Financial Results Briefing Materials

for the Third Quarter of the Fiscal Year Ending December 31, 2024

November 12, 2024

KINJIRO CO., LTD.

1. Consolidated Financial Results

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

2. Growth Strategy

3. Topics

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Summary of Consolidated Financial Results for the Third Quarter of FY2024

■ Consolidated Statement of Income

- Growth in Cloud License sales accelerated, strongly driving growth
  Net sales reached a record high in the third quarter, thanks to the strong Cloud Business
- Cloud Business also makes a contribution in terms of profit, and all profit items remained strong compared to the plan

(Unit: Million yen)

	FY2024 full-year forecast (announced February 9, 2024)	FY2024 3Q results	Achievement rate (%)	FY2023 3Q results	YoY change (%)
Net sales	4,300	3,085	72%	2,873	+7%
Operating profit	573	398	69%	412	-3%
Ordinary profit	571	401	70%	408	-2%
Profit	374	268	72%	258	+4%

YoY Changes in Net Sales by Business Segment

Net sales

・Supported by strong Cloud License sales, Cloud Business as a whole also performed well, up 17% YoY

(Unit: Million yen)

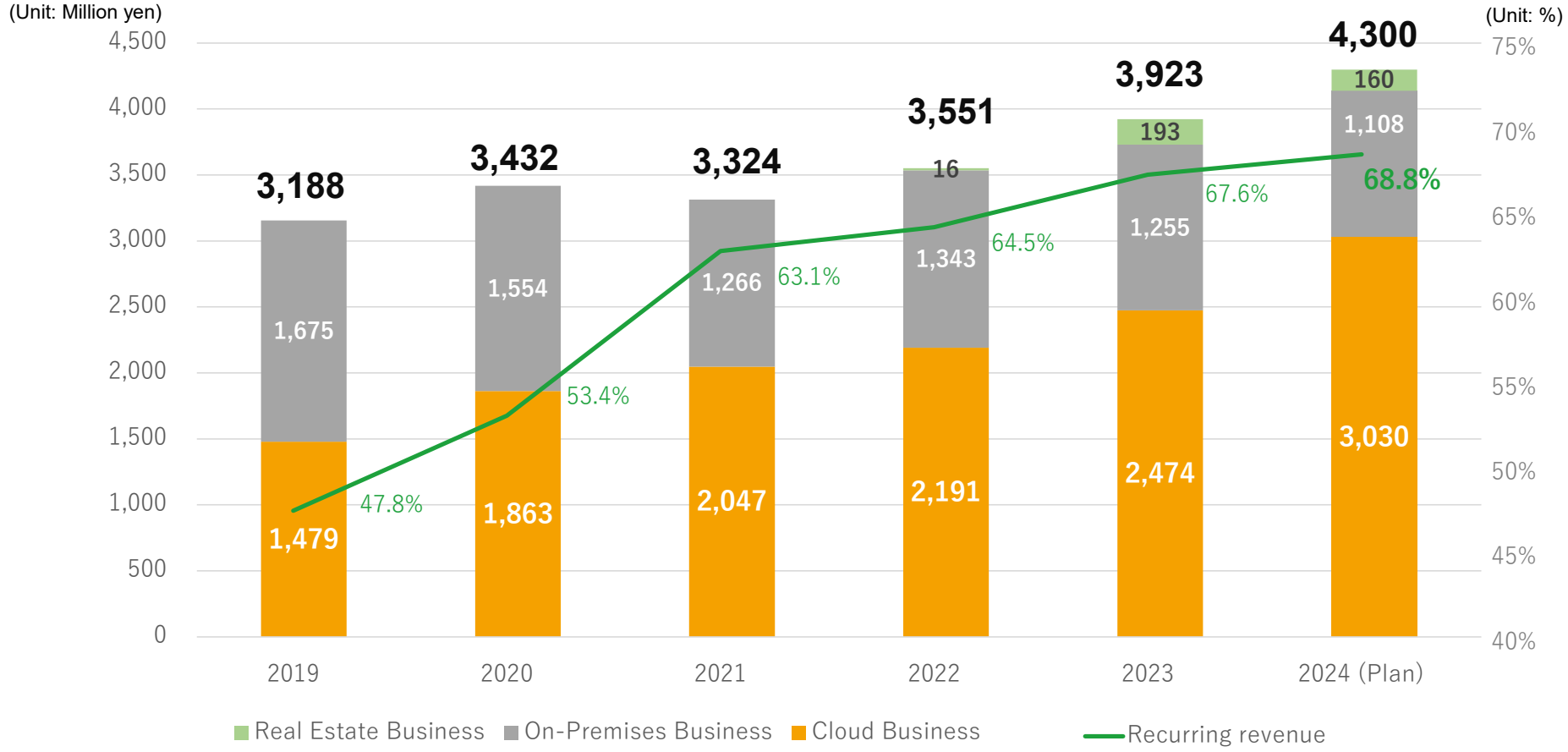
Business segment	Sales segment	FY2023 3Q results	FY2024 3Q results	YoY change
Cloud Business	Cloud License	1,426	1,655	+16%
	Cloud Consultation Support	325	364	+12%
	Others	56	93	+65%
	Subtotal	1,808	2,112	+17%
On-Premises Business	Premium Support	426	427	+0%
	Software Products	243	250	+3%
	Software Consultation Support	156	105	-32%
	Employment Information Device	92	64	-31%
	Subtotal	918	848	-6%
Total of HRM Business		2,727	2,961	+9%
Real Estate Rental Business		145	123	-15%
Net sales		2,873	3,085	+7%
Recurring revenue*		1,868	2,097	+12%

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

Transition to a Cloud Company

■ Trend in Cloud Business Sales

- **Cloud Business, which accounted for about 46% of total net sales in FY2019, has grown to become a core business, which will account for more than 70% of total net sales in FY2024 (Plan)**
- **Recurring revenue ratio, which represents stable income, is also expected to increase from 47.8% in FY2019 to 68.8% in FY2024 (Plan)**

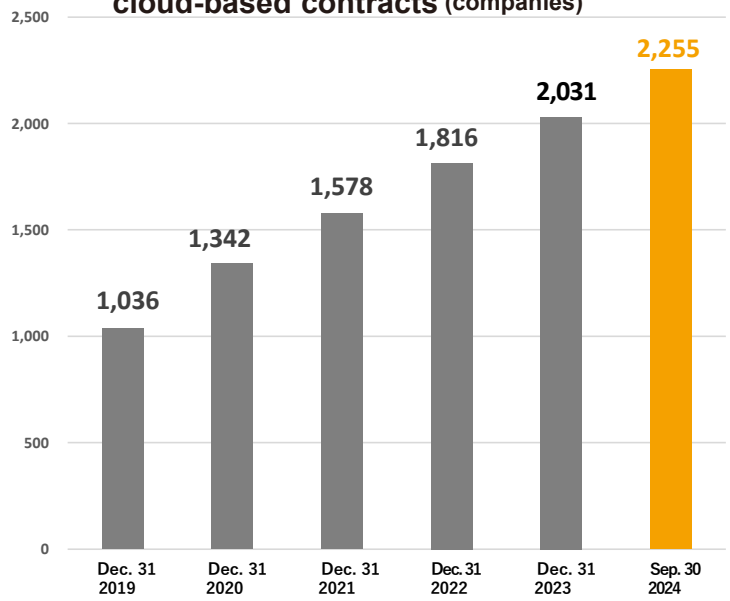


Number of Corporate Clients on Contract and Number of Licenses

High growth continues in the number of licenses, with an average annual growth rate (AAGR) of 20.2%.

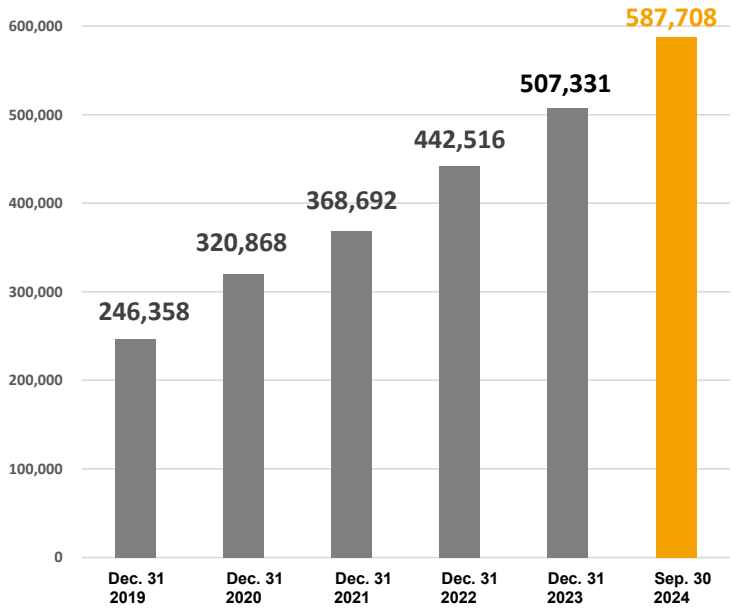
18.2%
AAGR for the last 5 years*

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



20.2%
AAGR for the last 5 years*

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 & Productivity Management).

ARPU trend

ARPU	December 2022	March 2023	June 2023	September 2023	December 2023	March 2024	June 2024	September 2024
Enterprise	353 yen	351 yen	351 yen	353 yen	352 yen	351 yen	370 yen	379 yen

* AAGR for the last 5 years is calculated for the period from October 2019 to September 2024.

Cloud-Based Contract Cancellation Rate

■ **The average rate of cloud-based contracts cancelled per month remains low at 0.23%.**

Cloud-based contract cancellation rate*

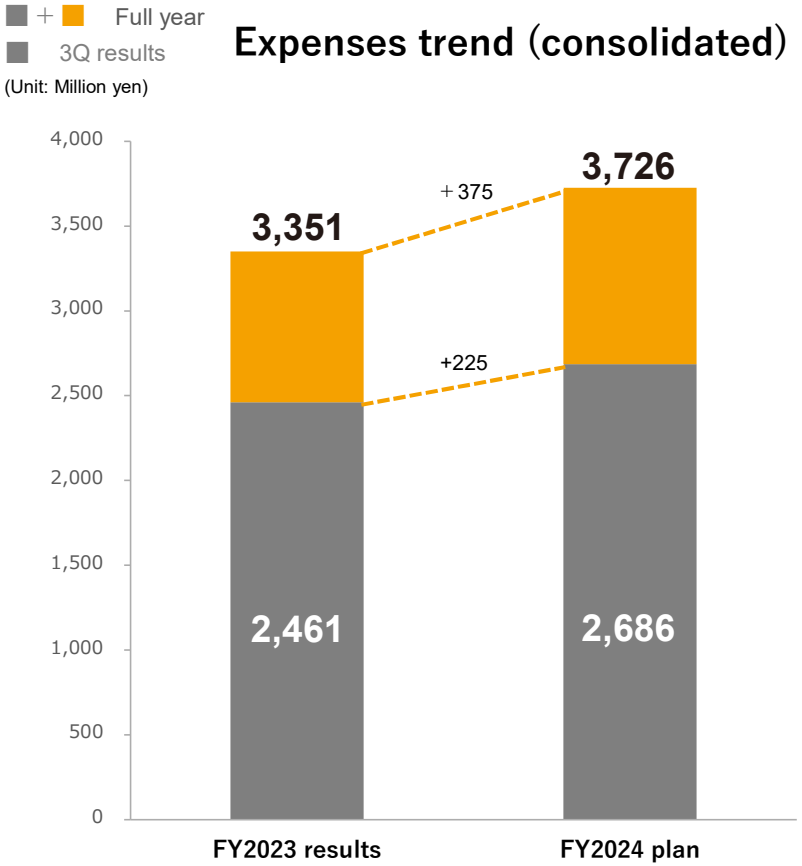


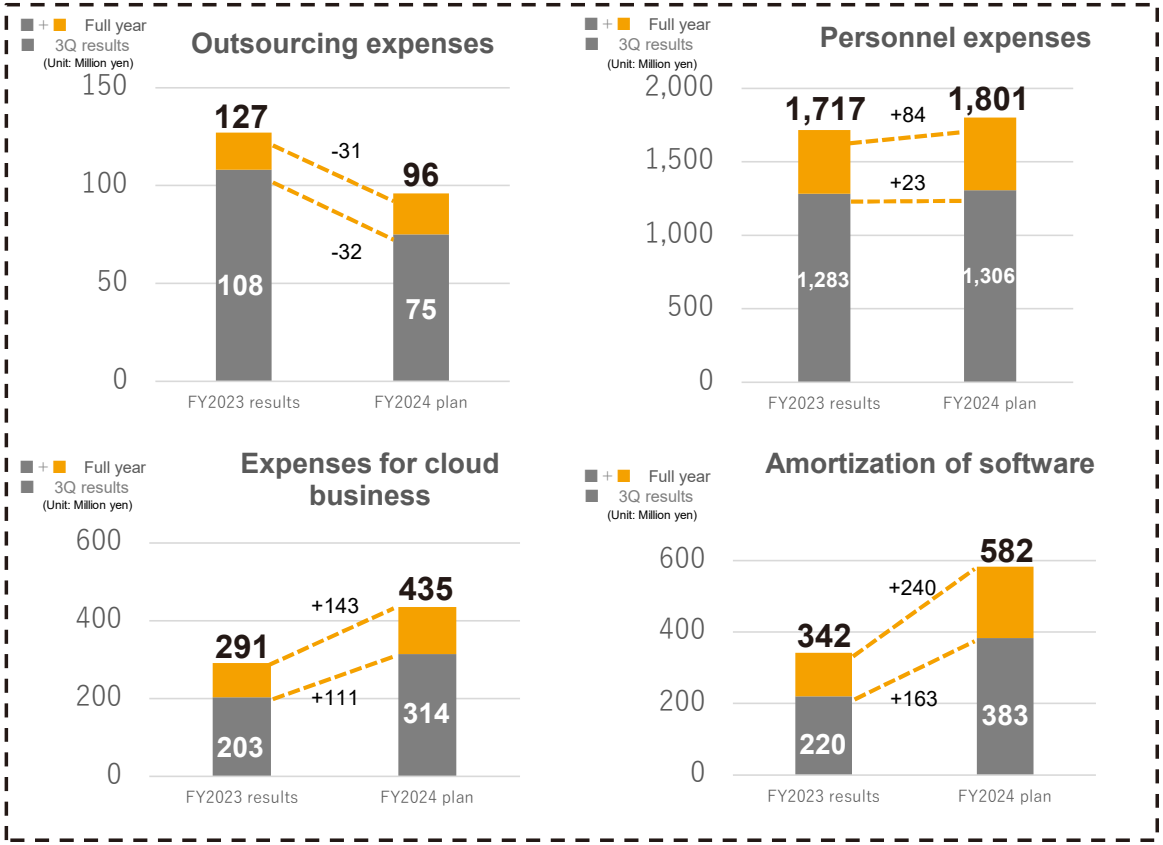
* Monthly average cancellation rate. Calculated by dividing revenue from customers who cancelled their contracts in the current month by revenue from total customers in the previous month.

Cost Structure

Cost structure for the third quarter of the fiscal year ending December 31, 2024

- Upward pressure was placed on costs by upfront investments for Cloud Business expansion (expenses for Cloud Business) and increases in amortization of software and other expenses, but cost control measures targeted mainly at outsourcing expenses (Utilization of our subsidiary in Viet Nam) reined in the quarter's YoY cost rise to +225 million yen.





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Mid-Term Management Plan

■ Targeted Management Metrics

- In FY2024, we plan to increase upfront investments such as product development to accelerate the shift to cloud-based services. Increases in amortization of software associated with product development are forecasted to slow down from FY2025 onward. Expenses for cloud facility are projected to rise from FY2025 onward in conjunction with efforts to achieve target of 1 million cloud licenses in FY2027 or later.
- In FY2025, we aim for a 15% increase in net sales and a significant 66% increase in operating profit.

(Unit: Million yen)

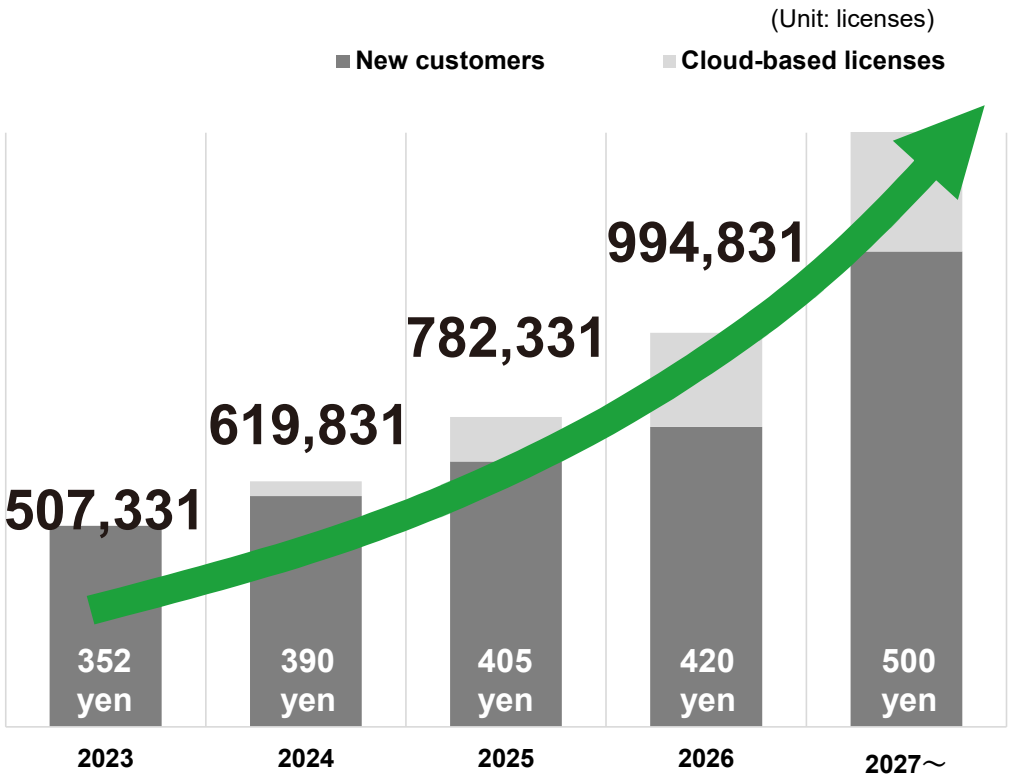
Kinjiro Group consolidated	FY2024 (current fiscal year)		FY2025		FY2026	
	Amount	Change	Amount	Change	Amount	Change
Net sales	4,300	10%	4,950	15%	5,700	15%
Operating profit	573	0%	953	66%	1,215	27%
Operating profit margin	13.3%	-	19.3%	-	21.3%	-

Mid-Term Management Plan

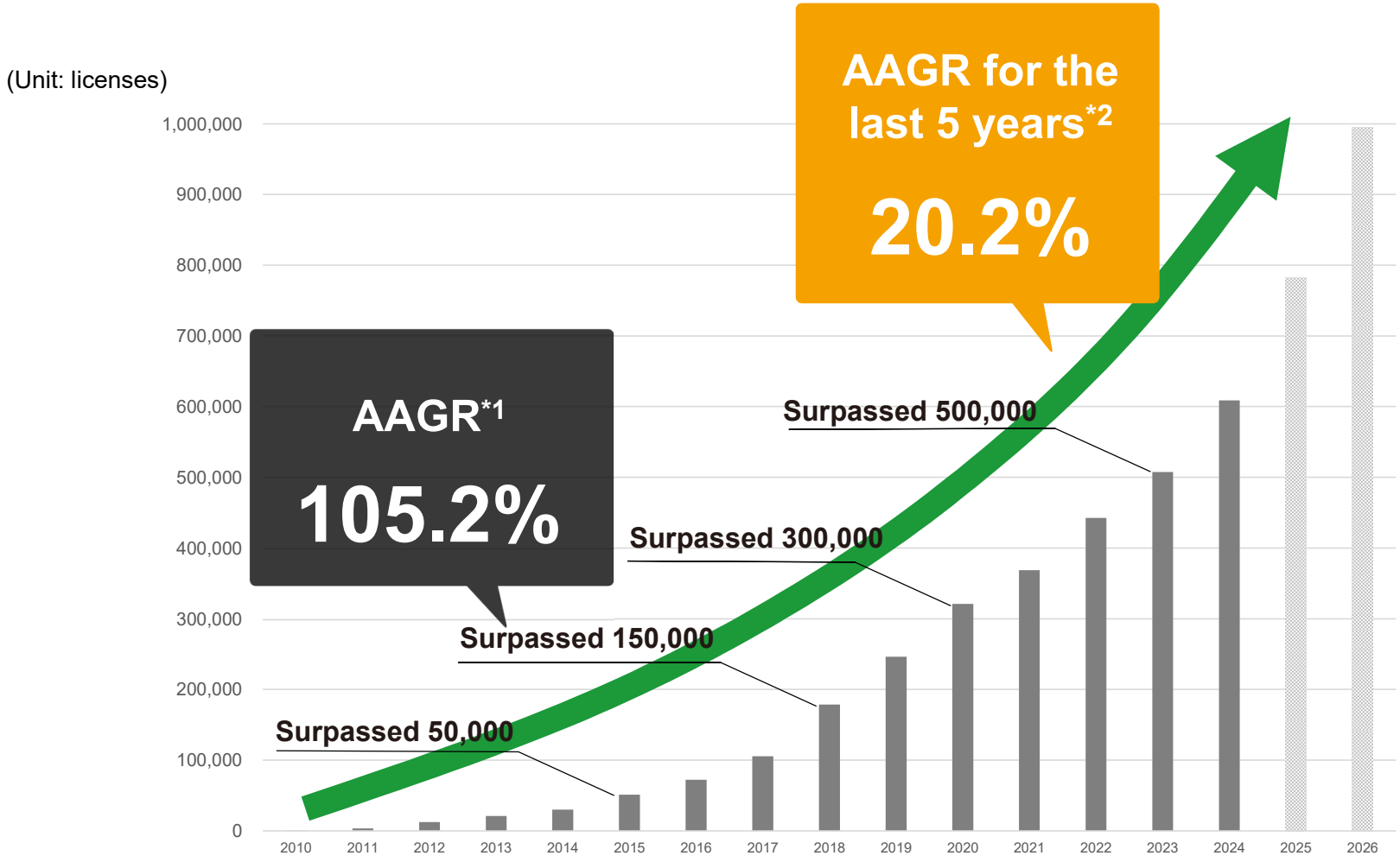
Three Focuses for Improvement

1. **Shift** Kinjiro Enterprise on-premises users **to cloud-based services**
2. **Accelerate development** of HRM all-in-one solutions
3. **Pricing strategy**

Image of target number of licenses and ARPU target



Cloud License



*1 AAGR is calculated for the period from time the sales started to September 2024.
*2 AAGR for the last 5 years is calculated for the period from October 2019 to September 2024.

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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."

勤次郎
UNIVERSAL KINJIRO



SUSTAINABLE DEVELOPMENT GOALS

Our History

Providing services that accurately anticipate the changing times

43 years of business
Strong expertise & track record from serving over 5,100 companies

Moving into cloud-based services
A pioneer in offering cloud-based services

Focusing on human capital management
Supporting worker happiness and corporate growth

Cloud base services
Private cloud service
AI application data service
Cloud front

Cloud (HRM platform)
Labor environment improvement system
Health x Life System
Health x Life medical records
Health x Life Pro
Kelly online services support

HRM cloud (integrated ERP) services
Kinjiro Enterprise for SaaS
Labor cost management
Kinjiro Smart for SaaS

OA equipment sales

On-premises (integrated ERP)
PC package software NR-1
Kinjiro Enterprise
Individual Number security management system
Kinjiro Smart

1981 1994 2004 2010 2014 2017 2018 2019 2020 2021 2022 2024

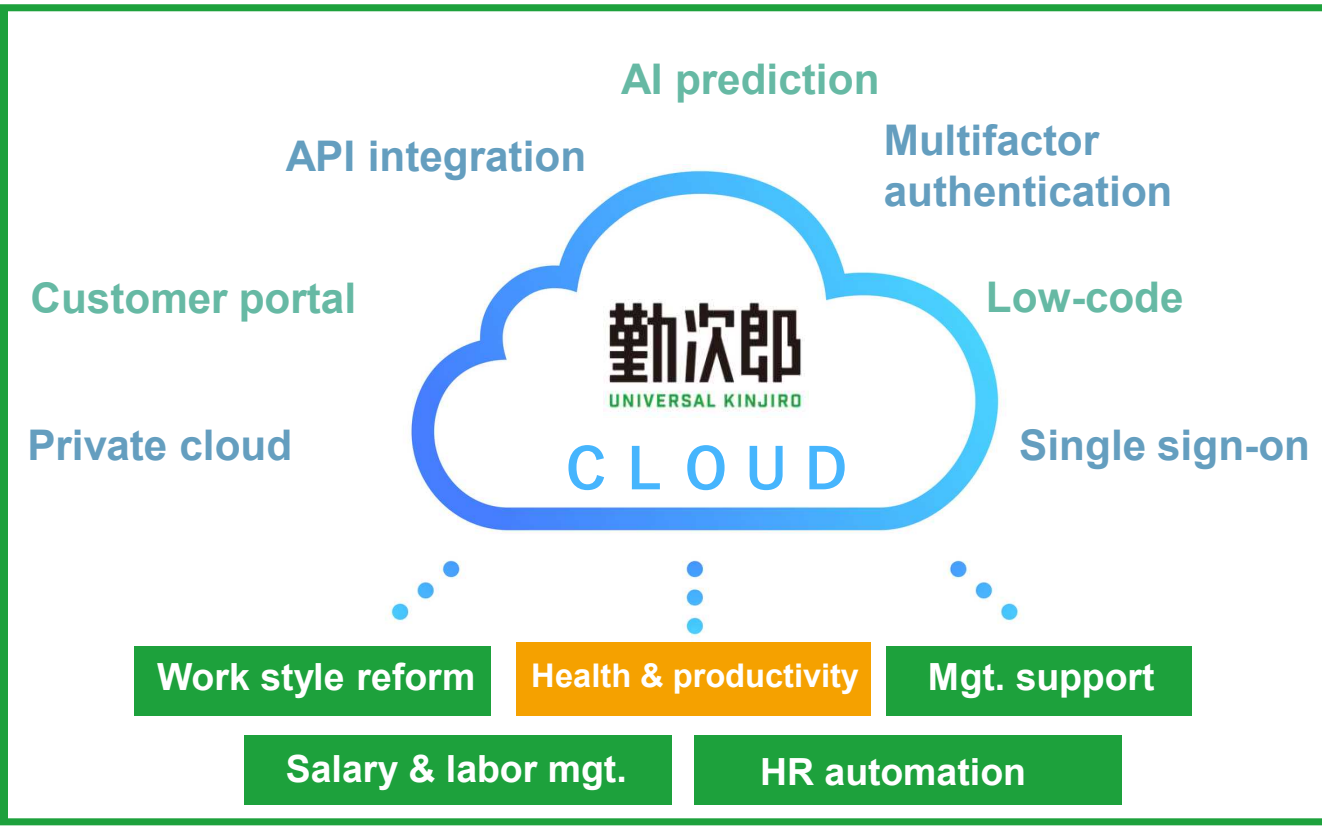
Established (April)

Listed (October)

Business Scope

Simultaneously manage work and health to achieve work style reform and health & productivity management, and help enhance corporate value by improving labor productivity

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

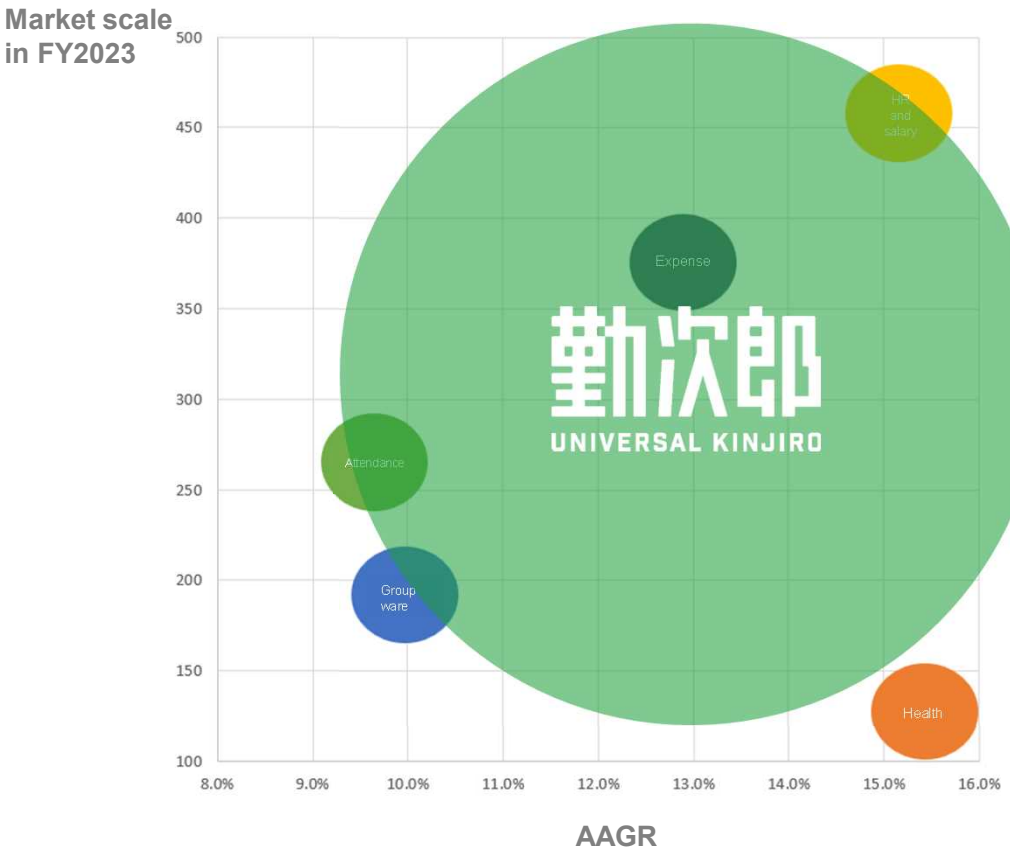


Human Capital Management

Market scale in FY2023 (billion yen) and AAGR (‘28/’23)

● Attendance mgt. ● Health mgt. ● HR and salary ● Expense settlement ● Groupware

(Unit: Billion yen)



Aiming to become No. 1 in HRM services by strengthening health management systems, a growing market

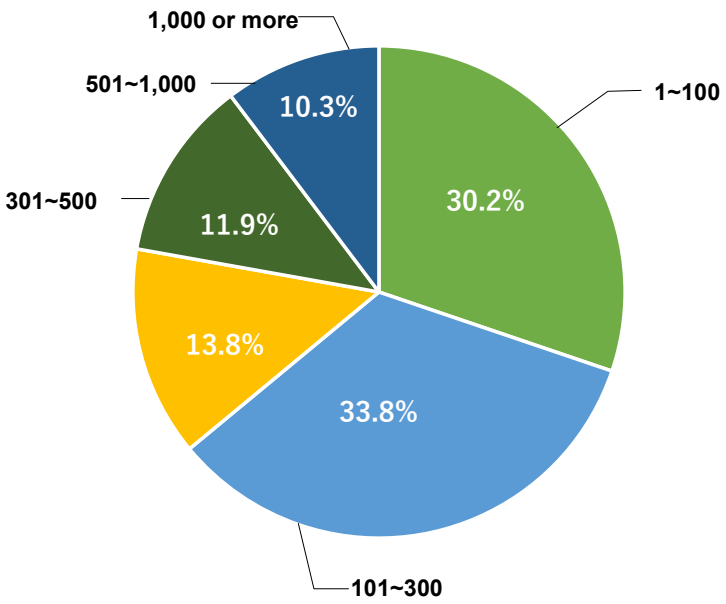
	AAGR	Market scale
Groupware	9.8%	18.7 billion yen
Attendance mgt.	9.5%	26.8 billion yen
HR and salary	15.2%	45.5 billion yen
Expense settlement	12.8%	37.7 billion yen
Health mgt.	15.5%	11.6 billion yen

Source: Fuji Chimera Research Institute, “Software Business New Market 2024 Edition”

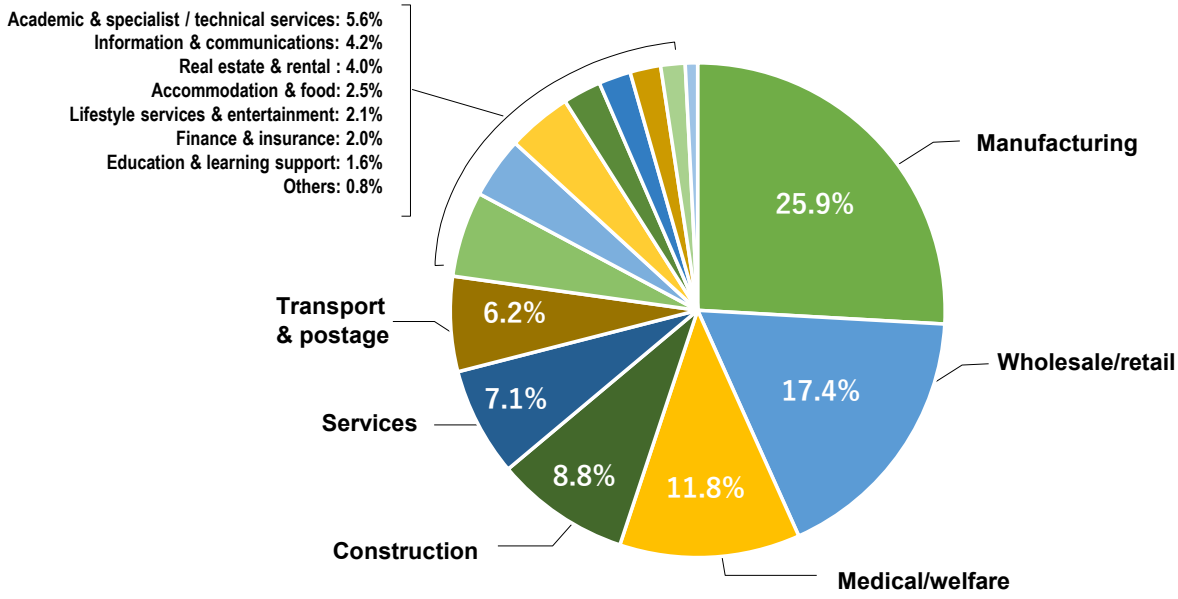
Kinjiro Enterprise Installations Breakdown by Scale and Industry

■ 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



Breakdown of client numbers by industry
*Implementation at a diverse range of different enterprises



* Implementation results in cloud business and on-premises business as of September 30, 2024

Sustainability: Health & Productivity Management Initiatives

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

Kinjiro was ranked in the top 100 among 3,520 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).”

2024 健康経営優良法人 Health and productivity ホワイト500

■ Using HRM platforms at our office

Kinjiro was recognized as a Certified Health & Productivity Management Outstanding Organization for the seventh consecutive year through the use of Universal Kinjiro (HRM platform) at our office.

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

Kinjiro received the “Healthy Declaration Excellent Office” award from Nagoya City and Japan Health Insurance Association (JHIA) two years in a row.


表彰状

勤次郎株式会社 様

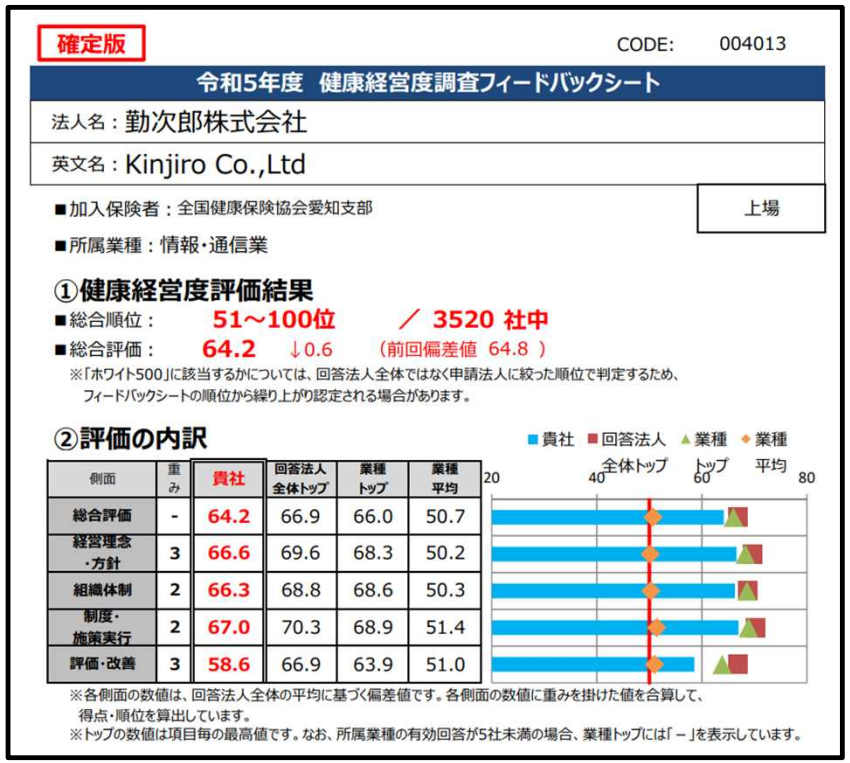
貴社は令和三年度なごや健康宣言優良事業所として従業員の健康維持に取り組みその活動は他の模範となります よってここに表彰します

令和五年二月二十日

名古屋市長 河村たかし

全国健康保険協会愛知支部 支部長 芦田 豊

Health & Productivity Management Survey Feedback Sheet


確定版

CODE: 004013

令和5年度 健康経営度調査フィードバックシート

法人名：勤次郎株式会社

英文名：Kinjiro Co.,Ltd

■加入保険者：全国健康保険協会愛知支部　上場

■所属業種：情報・通信業

①健康経営度評価結果

■総合順位： 51～100位 ／ 3520 社中

■総合評価： 64.2 ↓0.6 （前回偏差値 64.8 ）

※「ホワイト500」に該当するかについては、回答法人全体ではなく申請法人に絞った順位で判定するため、フィードバックシートの順位から繰り上がり認定される場合があります。

②評価の内訳

側面	重み	貴社	回答法人全体トップ	業種トップ	業種平均
総合評価	-	64.2	66.9	66.0	50.7
経営理念・方針	3	66.6	69.6	68.3	50.2
組織体制	2	66.3	68.8	68.6	50.3
制度・施策実行	2	67.0	70.3	68.9	51.4
評価・改善	3	58.6	66.9	63.9	51.0

※各側面の数値は、回答法人全体の平均に基づく偏差値です。各側面の数値に重みを掛けた値を合算して、得点・順位を算出しています。

※トップの数値は項目毎の最高値です。なお、所属業種の有効回答が5社未満の場合、業種トップには「－」を表示しています。

FY2024 Kinjiro Genki Project Activities

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

Concept for FY2024 activities:

More fun, more laidback, more health-enhancing

◆ **2nd Wednesday of each month: Outdoor cleanup**

・A monthly event for cleaning up the area around the Nagoya headquarters and getting exercise



◆ **Enjoy walking project: Find ○○**

・ An event for enjoying walking around with a predetermined theme and posting photos that match the theme





◆ **Meal project: Breakfast distribution**

・ Monthly distribution of healthy breakfast, with the aim of reducing the rate of skipping a meal as well as communicating the importance of having breakfast





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.

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

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