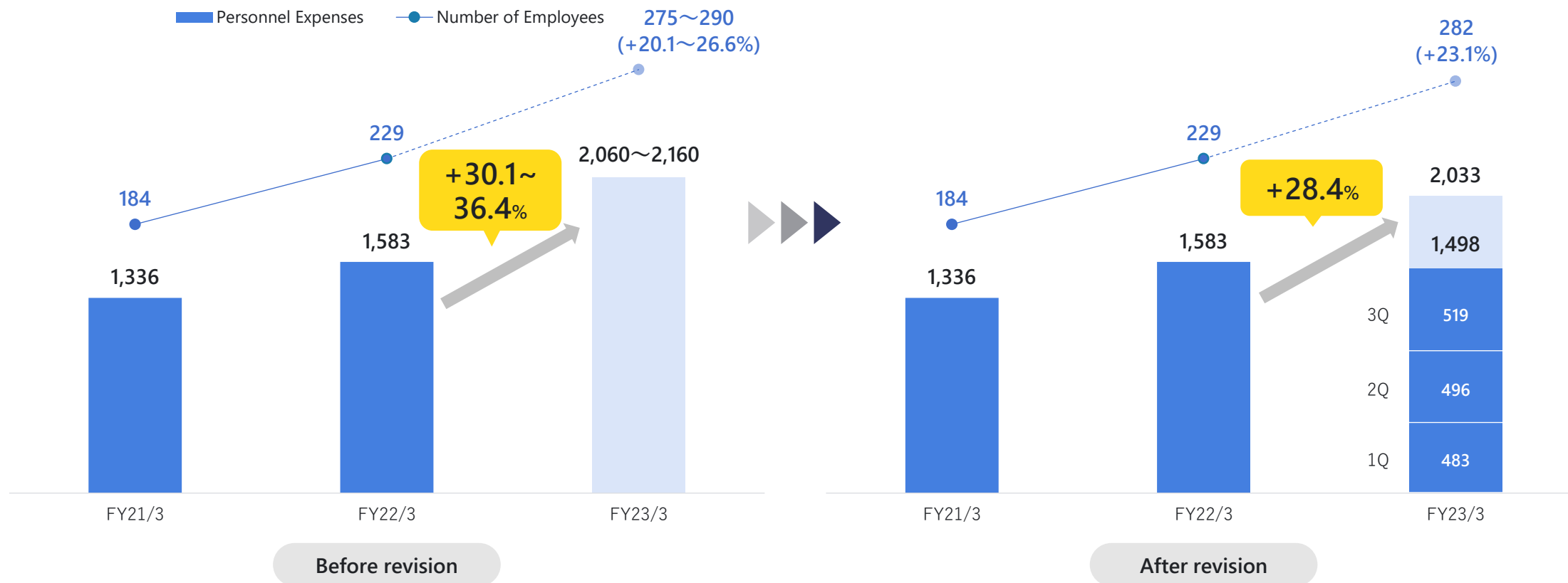
Major Cost Assumptions

Expanded marketing investment for future growth based on solid KPIs such as LTV/CAC

Marketing-related Expenses Forecast

JPY MM
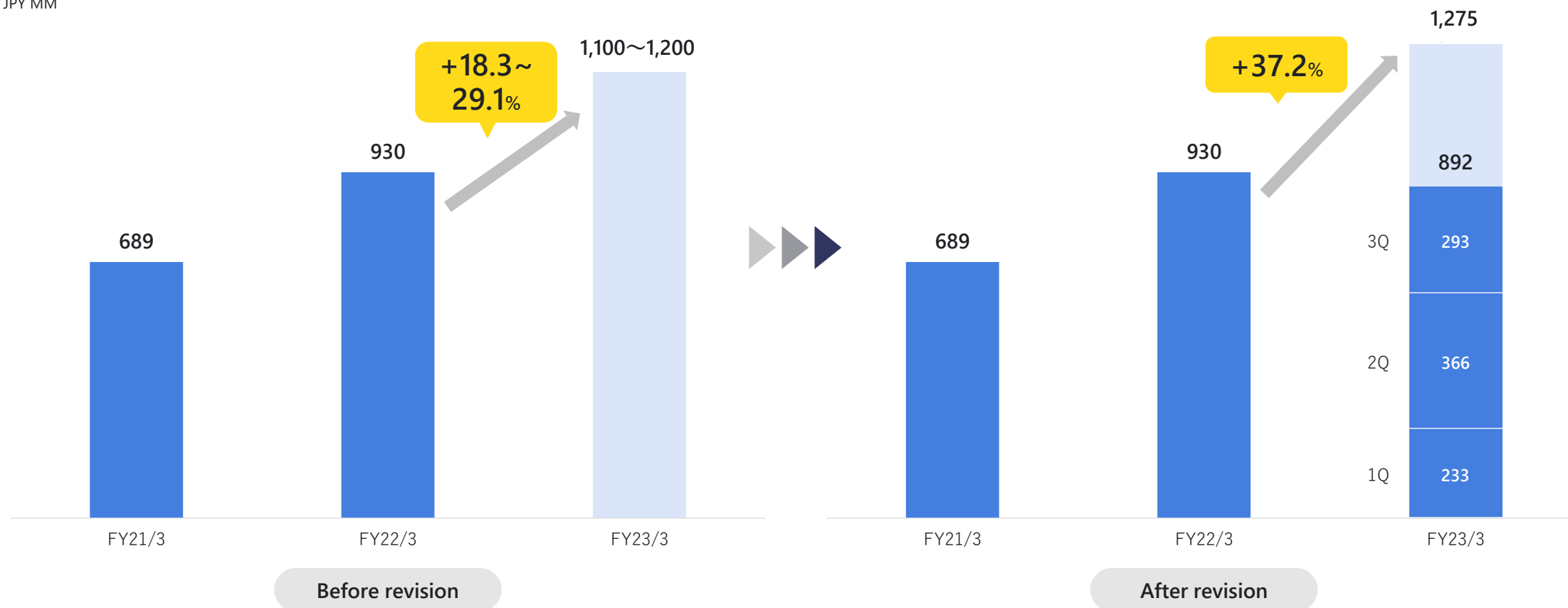
Before revision

- FY21/3: 689
- FY22/3: 930
- FY23/3: 1,100〜1,200
- +18.3〜29.1%

After revision

- FY21/3: 689
- FY22/3: 930
- FY23/3: 1,275 (892)
  - 3Q: 293
  - 2Q: 366
  - 1Q: 233
- +37.2%

Company Overview

Name	kaonavi, inc.
Offices	Tokyo, Osaka, Nagoya, Fukuoka
Established	May 27, 2008 (Commencement of business: April 2012)
Representative	Hiroyuki Sato (Representative Director, President & Co-CEO)
	Hiroki Yanagihashi (Representative Director & Co-CEO)
# of Employees	262 (September 2022)
Business	Providing a cloud-based talent management system "KAONAVI"

Values

Our common principles and ethics for realizing the Purpose

Values

1 **Hypothetical Thinking**

Never blindly believe what others say
Always ask yourself why

2 **Systemization**

Simplify what you can do to make it
reproducible for others

3 **Collaboration**

Collaborate across boundaries
to maximize the total benefit

4 **Integrity**

We put integrity first
when doing business

5 **Sense of Ownership**

Own whatever job you are engaged in

Empowering Employees

With an aim of productivity boost, every single employee can choose his/her optimal work style

Super Flextime

Allows employees to decide
their work hours and clock-
in/out time freely

Flextime

5:00　　　　　　　　　22:00

Working Hours
4+ hours

Switch-work

Flexibly combining work hours
and rest breaks enable
individualized work style

ON
OFF

Return-to-Work Rate
from Childcare Leave
（FY22/3）

100%

Work from Anywhere

Allows employees to choose
where to work,
such as office or home

Second Job Encouragement

Supports self-development
through experiences
outside of work at kaonavi

Ratio of Employees
Who Have Second Job
（As of March 2022）

19.7%

Empowering Employees

A diverse and flexible work style also enables us to promote successful women's empowerment and "Health and Productivity Management"

女性活躍・両立支援に積極的に取り組む企業の　事　例　集　　厚生労働省

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

Source：Website of Ministry of Health, Labour and Welfare

Certified for **four consecutive years**

2022
健康経営優良法人
Health and productivity

Average Daily Overtime
（FY22/3）

29 min
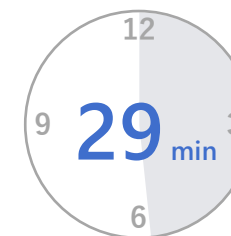
Ratio of Women in Managerial Positions
（As of March 2022）

27.8 %

Headquarters Relocation (Scheduled in July 2023)

Decided to relocate our headquarters to the WeWork Shibuya Scramble Square considering the size and functions of an office suitable for us to continue building a diverse and flexible work style as well as the reduction of fixed costs[1] over the mid-to-long term

For further acceleration of individual power

Flexible & Collaboration

Collaborate more than ever

with the same flexible work style as before

Employees can choose their office as a place for communication and collaboration, and the home as a place to work efficiently

WeWork promotes collaboration among tenant companies and their members through various events and business-matching support

*1：After the relocation, rent and other office-related expenses are expected to decrease by approximately 270 million yen annually

Activities to Spread the Purpose

**Building a diorama of "kaonavi Town",
a town of the future that embodies people's living
and working underpinned by individuality**

Our employees evolved an idea arising from
our Purpose and put it into the form of a
diorama together with a professional LEGO®
builder Mr. Mitsui

Invited our partners and family members to the
unveiling event to foster lively communication

Our employees
and their families

✕

LEGO® Certified Professional
Jumpei Mitsui

Focusing on "Individuality"

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

Information Security, Protection of Personal Data and Privacy

Committed to protecting, managing and handling information assets properly and responsibly

ISO 27001:2013 認証取得   ISO 27017:2015 認証取得

Information Security

Information Security Policy

Defined safe and appropriate information security measures in accordance with "Information Security Policy" to be entrusted by our customers and other stakeholders

Information Security Management Structure

```
              Representative Director, President
                            |
                            |------------------ Audit Manager
                            |
                   ISMS Manager
                   Privacy Protection Manager
                            |
   Admin Team ---------------
        |
   System Administrator    Department Head    IS Committee
```
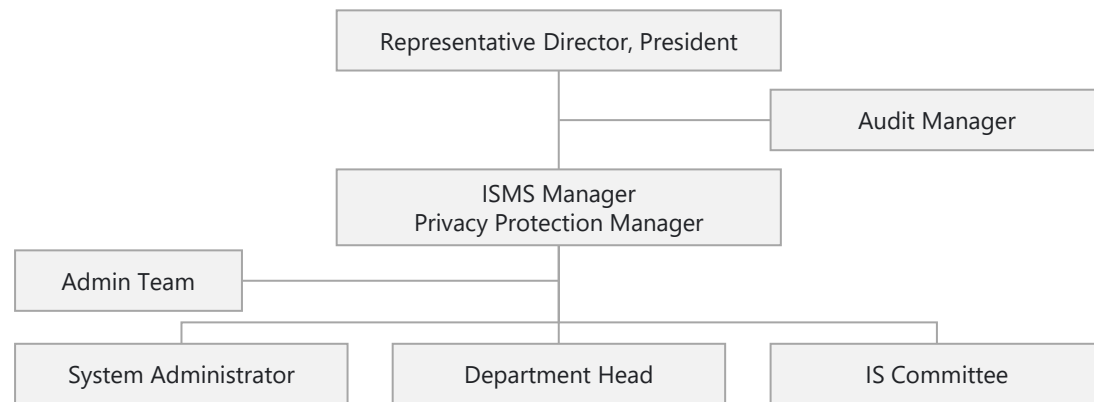
Information Security Training

Conduct annual security training and targeted attack email training for all employees to improve their experience and ability to respond quickly in the event of a problem

Implementation of Information Security Measures

Obtained ISO27001 (ISMS certification) and ISO27017 (ISMS cloud security certification) to maintain a continuous security management system. In addition, KAONAVI was certified as satisfying the security requirements of the government and registered on the "Information System Security Management and Assessment Program (ISMAP)" cloud services list

Protection of Personal Data and Privacy

Certification

Obtained the Privacy Mark

Acquisition of Permissions

When collecting personal information, users' permissions are acquired and other measures are taken

Safety Management Measures

Secure control measures are thoroughly implemented to safeguard personal data

Philanthropic Initiatives

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

kaonavi Academy Cloud

Applicable	Academic institutions such as school corporation
Price	Special price

kaonavi Government Cloud

Applicable	Government offices, municipal governments, independent administrative agencies
Price	Special price

Ownership Structure (September 2022)

Ownership and Distribution of Shares
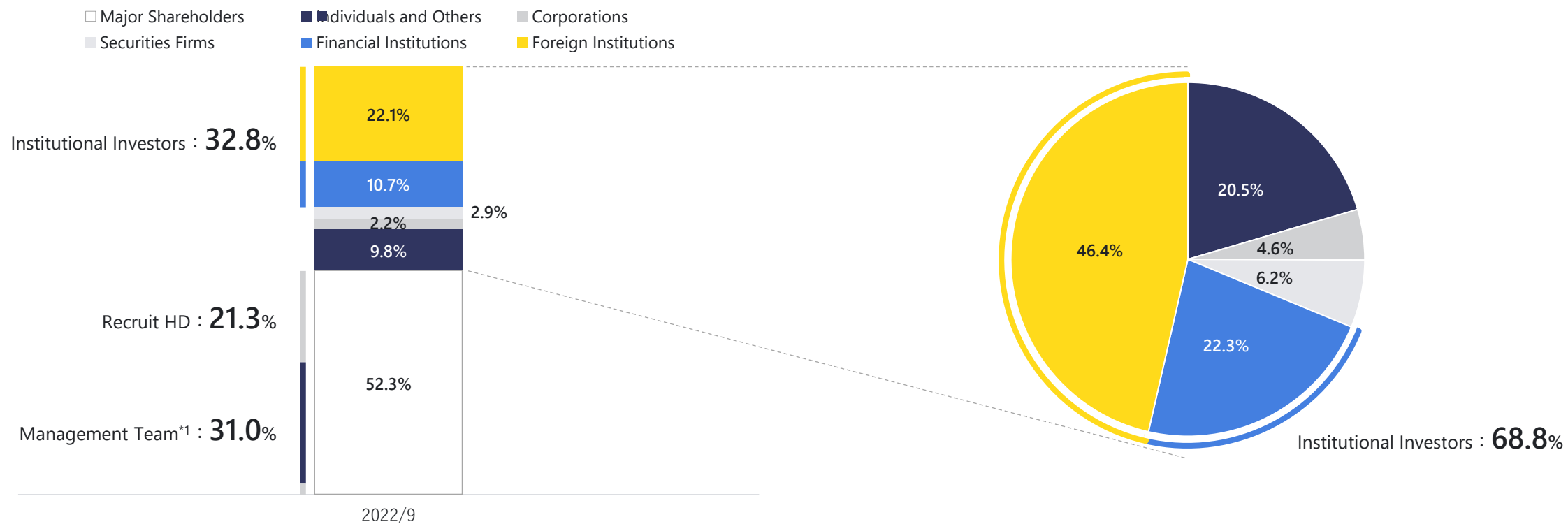
Legend:
- □ Major Shareholders
- ■ Individuals and Others
- ■ Corporations
- ■ Securities Firms
- ■ Financial Institutions
- ■ Foreign Institutions

Stacked bar chart (2022/9):

Institutional Investors : **32.8**%
- Foreign Institutions: 22.1%
- Financial Institutions: 10.7%
- Securities Firms: 2.2%
- Corporations: 2.9%
- Individuals and Others: 9.8%

Recruit HD : **21.3**%

Management Team*1 : **31.0**%
- Major Shareholders: 52.3%

Pie chart — Institutional Investors : 68.8%:
- 20.5%
- 4.6%
- 6.2%
- 22.3%
- 46.4%

Japan's Labor Market Challenges

Raising labor productivity and promoting diverse work styles are some of the urgent issues in the face of a declining working-age population

OECD Countries' Labor Productivity (2020, per workers)

PPP Conversion : US$ 1,000

Ireland
Luxembourg
USA
Switzerland
Belgium
Norway
Denmark
France
Austria
Netherlands
Sweden
Finland
Australia
Italy
Germany
Iceland
Canada
Israel
UK
⋮
⋮
Japan — **The Lowest**
OECD Average

Among major developed countries
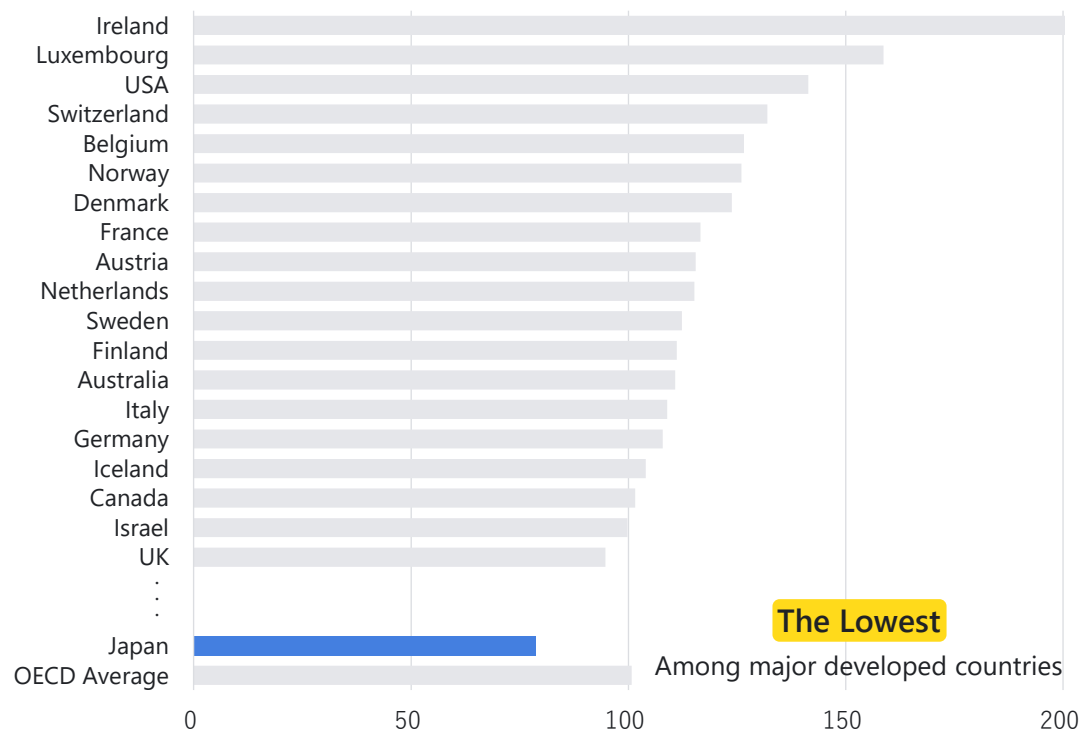
Source：Japan Productivity Center "International Comparison of Labor Productivity 2021"

Japan's Population Projections by Age

Million people

Legend: ■ 0~14 years ■ 15~64 years ■ 65 years~

Year	15~64 years
2015	76
2020	74
2025	72
2035	65
2045	56
2055	50
2065	45
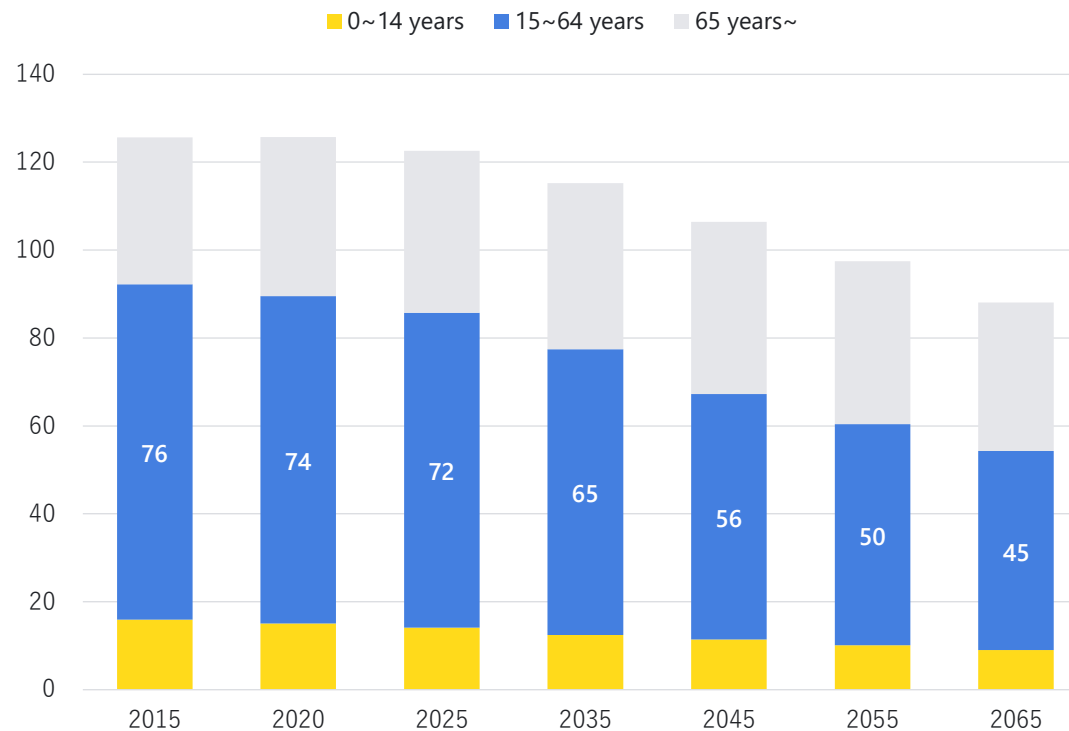
Source：Cabinet Office "White Paper on Aging Society 2021"

Rising Demand for Talent Management

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

People development

Productivity improvement

Enhancing hiring capability

Increased engagement

Promoting flexible work styles

Turnover prevention

Human resource diversity

Women's empowerment

Discovering employees' talent

Talent Management

It intends to help organizations maximize their employee performance to drive business results through purposeful recruitment, placement and development by making use of information on employees' skills and abilities

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

Business Model[1]

Subscription model for BtoB cloud services

| Users (Companies, etc.) | Referral Partners | kaonavi | Collaboration Partners |

User referral →

Referral fee ←

← KAONAVI's subscription service

Subscription fee →

← User support service

User support service fee →

← Third-party service

Platform transaction fee ←

Third-party service fee →
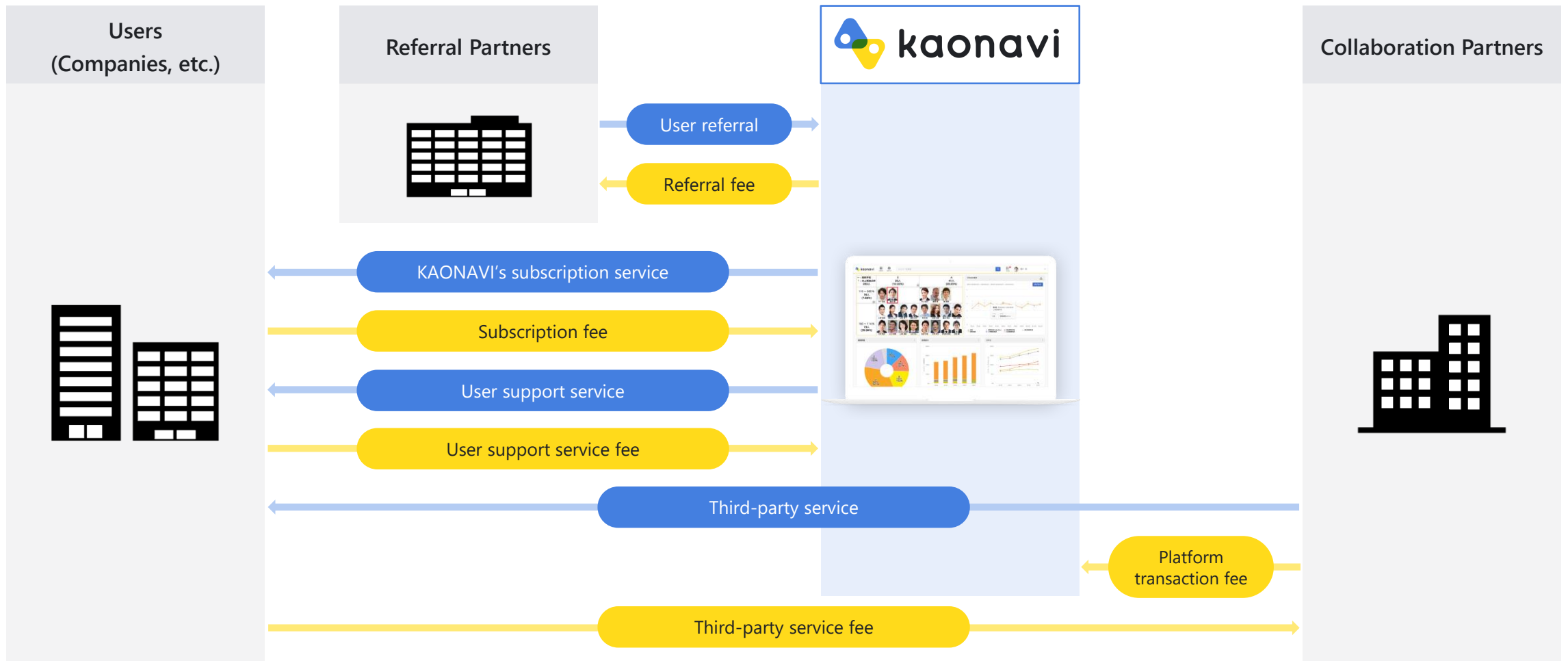
[1]：In addition to direct sales, we also sell through sales partners, which is omitted here because of its small amount

Business Process

Aiming to streamline sales & marketing activities and maximize LTV[*1] by structuring our end-to-end processes

Marketing	Inside Sales	Field Sales	Customer Success
	Leads	Prospects	Users / Customers
Inquiry conversion	Business contact	Sales order	Renewal / Upselling
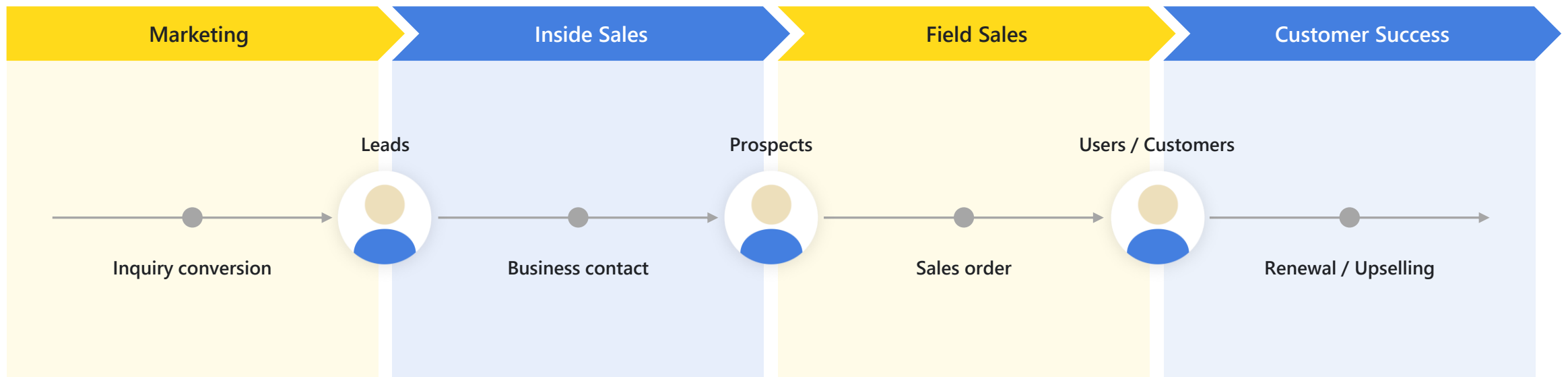
Fee Structure

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

# of Registered Employees	Subscription Plan	DATABASE PLAN Consolidate all personnel data	PERFORMANCE PLAN Efficient review operation	STRATEGY PLAN Strategic HR management
~ 100 people	HR Database	✓	✓	✓
~ 200 people	Pickup List	✓	✓	✓
~ 300 people	Organization Chart	✓	✓	✓
~ 400 people	Performance Review		✓	✓
~ 500 people	Employee Survey		✓	✓
~ 600 people	Matrix Chart			✓
~ 700 people	Employee Data Graph			✓
~ 800 people	Dash Board			✓
:	Option Services[1]	✓	✓	✓

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

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

Flexibly designed solution, suitable for any user regardless of position
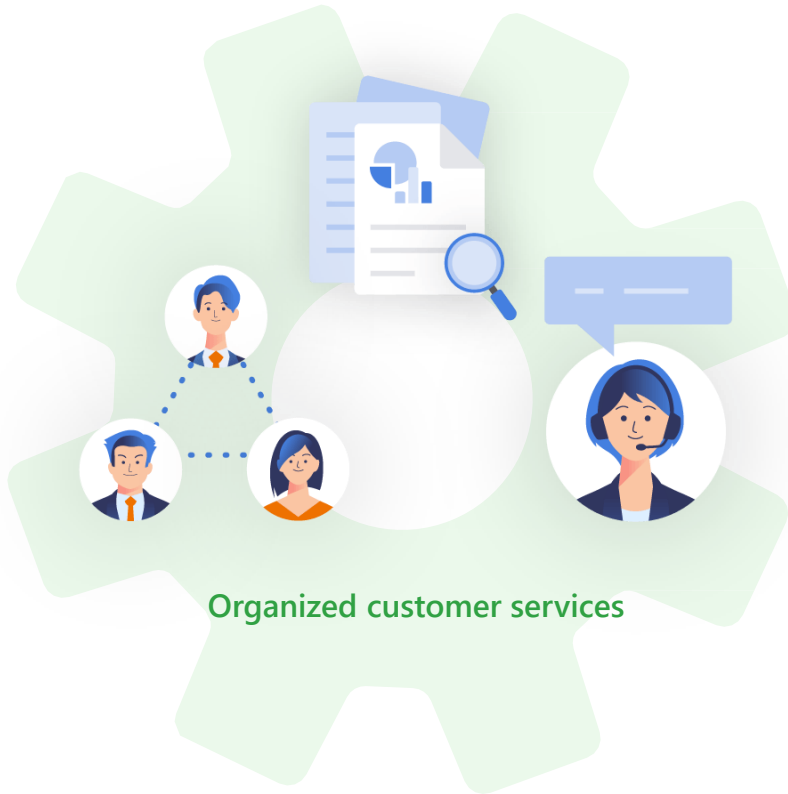
Organized customer services

System

Customer Service

Our Strengths

System System design in pursuit of flexibility and usability

Customizable HR Database
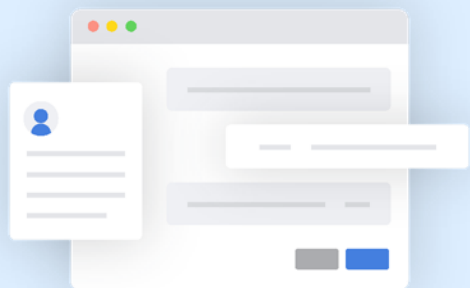
Self-explanatory User Interface
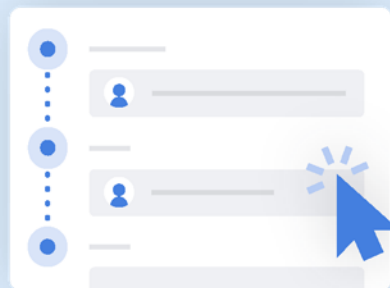
Secure Access Management

Customer Service Making success of users' talent management efforts more plausible

User Community KAONAVI CAMPOS カオナビキャンパス

Library KAONAVI CAMPOS カオナビキャンパス

Support

Networking with other users to exchange
day-to-day use cases

Overwhelming amount of contents
across industries, business types and scale

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

Why Customers Choose KAONAVI?

> *The biggest contributor to our choice was* ==the flexibility and versatility of the system==*. Also, the adaptability to future systematic revision is our priority. Another decision factor was* ==the quality of the customer service==*.*

J-LEASE ジェイリース

> *There is no point in introducing these types of tools unless even senior employees can use them easily. Because* ==KAONAVI is by far simple and easy to use==*, I felt that it could engage our employees with a certain degree of satisfaction.*

The Nishinippon Shimbun 西日本新聞

> *We decided to choose KAONAVI because of* ==its pages for employees being simple and user-friendly==*.*

RICOH LEASING RICOH リコーリース株式会社

> *What we liked about KAONAVI consisted of its page layout that encouraged any employee including those unfamiliar with PCs to use it, and its sophisticated support. The key factor was* ==high customizability==*.*

Manac 人と化学の未来をめざして マナック

> *We decided on KAONAVI, with its unique function to visualize employee experience, as well as* ==its excelling UI/UX that engages any user intuitively==*. Most important thing about tools is to let the right people use them without friction, resulting in acceptance throughout the company.*

KDDI KDDI

> *Top priority was to see if* ==our employees can use it easily and intuitively==*, not to mention HR team. In addition, it is a pro that* ==KAONAVI has the flexibility to be operable in case of complicated system revision in the future==*.*
>
> *And* ==the depth of their customer service team is so extraordinary== *as to wow us every time. Their responses to our inquiries have been quick and helpful after the implementation, which makes us feel* ==in good hands==*.*

PONY CANYON pony canyon

Customer Base

The market leader in talent management system supporting more than 2,500 customers

Used by various companies and organizations **regardless of industry or business size**

Strategies for Mid-term Growth

Expand Customer Base

Strengthening Organizational Structure

Raising Visibility

Leveraging Partners

Reducing Churn

✕

Increase ARPU

Upsell Promotion

New Feature Development

Additional Enterprise Users

Building HR Data Platform

Expand Customer Base

Active Users*1

companies

4,000〜5,000

2,497

2,061

1,791

. . .

FY20/3   FY21/3   FY22/3   FY25/3
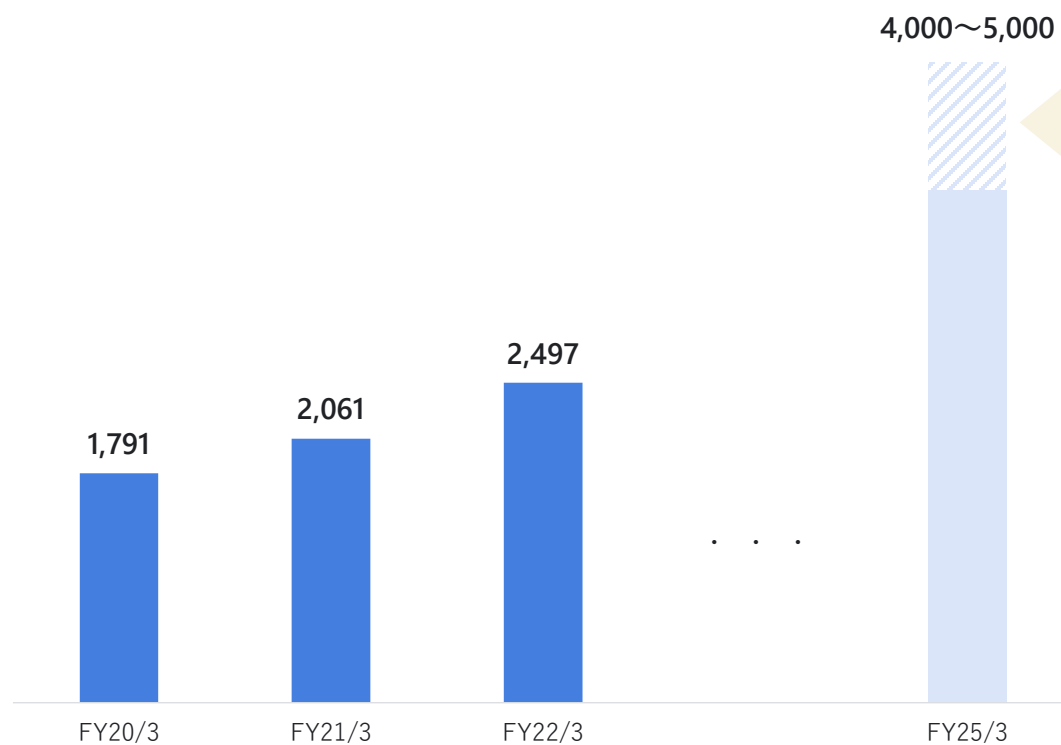
Strengthening Organizational Structure

- Increase and develop sales personnel
- Strengthen monitoring capabilities for business progress

Raising Visibility

- Mass advertisement to gain recognition
- Area expansion to regional cities

Leveraging Partners

- Expansion of referral partners
- Increase sales via sales partners

Reducing Churn

- Strengthen customer success
- Continuous product improvement to enhance UX

*1：Number of companies and organizations that are using KAONAVI as of the end of the fiscal year

Growth Potential

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

Number of Companies in Japan

Companies

# of Employees		
1,000		Ca. **4,500**
100	Target Market	Ca. **58,400**
10		Ca. **623,600**
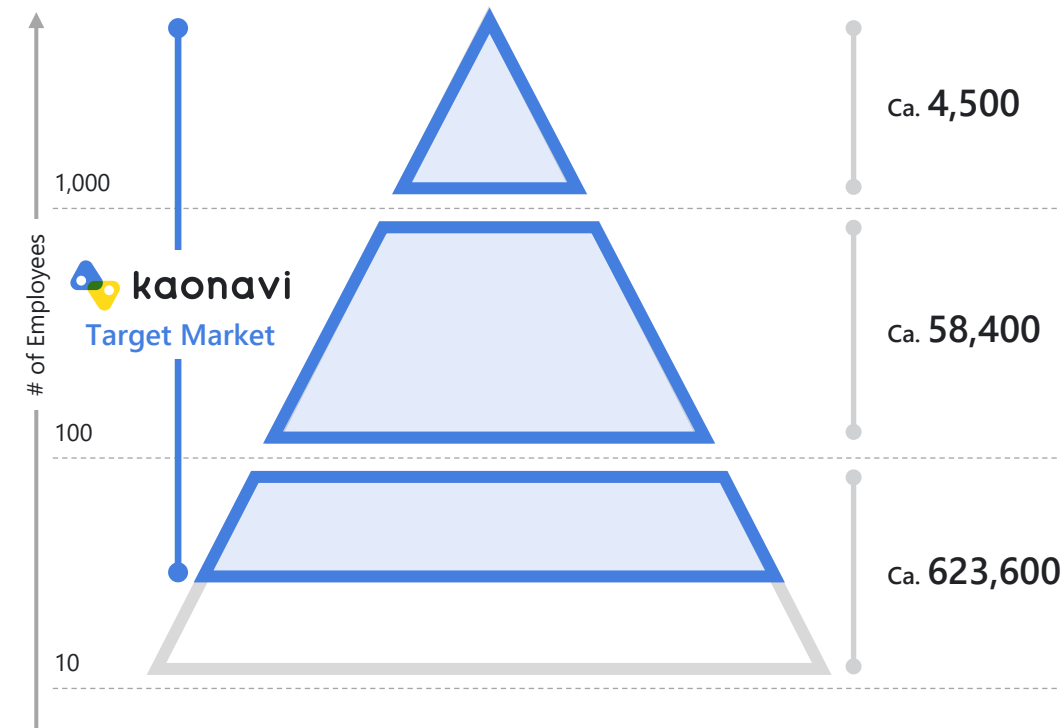
Source：kaonavi, based on MIC and METI "2016 Economic Census for Business Activity"

Adoption of HR-related IT Systems in Japan

Adoption Rate：%

Talent Management	Email, Schedule	Groupware	Attendance Management	Payroll Calculation	Stress Check
12.6	84.1	65.0	60.7	58.3	51.4
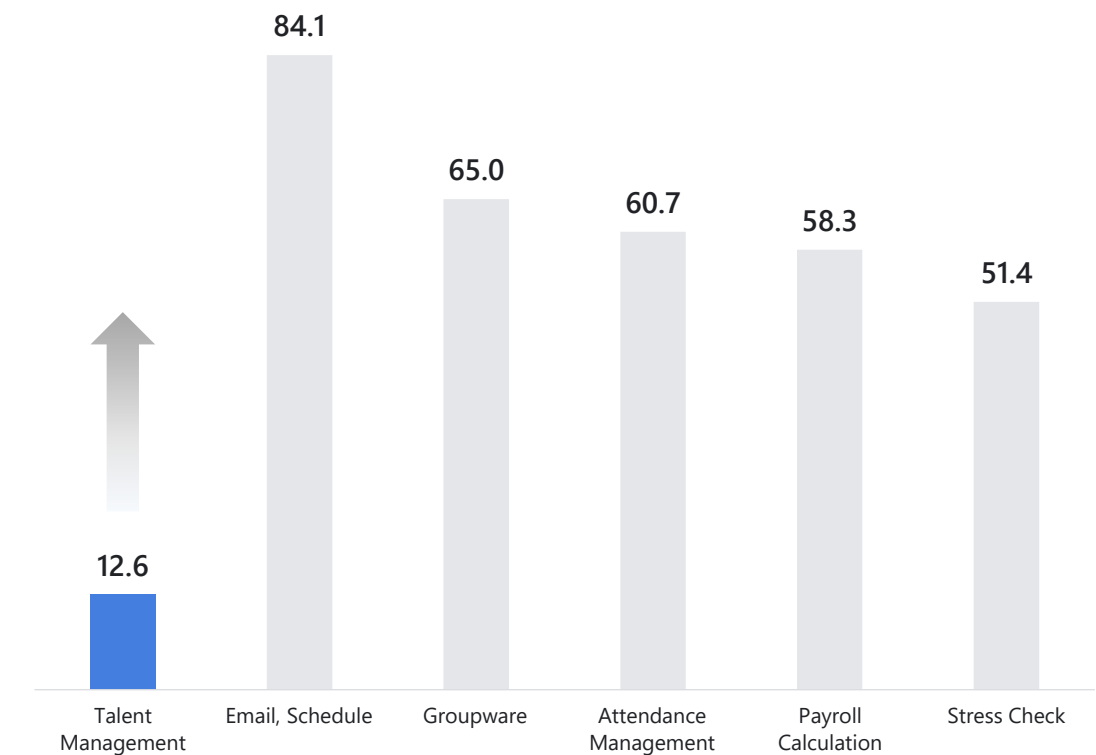
Source：IDC Japan, July 2017

Increase ARPU

ARPU[1]

JPY Thou.

170〜220

164

146

122

FY20/3   FY21/3   FY22/3   ・・・   FY25/3
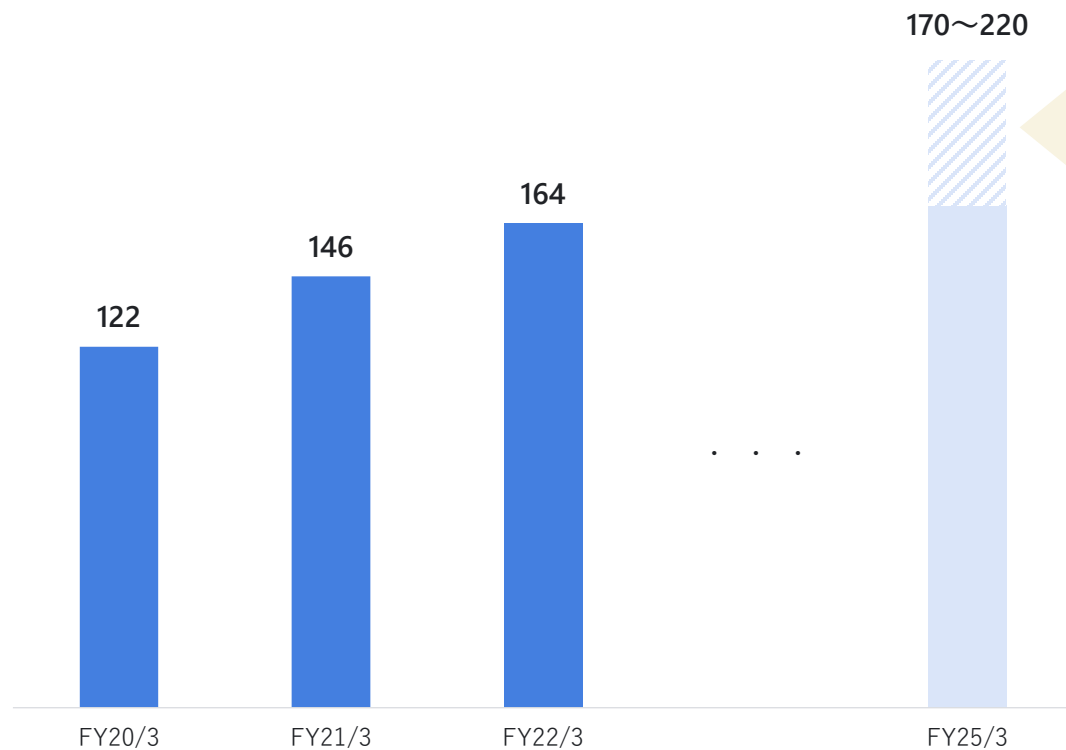
Upsell Promotion

- Increase registered members by extending user departments
- Introduce optional functions such as approval workflow

New Feature Development

- Develop new optional features

Additional Enterprise Users

- Apply outbound sales measures

Building HR Data Platform

- Expand services into new business areas leveraging the HR database

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

Net Sales Growth

JPY MM

10,000 [*2]

CAGR: **30**%+

5,960

4,496

3,402

2,625

FY20/3	FY21/3	FY22/3	FY23/3 [*1]	FY24/3	FY25/3
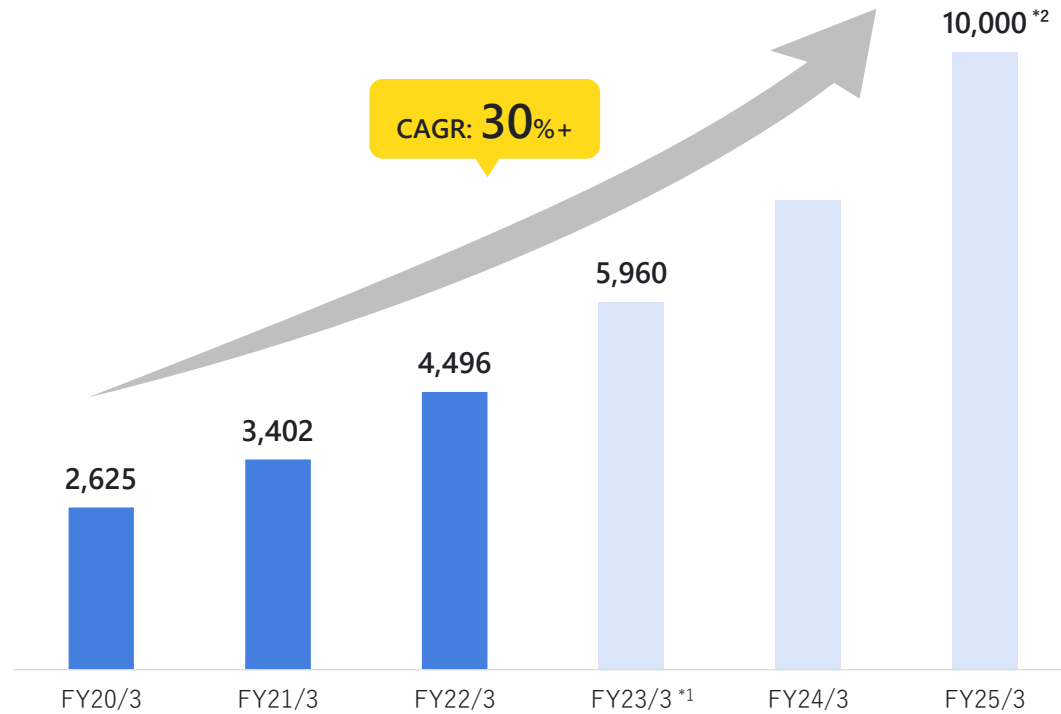
Gross Profit Margin Growth

Upfront Investment Phase

75.1%

72.3%

73.3%

73.6%

80.0%

FY20/3	FY21/3	FY22/3	FY23/3 [*1]	FY24/3	FY25/3
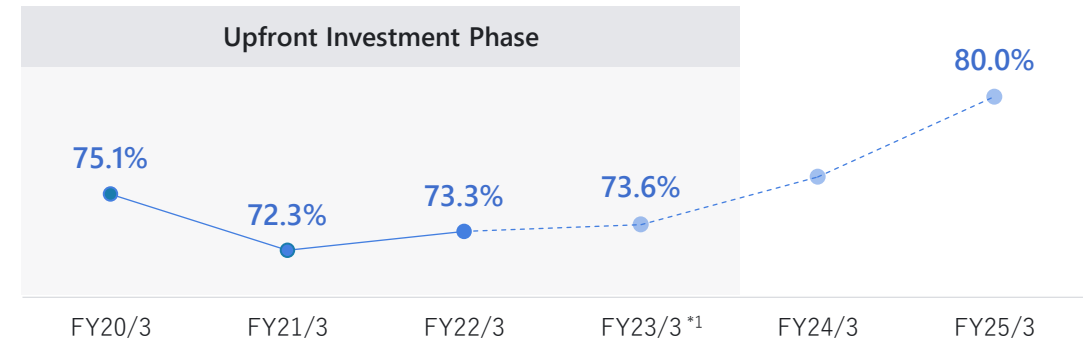
Operating Profit Margin

Upfront Investment Phase

-10.6%

-0.3%

3.9%

4.7%

30.0%

FY20/3	FY21/3	FY22/3	FY23/3 [*1]	FY24/3	FY25/3
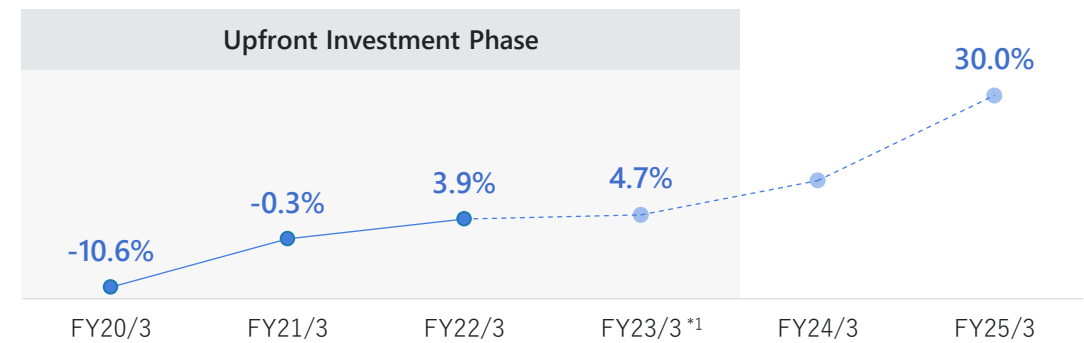
*1：Figures for FY23/3 are based on the forecast as of February 2023
*2：Assuming 4,000~5,000 active users and ARPU of 170~220 thousand yen to reach net sales of JPY 10bn

Create a HR data-centric platform

Our HR Data Platform Initiative (Mid-to-long Term Strategy)

Paving the way forward for a HR data platform to create monetization opportunities in new business areas

| In-house service delivery | Collaboration with **RECRUIT** | M&As and alliances |

... Service areas of Recruit Group

TAM Expansion Opportunities with HR Data Platform[1]

HR Data Platform Related Market

Approx. US$ **84** Bn[3]

Talent Management System

Approx. US$ 2 Bn[2]
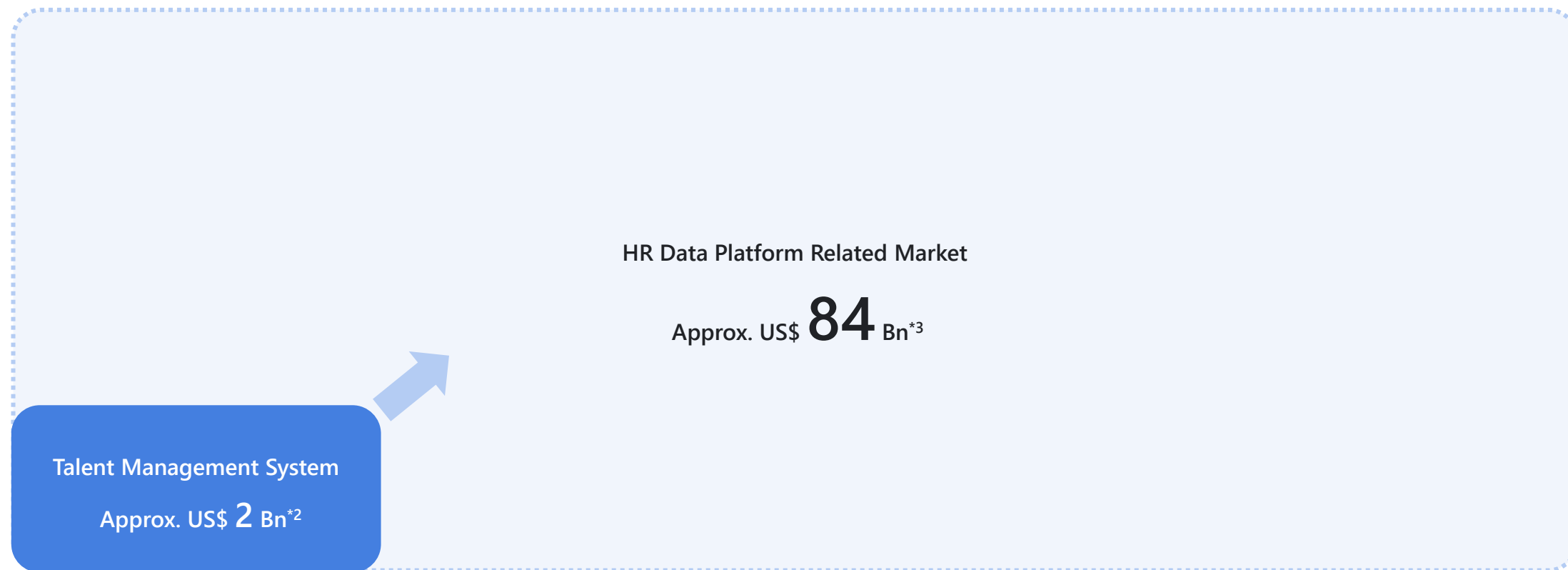
*1：USDJPY=100. Potential TAM has been calculated by kaonavi, under certain assumptions, using data referenced from the below publicly disclosed statistical reports
*2：Calculated by multiplying the number of companies with 50 or more employees by our fee structure for corresponding employee size, based 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 Resources 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"

4-4. The Future of "WORK" and kaonavi

Changes in HR Information Management and Work Styles - Past

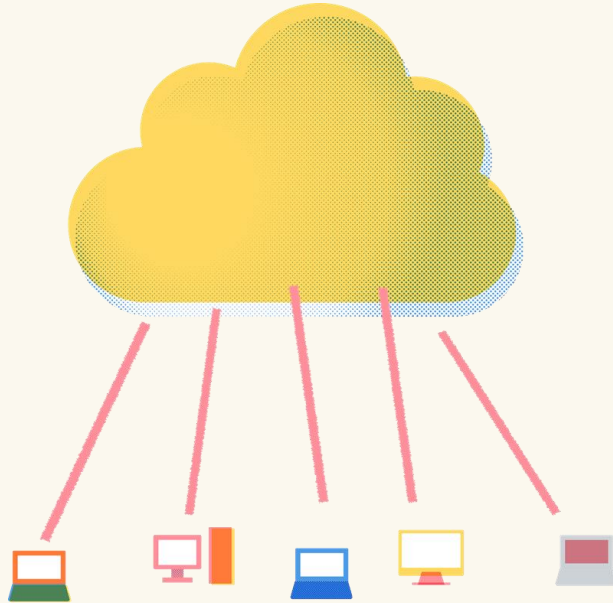1980   1990   2000   2010   2020   2030

Employers manage employee information   Workers own their information

Paper
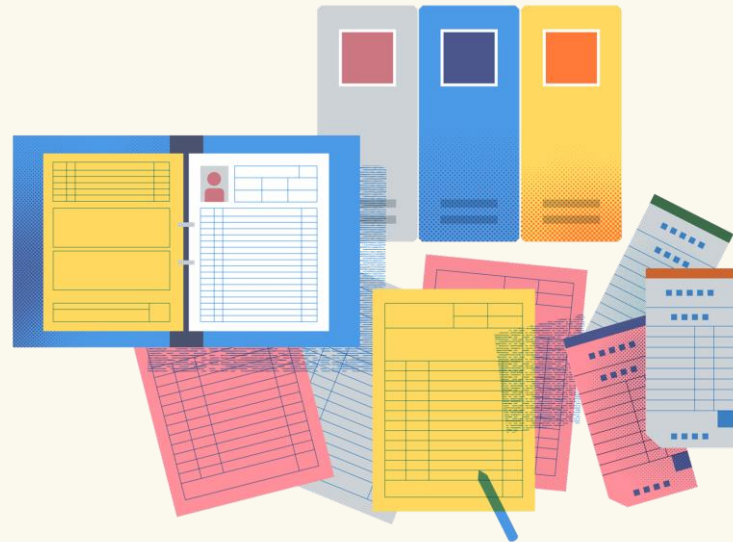
Employers manage HR information in documented form

Division of simple tasks

Changes in HR Information Management and Work Styles - Past

Employers manage employee information

Workers own their information

Data
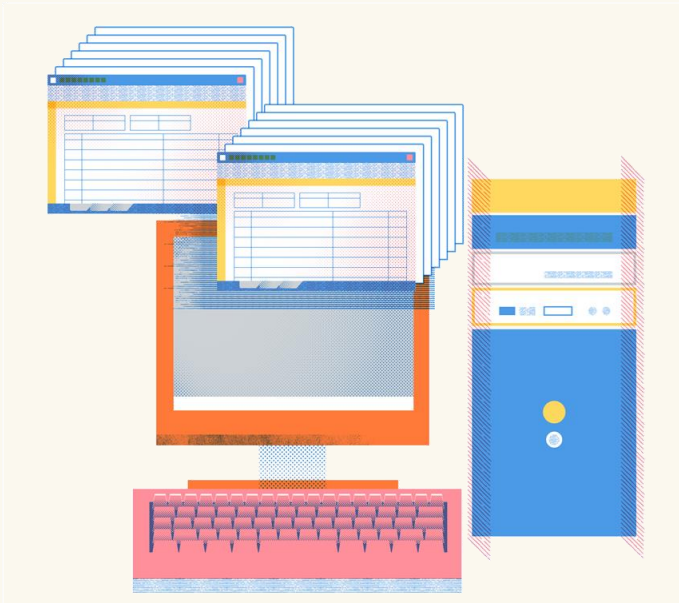
Employers manage HR information digitally

Each employee gets one's job done all alone using a computer

Changes in HR Information Management and Work Styles - Present

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

Employers manage employee information

Workers own their information

Portable
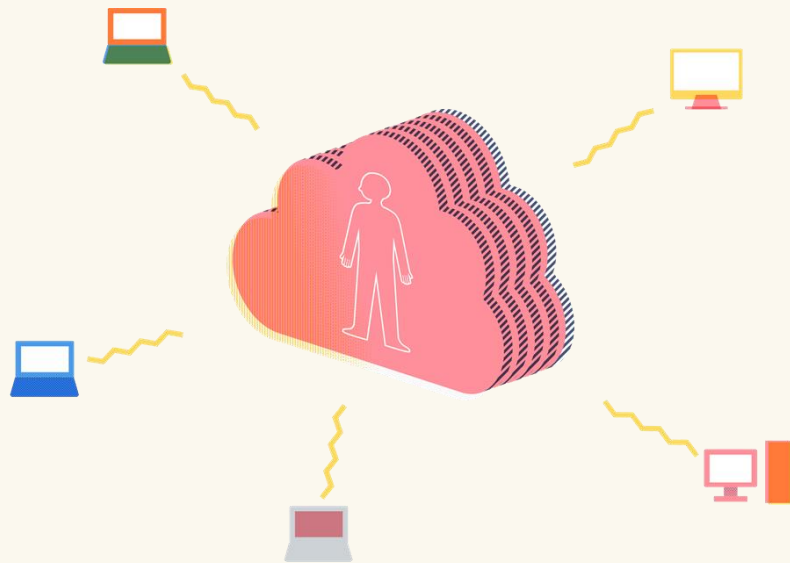
Organizations access career data owned by individuals

Work with various organizations leveraging one's skills and abilities

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

Thoughts on Revising the Company Logo

Our new logo embodies the world that kaonavi shapes

kaonavi

Exhibiting the importance of mutual understanding by the shape of two people

"◯" represents people, and "△" represents their span of vision/view. It builds on our belief that the new space in the center, which emerges only when people try to get to know each other (= by overlapping their vision span), is ==the world where people can unlock their potential==. And kaonavi's goal is bringing it to life.

Product for a New Era

A portable passport to "WORK"
that contains one's traits
and endowment among others

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.

所属　Hornburg castle

城主　Rohan Erkenbrand
LV 48
HP 520/765
MP 39 / 39

兵数　2180 / 2300

資産　580/580

騎兵	28 / 32	防衛力	A
楯兵	73 / 75	兵装・兵器	B
弓兵	72 / 80	馬	·····40
歩兵	181/196	大砲	····· 1
衛生兵	24 / 24	投石器	····· 5

兵糧収入	2340	製造	42
農地	9000	治療	61
生産性	35	修繕	34
肥沃度	59		
治水	32		

人口　15130

■ 農民　6700　　■ 職人　1200
■ 商人　3200　　□ 傭兵　4030

加入者

Jeanne D　Napoleon B　Johan G
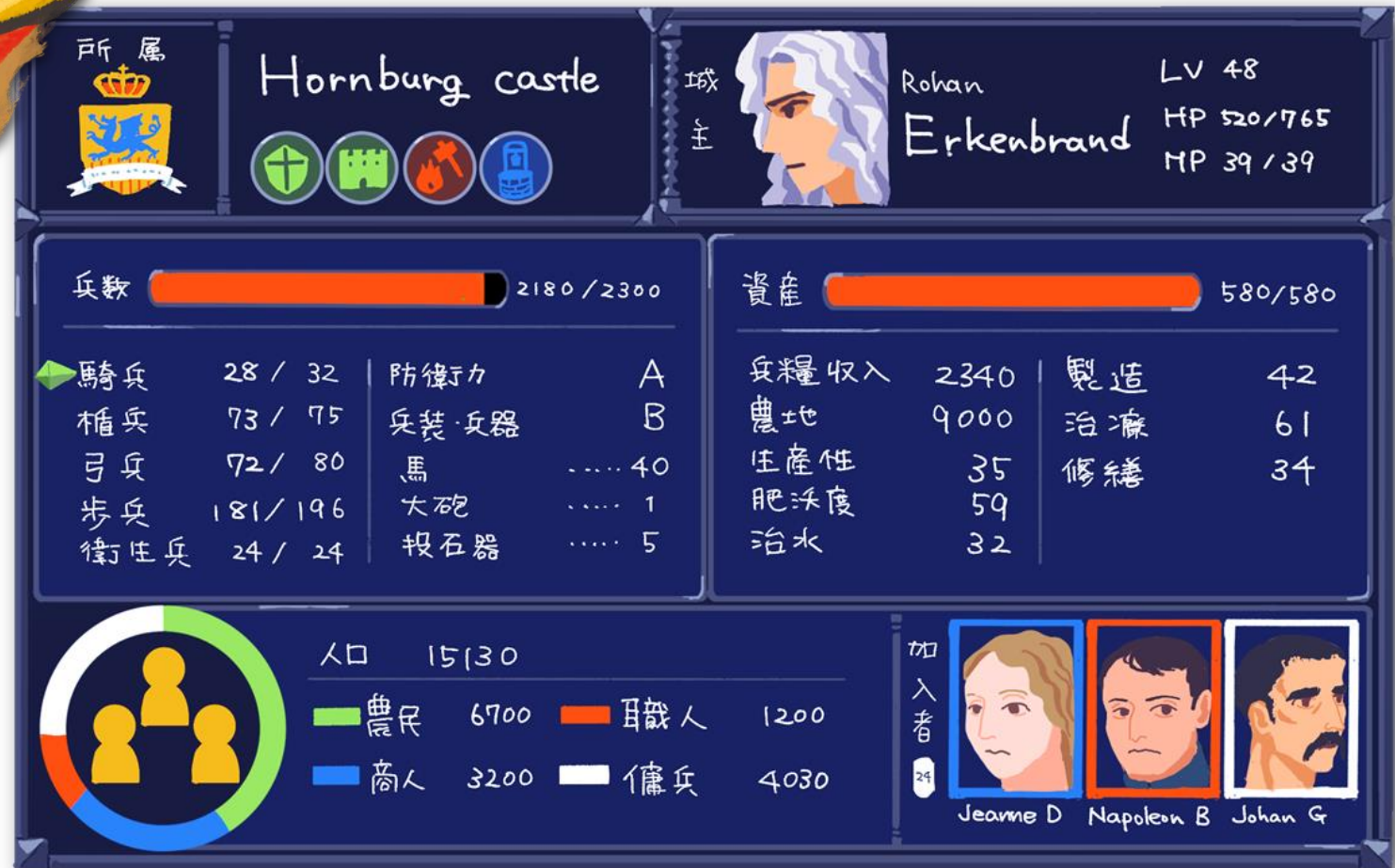
Ethos of Product Development

Craft
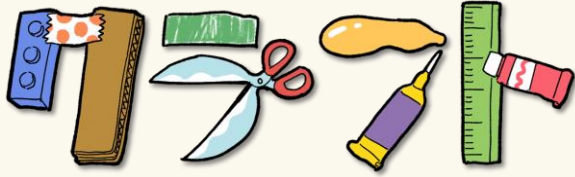
Flexibility-rich System

Adaptability to meet various needs of users instead of predefined use cases.

Inventing a flexible service that can induce and accommodate creativities and inspirations of our users.

Universal Design
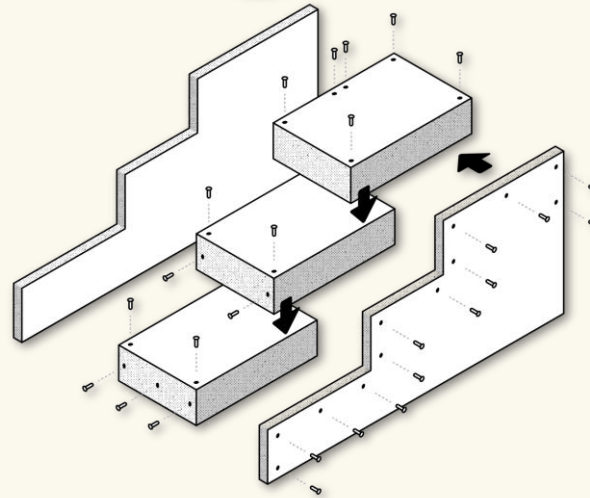
Stress-free Usability

Touching the product tells users about itself intuitively without turning to the user's guide.

Trying to realize that simple design which is extremely easy for any user to understand.

TECH TREND
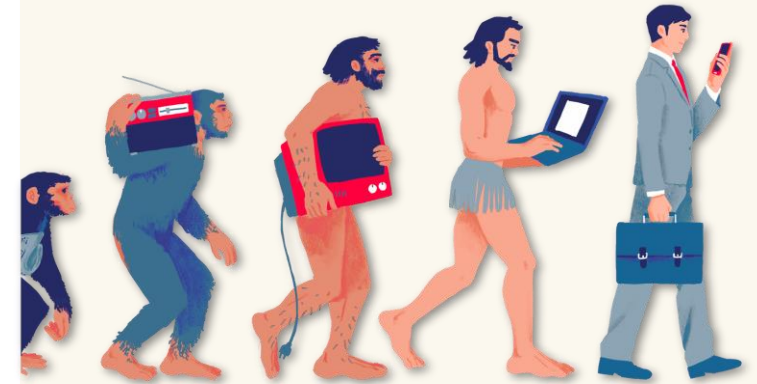
Keep Pace with Trends

Technology evolves with users' changing lives of the time.

In order to create forward-looking products, we will comprehend technology trends and leverage them.

Disclaimer

Contact IR：ir@kaonavi.jp

kaonavi