

Financial Results Briefing Materials

for the Third Quarter of the Fiscal Year Ending December 31, 2023

November 10, 2023

KINJIRO CO., LTD.

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Consolidated Financial Results

for the Third Quarter of the Fiscal Year Ending December 31, 2023 (FY2023)

2

Growth Strategy

3

Topics

Highlights for the Third Quarter of FY2023

■ Key performance indicators (KPI)

Net sales

Increased by 343 million yen year on year to 2,873 million yen

Ordinary profit

Increased by 117 million yen year on year to 408 million yen

Number of cloud licenses

Increased by 56,427 from the end of the last fiscal year to 498,943

Recurring revenue

Average annual growth: 14.4% (for the past five years)

ARPU

Remained almost at the same level of 353 yen for Kinjiro Enterprise

Cloud-based contract cancellation rate

Remained low at 0.14%

Summary of Consolidated Financial Results for the Third Quarter of FY2023

■ Consolidated Statement of Income

	Results	Achievement rate against FY2023 full-year forecast	YoY change
Net sales	2,873 million yen	72%	+14%
Operating profit	412 million yen	74%	+40%
Ordinary profit	408 million yen	75%	+40%
Profit	258 million yen	70%	+31%

(Unit: Million yen)

	FY2023 full-year forecast	FY2023 3Q results	Achievement rate		FY2022 3Q results	YoY change
Net sales	4,000	2,873	72%		2,530	+14%
Operating profit	554	412	74%		295	+40%
Ordinary profit	545	408	75%		290	+40%
Profit	367	258	70%		197	+31%

YoY Changes in Net Sales by Business Segment

■ Net sales

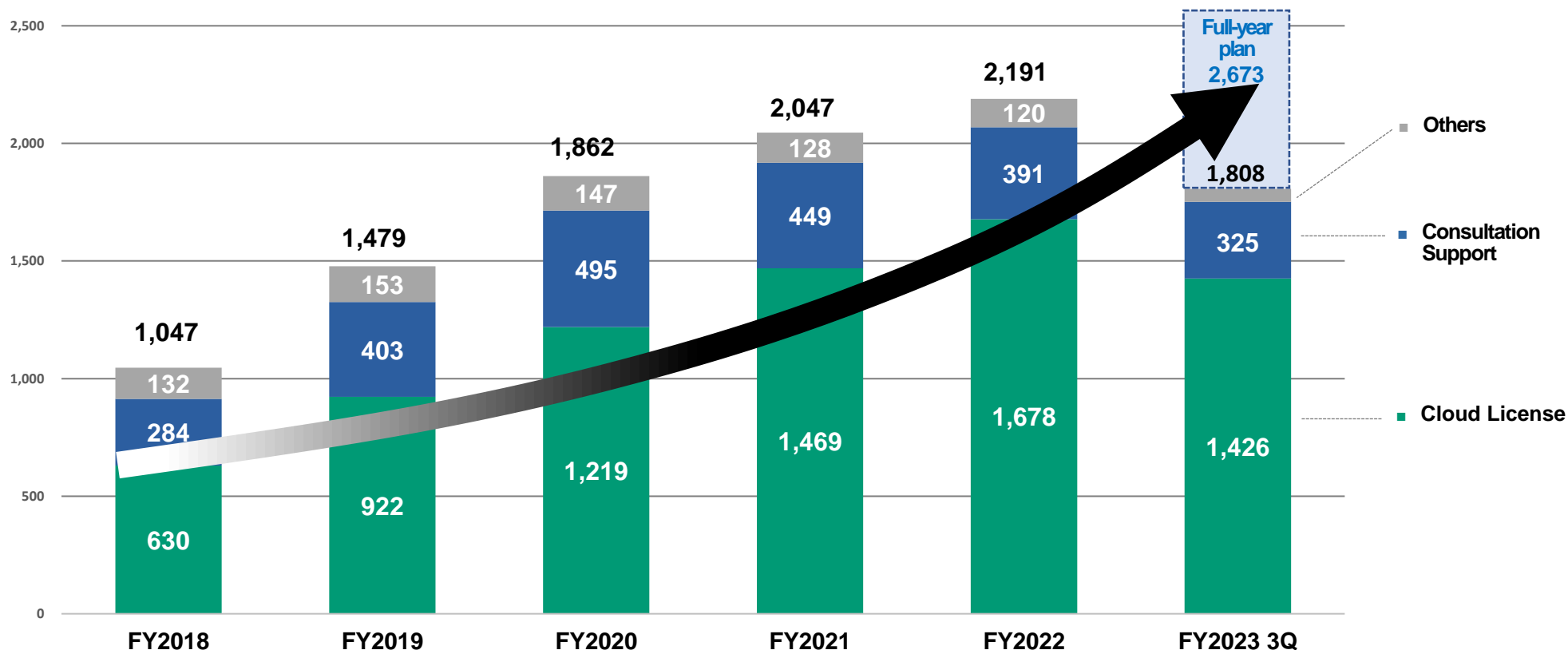
(Unit: Million yen)

Business segment	Sales segment	FY2022 3Q results	FY2023 3Q results	YoY change
Cloud Business	Cloud License	1,237	1,426	+15%
	Cloud Consultation Support	263	325	+24%
	Others	79	56	-29%
	Subtotal	1,580	1,808	+14%
On-Premises Business	Premium support	431	426	-1%
	Software Products	309	243	-21%
	Software Consultation Support	141	156	+11%
	Employment Information Devices	67	92	+37%
	Subtotal	949	918	-3%
Total of HRM Business		2,530	2,727	+8%
Real Estate Rental Business		—	145	—
Net sales		2,530	2,873	+14%
Recurring revenue*		1,684	1,868	+11%

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

Sales in Cloud Business

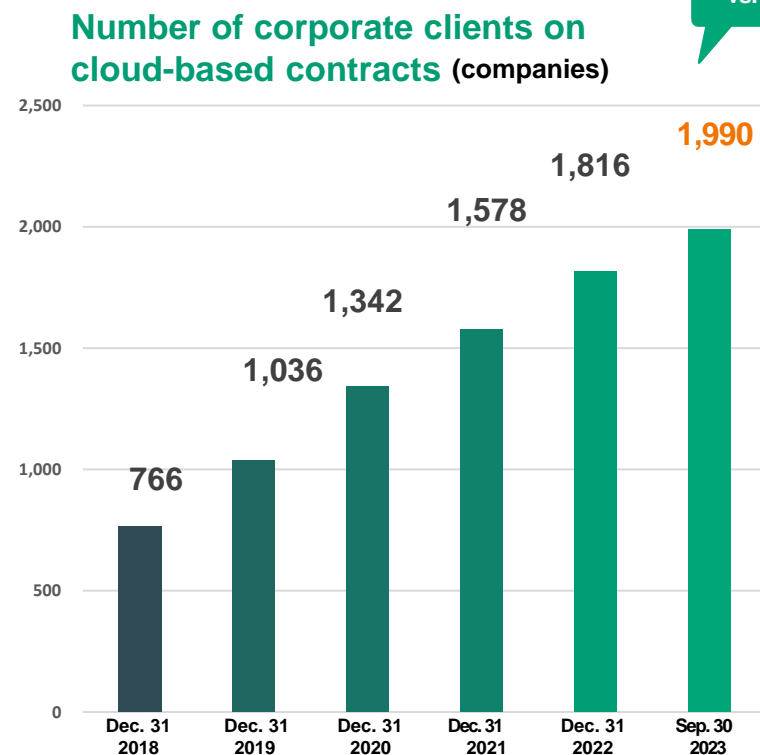
Trend in Cloud Business sales (Unit: Million yen)



- Cloud License sales grew by 15% year on year to 1,426 million yen.
- Cloud Consultation Support sales increased by 24% year on year to 325 million yen.
- Meanwhile, sales in Others category (employment information devices, etc.) decreased by 29% to 56 million yen.

Number of Corporate Clients on Contract and Number of Licenses

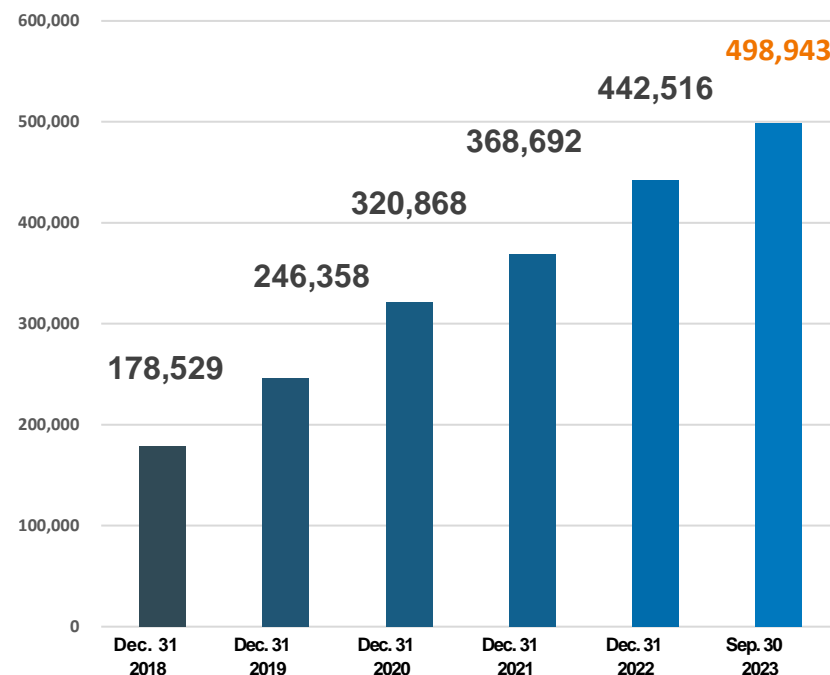
- High growth continues in the number of licenses, with an average annual growth rate (AAGR) of 20.9%.



19.5%
AAGR (Sept. '19 - Sept. '23)
103.0%
vs. FY22

20.9%
AAGR (Sept. '19 - Sept. '23)
87.0%
vs. FY22

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).

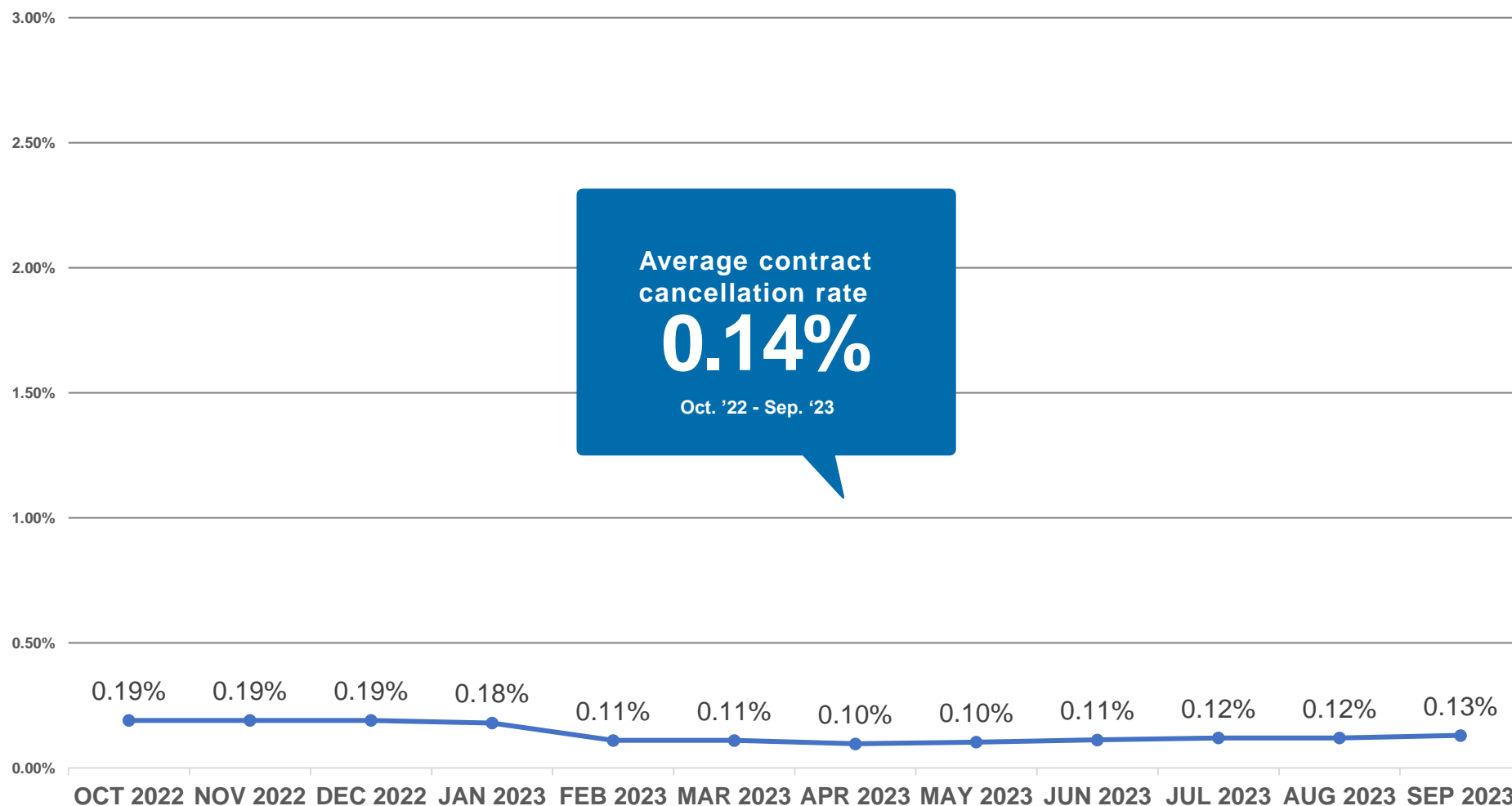
ARPU trend

ARPU	December 2021	March 2022	June 2022	September 2022	December 2022	March 2023	June 2023	September 2023
Enterprise	351 yen	353 yen	353 yen	351 yen	353 yen	351 yen	351 yen	353 yen
Smart	160 yen	117 yen	117 yen	115 yen	117 yen	118 yen	118 yen	118 yen

Cloud-Based Contract Cancellation Rate

■ The average rate of cloud-based contracts cancelled per month remains low at 0.14%.

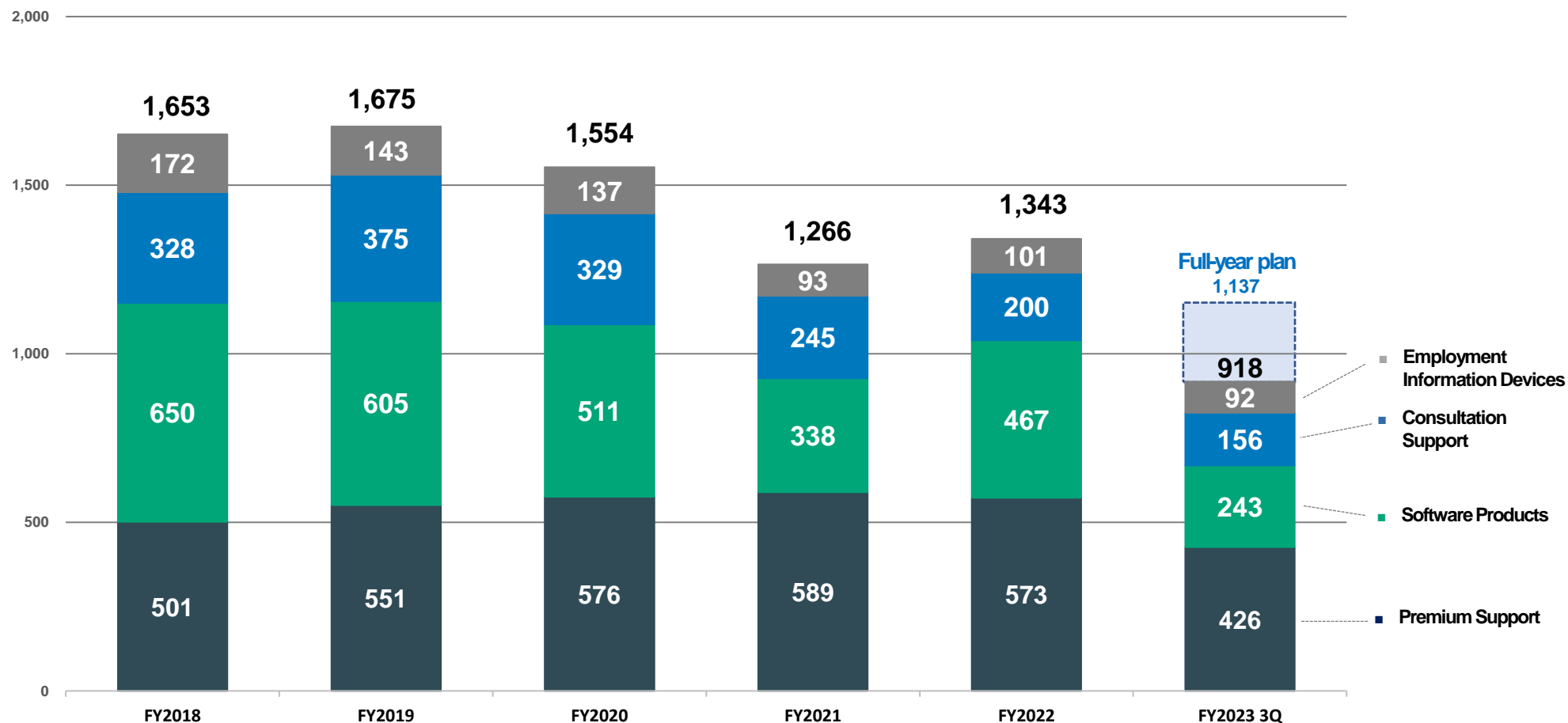
Cloud-based contract cancellation rate*



* 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

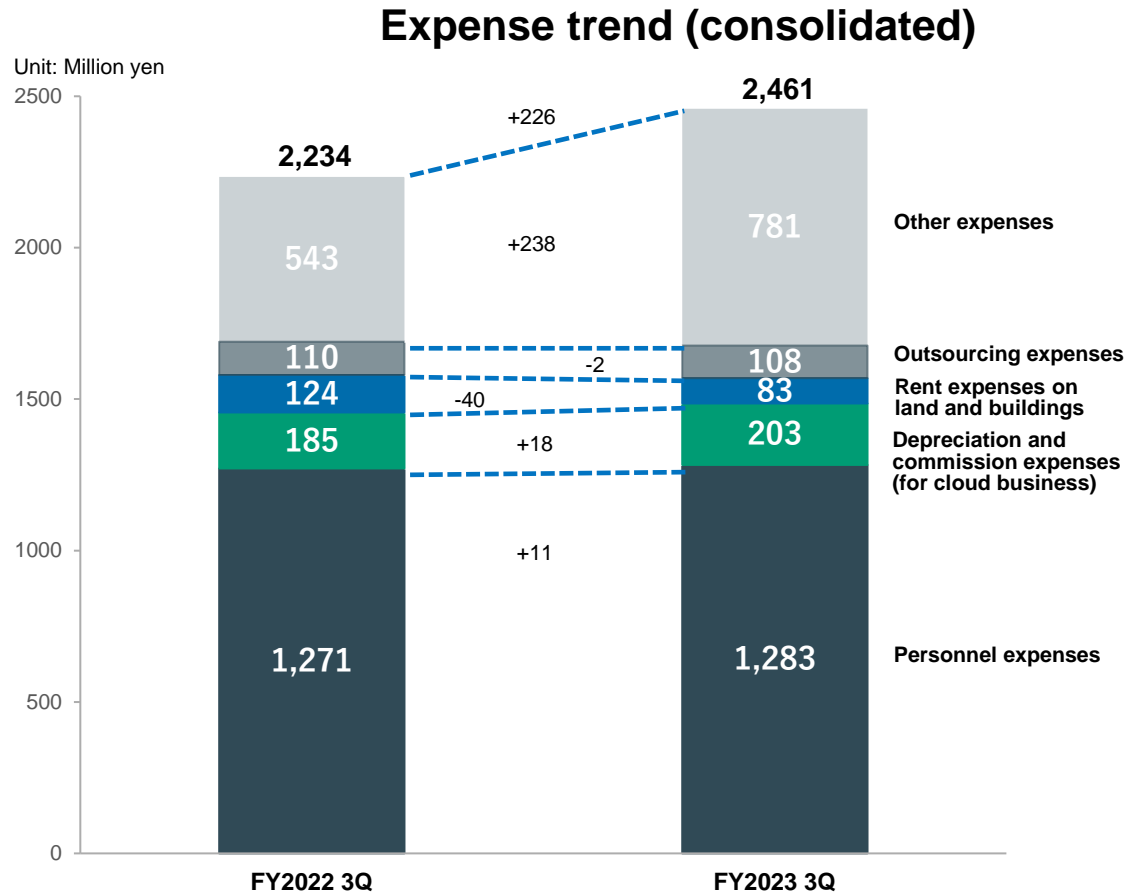
Trend in On-Premises Business sales (Unit: Million yen)



- Premium Support sales decreased by 1% year on year to 426 million yen.
- Software Products sales decreased by 21% year on year to 243 million yen.
- Software Consultation Support sales increased by 11% year on year to 156 million yen.

Cost Structure

■ Cost structure for the first nine months of the fiscal year ending December 31, 2023



■ Total expenses increased by 226 million yen compared to the costs in FY2022 3Q.

■ The increase is attributable to the rise in other expenses (+238 million yen), which included depreciation incurred for the Nagoya headquarters building acquired in November 2022 (144 million yen) and operating expenses for the real estate rental business (44 million yen), as well as an increase in advertising expenses (+20 million yen).

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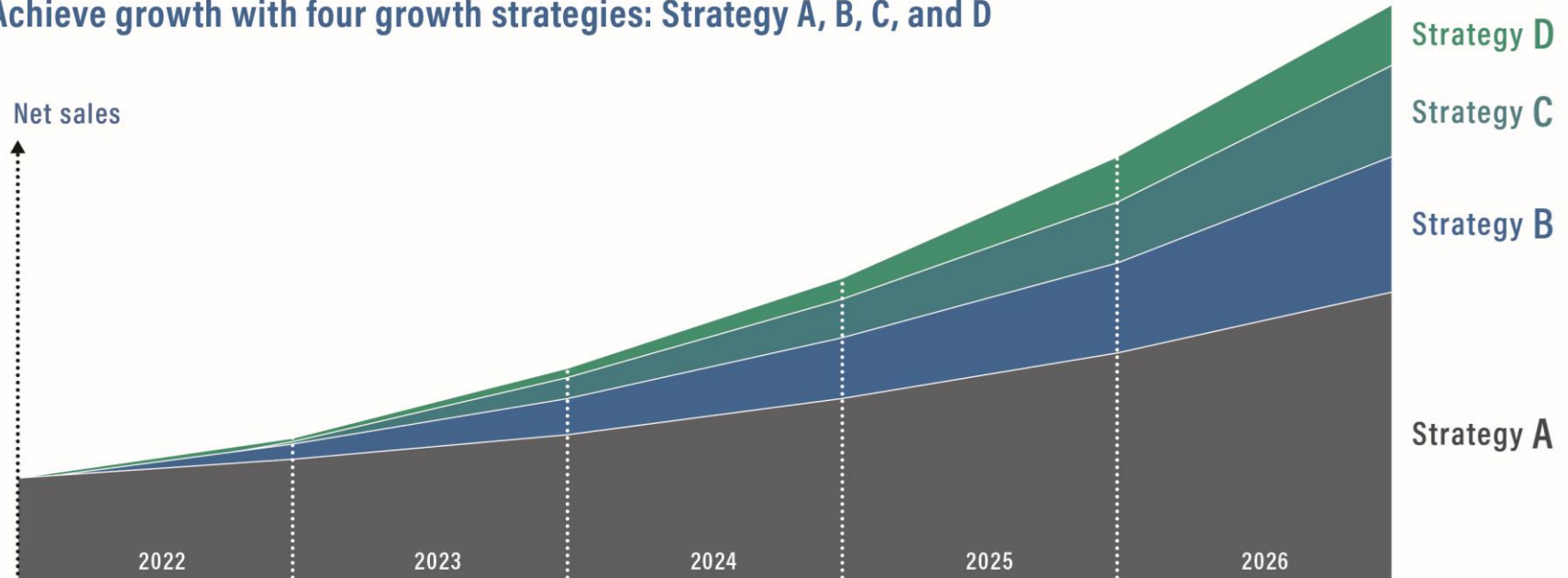
Growth Strategy

3

Topics

Growth Strategy

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

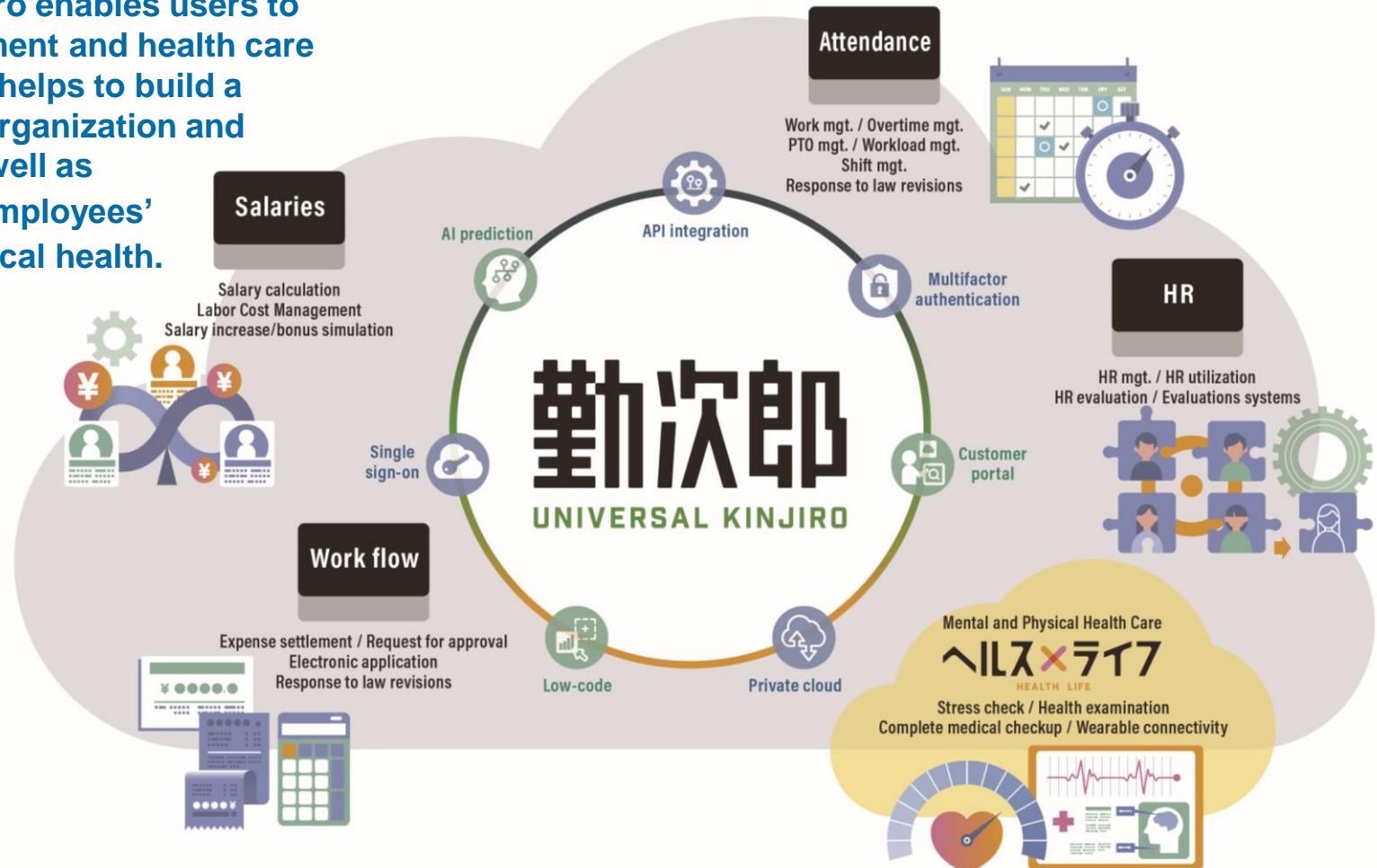


Strategy A	BtoB	Mainstay business: Accelerate acquisition of new customers for “work style reform and health & productivity management”
Strategy B	BtoB	Mainstay business: Shift 900,000 on-premises user licenses to cloud-based services
Strategy C	BtoB	New business: Cloud front / private cloud
Strategy D	BtoE BtoC	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.

Growth Strategy A/B: Advancement in HRM Business

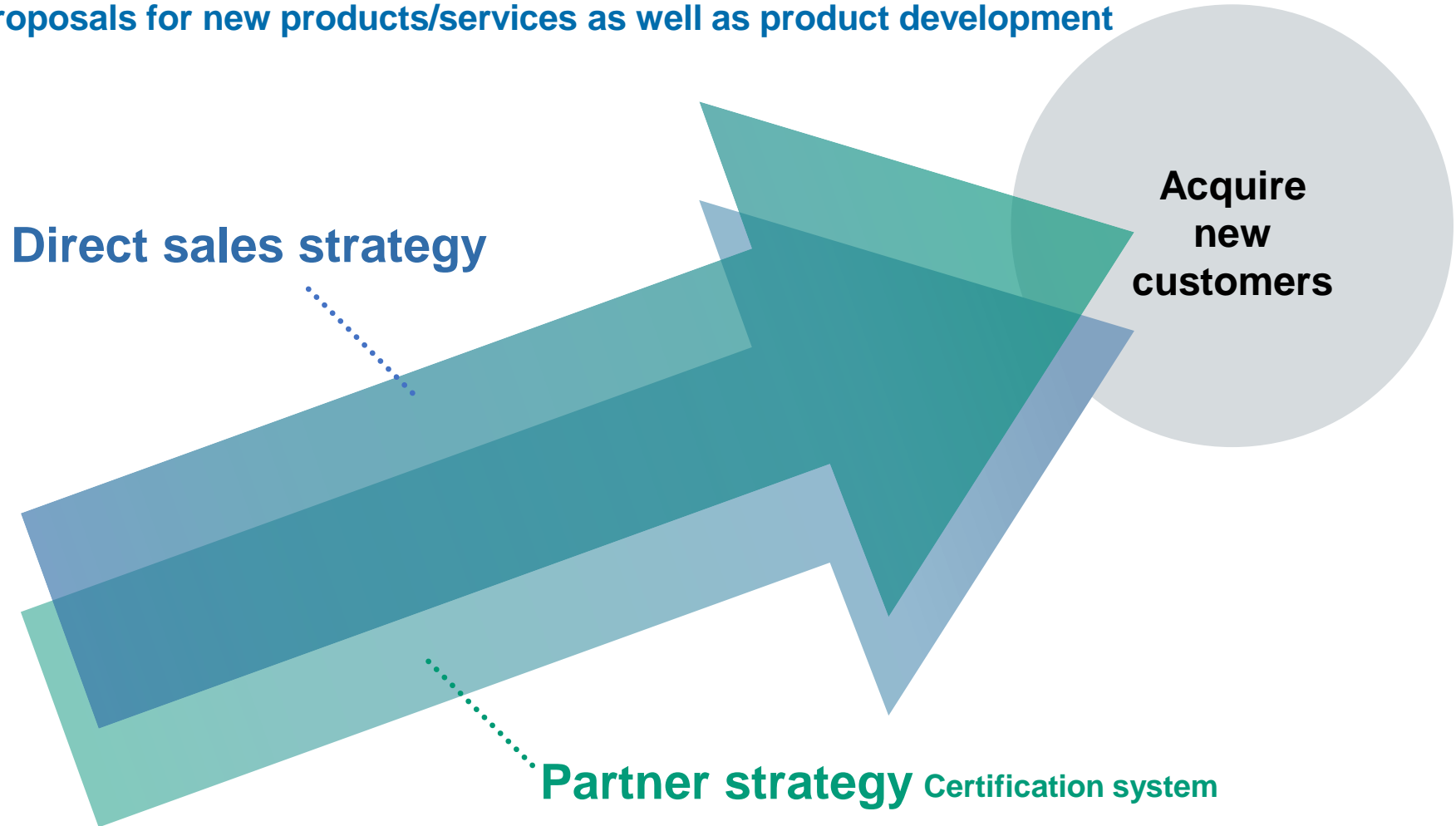
“Universal Kinjiro,” an HRM all-in-one solution for realizing corporate clients’ health & productivity management, supports business growth by enhancing employee labor productivity and work engagement.

■ 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: How to Acquire New Customers

- Strengthen direct sales and promote finely-tuned follow-ups and proposals for new products/services as well as product development

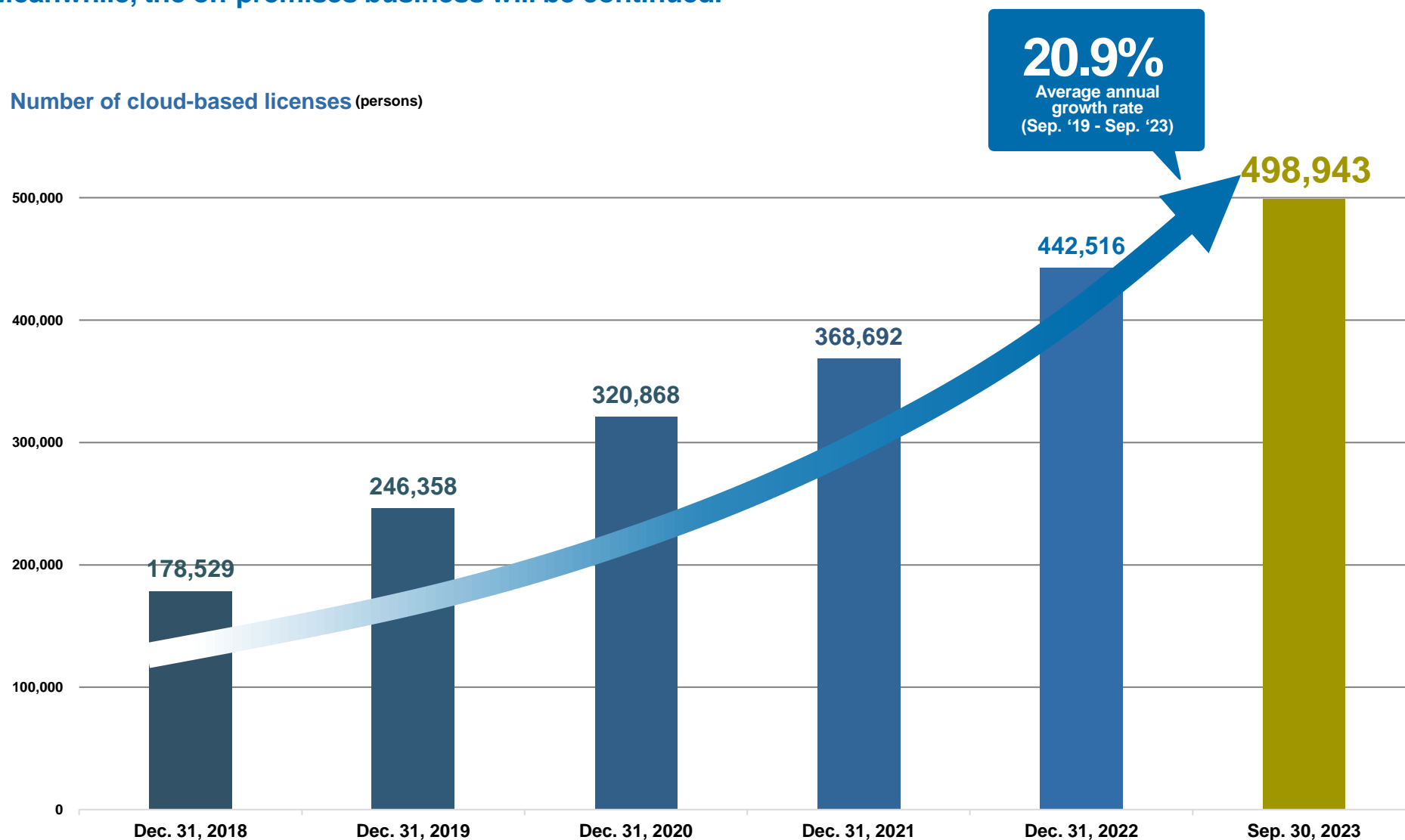


Promote a new partner strategy for organizing system integrators in each of the 47 prefectures, on top of the existing partner strategy.

Growth Strategy A: Expand Sales to New Customers (Work Style Reform & Health & Productivity Management)


- Boost sales of the cloud business by acquiring new customers to keep expanding cloud license sales.
- Meanwhile, the on-premises business will be continued.

Number of cloud-based licenses (persons)



Growth Strategy B: Shift On-premises Users to Cloud

- Move approx. 80% to cloud-based services



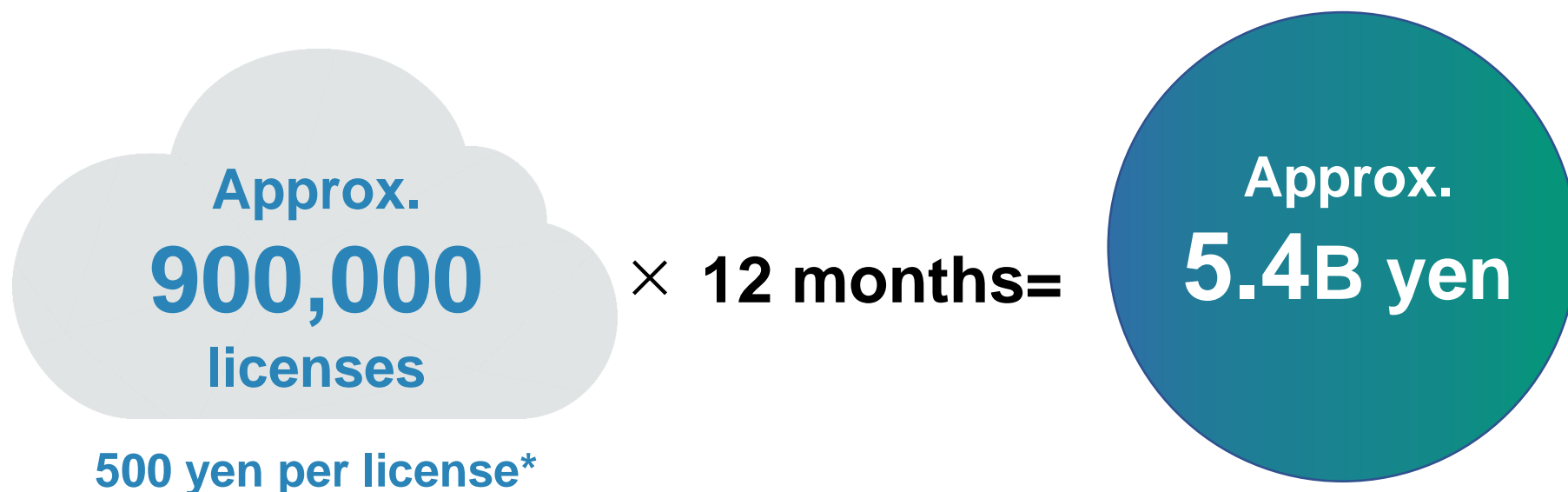
On-premises
User Licenses
1.08 million*

* Result as of September 30, 2023

- Shift 900,000 licenses, which account for approx. 80% of 1.08 million Kinjiro Enterprise on-premises user licenses, to cloud-based services, with Universal Kinjiro, which was released in December 2021, as a trigger service.

*Estimated based on current customer needs

Growth Strategy B: Boosting ARPU

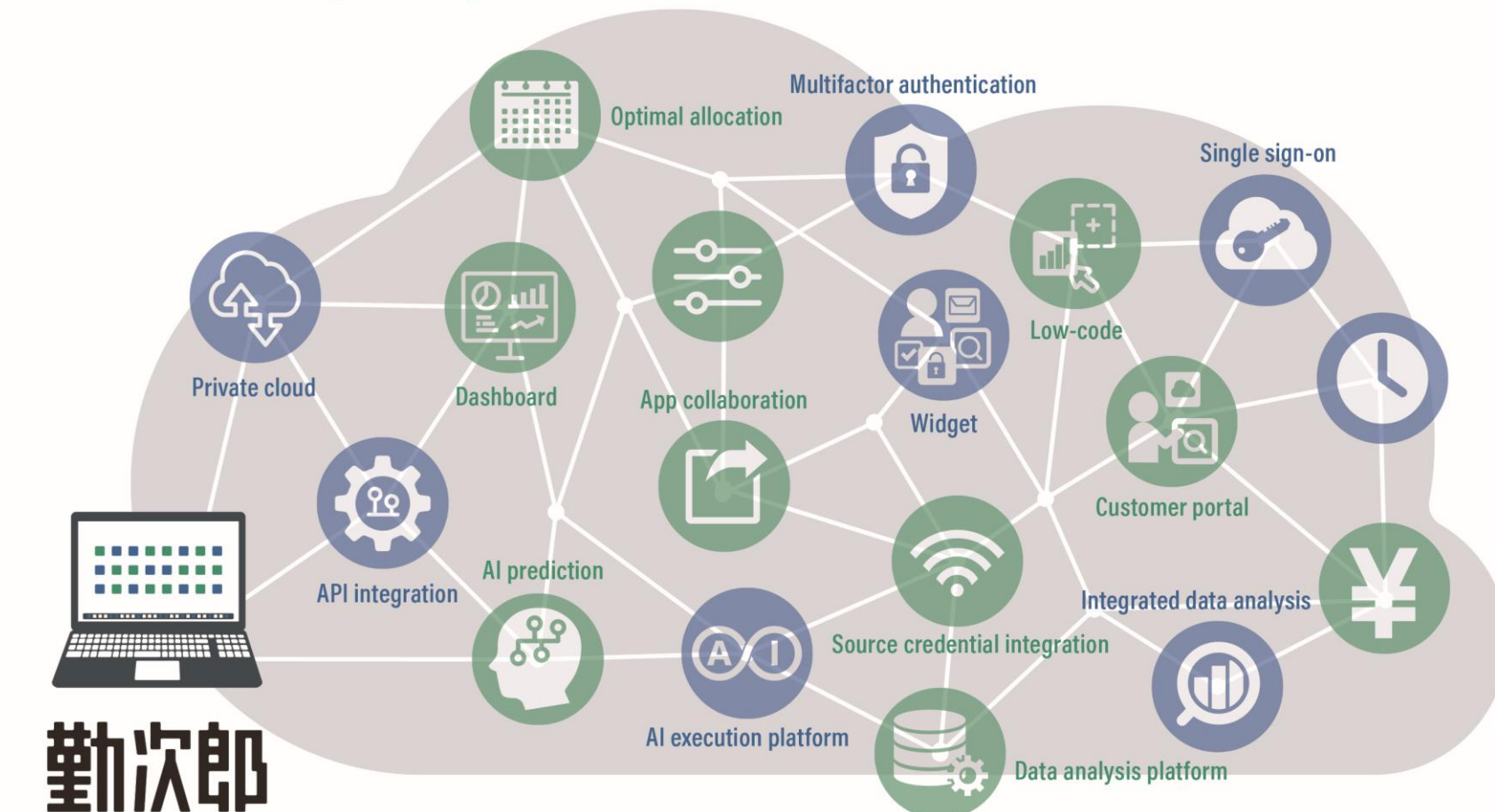


* The average revenue per license (ARPU) will be increased from the current level of approx. 353 yen to at least 500 yen per license through promotion of the use of Health x Life, Health x Life Pro, and subsystems such as Labor Cost Management and AI.

- **When migrating approx. 900,000 licenses out of 1.08 million on-premises user licenses of Kinjiro Enterprise to cloud-based services, boost ARPU by cross-selling.**

Growth Strategy C: New Business - Cloud Front Strategy

Enhance our services by evolving the cloud base business



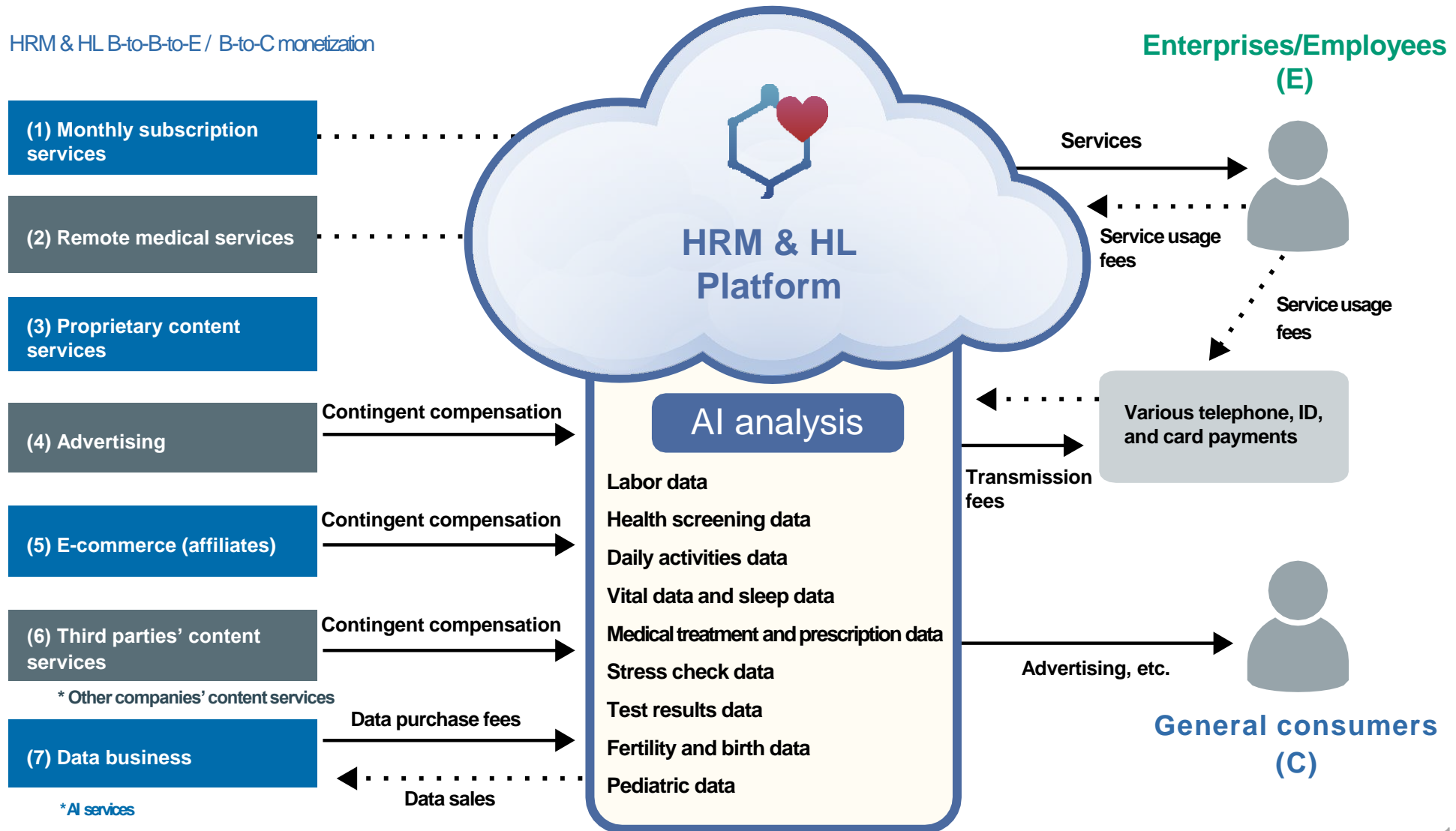
We will maximize contacts with users by utilizing data gathered by our core applications by expanding the menu unique to the cloud-based service, and offer new services that take advantage of data analysis and AI prediction.

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 D: Consumer Business Utilizing Platforms

■ Monetizing registered users

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



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Kinjiro's Mission and Strength

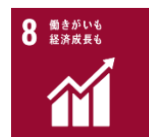
■ Offer products and services that solve social challenges faced by modern Japan

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



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

SUSTAINABLE DEVELOPMENT GOALS

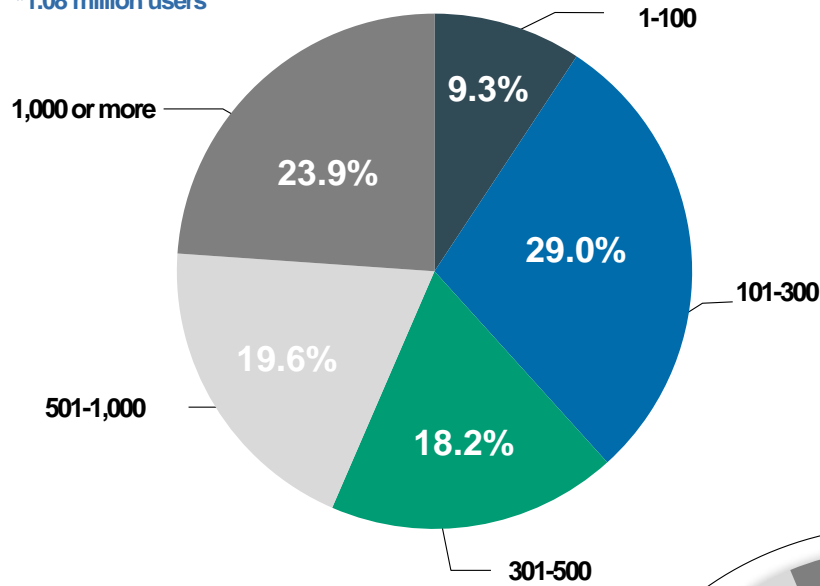


Kinjiro Enterprise Installations Breakdown by Scale and Industry

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

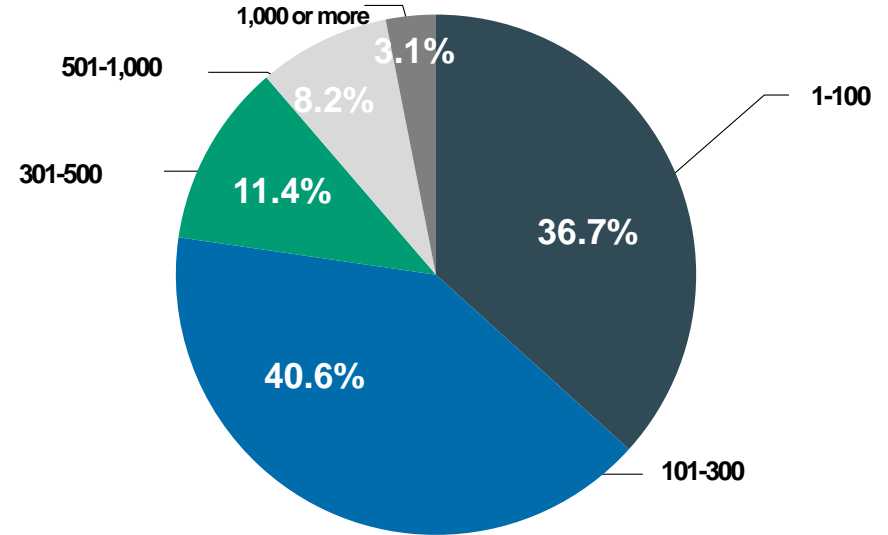
Breakdown of implementation by number of employees (On-premises)

*1.08 million users



Breakdown of implementation by number of employees (Cloud)

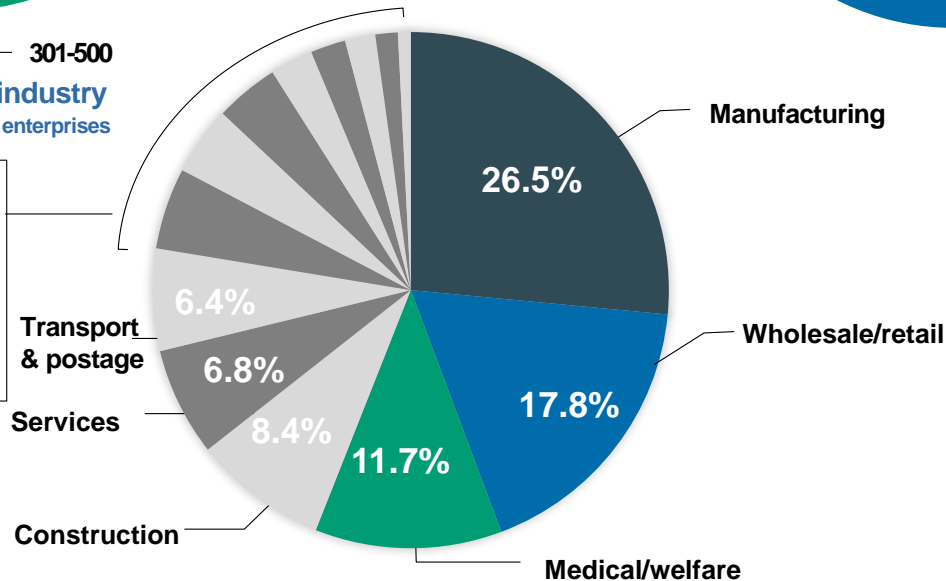
*0.49 million users



Breakdown of client numbers by industry

*Implementation at a diverse range of different enterprises

Academic & specialist / technical services: 5.1%
 Information & communications: 4.3%
 Real estate & rental: 4.0%
 Accommodation & food: 2.7%
 Lifestyle services & entertainment: 2.2%
 Finance & insurance: 1.9%
 Education & learning support: 1.4%
 Others: 0.8%



* As of September 30, 2023

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

English Corporate Name: Kinjiro Co., Ltd.

■ Industry type: Information and communications

■ Health insurer: Aichi Branch of the Japan Health Insurance Association

Listed

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	-	64.8	67.4	66.6	50.9
Management philosophy & policy	3	67.4	69.6	68.7	50.7
Organizational structure	2	65.7	67.9	67.4	50.4
Implementation of systems & measures	2	65.3	69.5	68.8	51.3
Evaluation & improvement	3	61.3	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.

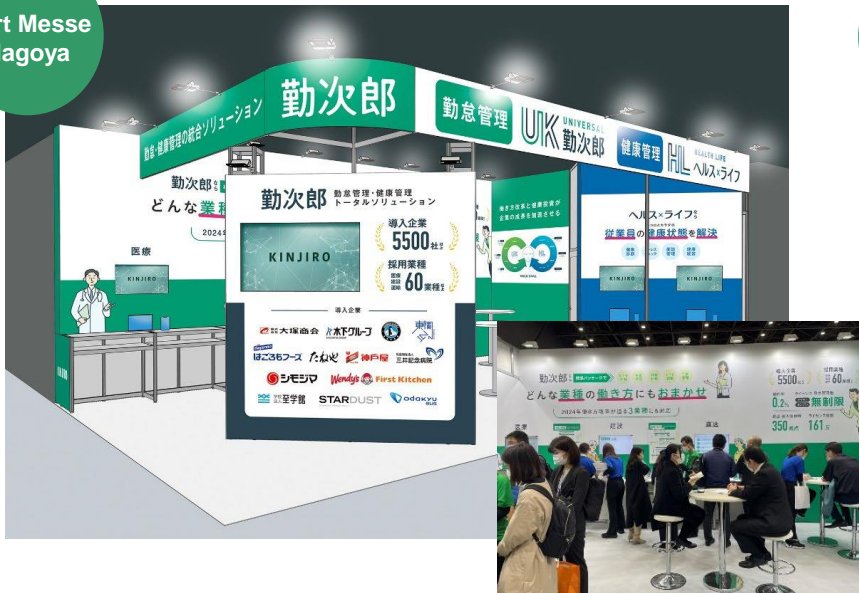
Participated in HR EXPO (Nagoya & Tokyo)

- "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

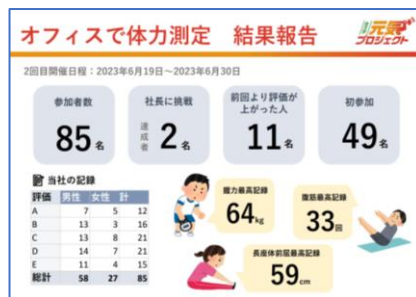


<FY2023 3Q> Kinjiro Genki Project Activities

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



■ Physical Fitness Test in the Office (Results reported in June)



Results of Physical Fitness Test in the Office

Second test period:
June 19, 2023 – June 30, 2023

- Number of participants : 85
- Challenge the President winners : 2
- Participants whose score improved : 11
- First-time participants : 49
- Best record in grip strength : 64 kg
- Best record in sit-ups : 33 times
- Best record in straight-leg forward bend : 59 cm

■ Lunch Grand Prix (Held in August)



Extended One More Month!! Until August 31!! Lunch Grand Prix

With Uplifting Prizes!
Here are the Uplifting Prizes
Three prizes await you.

- Wholesome Prize : Luxury tomatoes
(Negotiable if the winner dislikes tomatoes)
- Eat More Vegetables Prize : 24 packs of green vegetable juice
- Humor Prize : Chopsticks engraved with “Genki Project”

■ Inter-group Step Count Competition (Held in July)



Announcing an Upcoming Event
Inter-group Step Count Competition
Period: July 1, 2023 – July 31, 2023

■ Health Boost Day (Held in September)



Kinjiro Health Boost Day is coming on September 26, 2023!

Offered in four parts,
from 16:00 to 17:30

- Sleep
- Allergy and Eye Strain
- Balancing Childcare/Nursing Care and Work
- Exercise Seminar

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.