Financial Results Briefing Materials

for the Fiscal Year Ended December 31, 2024

February 12, 2025

KINJIRO CO., LTD.

1. **Consolidated Financial Results**
   for the Fiscal Year Ended December 31, 2024 (FY2024)

2. **Plan**
   for the Fiscal Year Ending December 31, 2025 (FY2025)

3. **Progress on Our Mid-Term Management Plan and Growth Strategy**

4. **Topics**

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Summary of Consolidated Financial Results for FY2024

Key point: Growth in Cloud License sales accelerated, strongly driving growth.

Comparison with the forecasts:

Net sales grew in line with the plan.

All profits significantly grew thanks to the contribution of the Cloud Business.

Comparison with the past results:

Net sales reached a record high, bolstered by the robust performance of the Cloud Business.

All profits significantly grew to hit record highs thanks to the contribution of the Cloud Business.

(Unit: Million yen)

	FY2024 full-year forecast (announced on Feb. 9, 2024)	FY2024 full-year results	Achievement ratio (%)	FY2023 full-year results	YoY change (%)
Net sales	4,300	4,376	102%	3,923	+12%
Operating profit	573	729	127%	572	+28%
Ordinary profit	571	733	128%	563	+30%
Profit	374	461	123%	370	+25%

YoY Changes in Net Sales by Business Segment

- **Supported by strong Cloud License sales, the Cloud Business as a whole also grew significantly by 22% YoY.**

(Unit: Million yen)

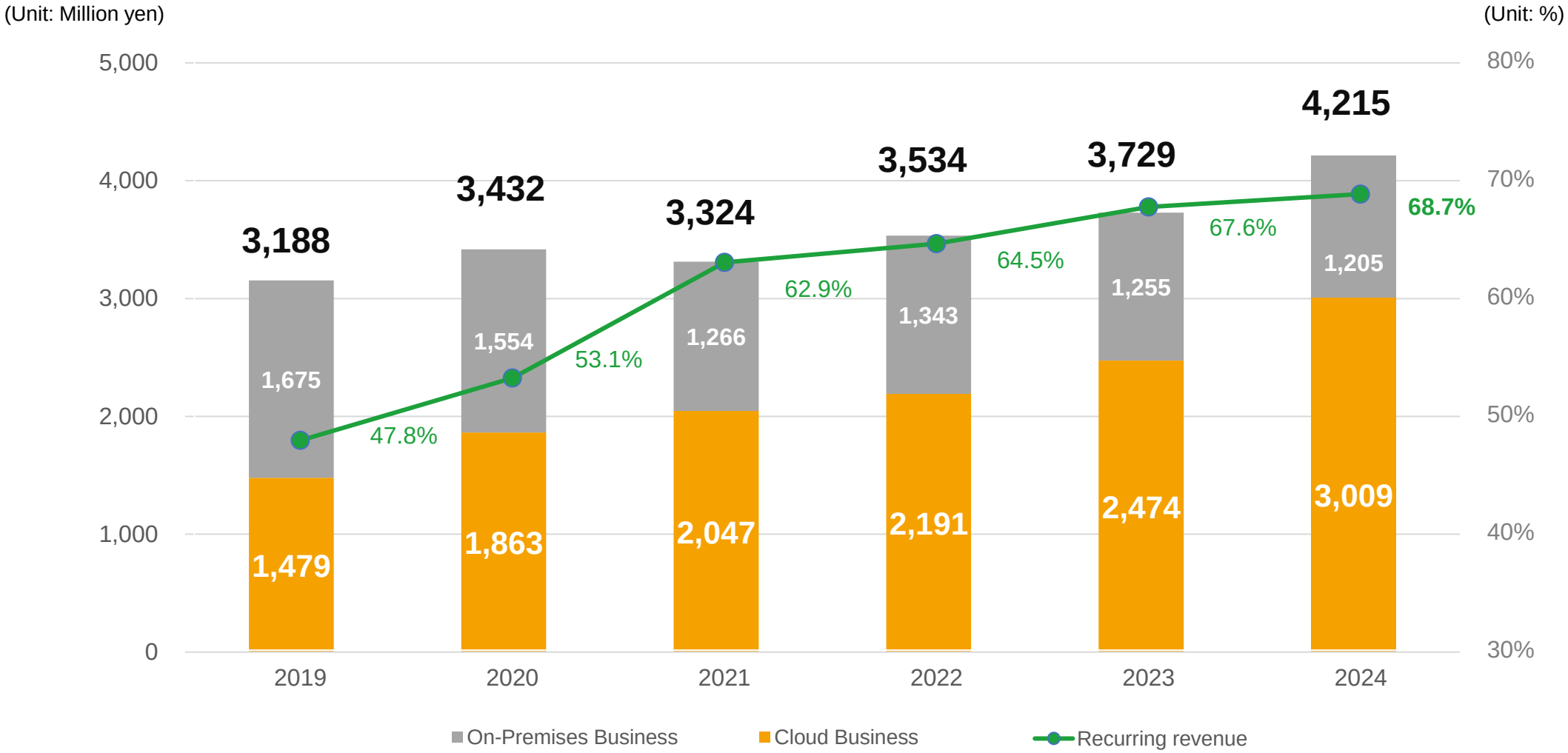
Business segment		Sales segment	FY2023 Full-year results	FY2024 Full-year results	YoY changes (%)
Net sales	HRM Business	Cloud Business	Cloud Licence	1,929	2,301	+19%
			Cloud Consultation Support	437	540	+24%
			Others	107	167	+55%
			Subtotal	2,474	3,009	+22%
		On-Premises Business	Premium Support	566	572	+1%
			Software Products	365	389	+7%
			Software Consultation Support	220	149	-32%
			Employment Information Device	102	94	-8%
			Subtotal	1,255	1,205	-4%
		Total		3,729	4,215	+13%
		*Recurring Revenue		2,520	2,897	+15%
	Real Estate Rental Business			193	161	-17%
	Total			3,923	4,376	+12%

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

Transition to a Cloud Company

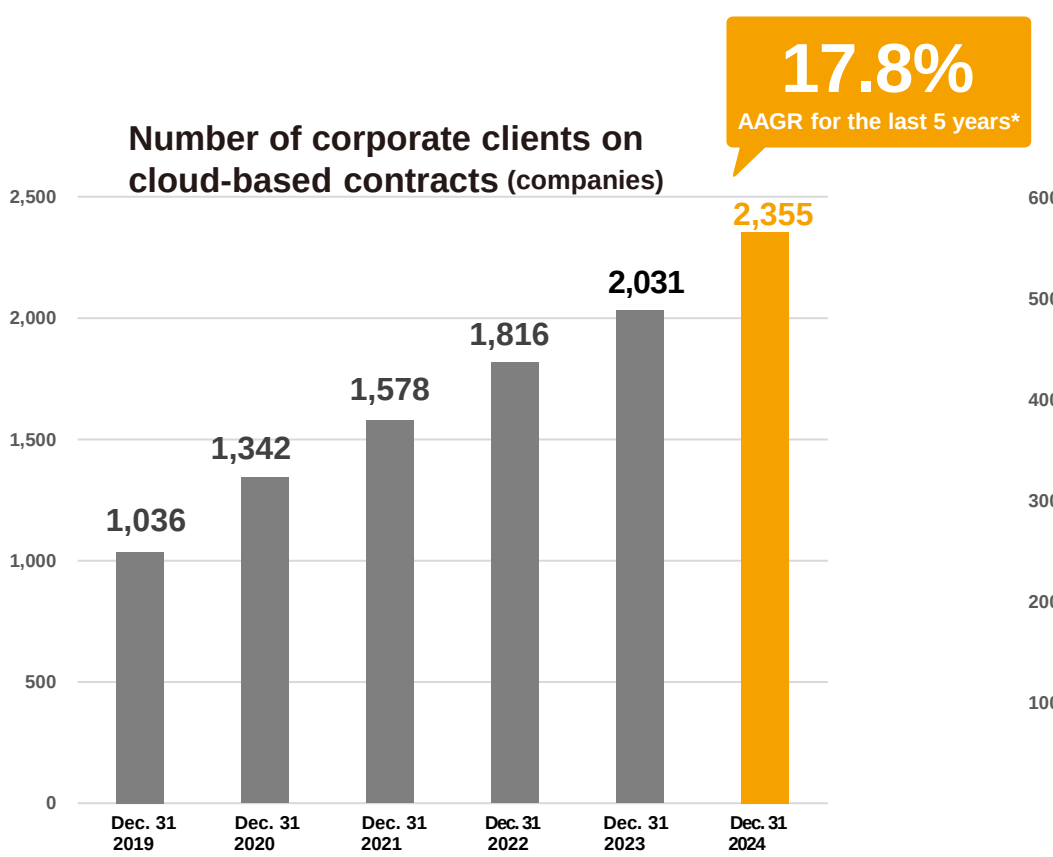
■ Trend in the HRM Business

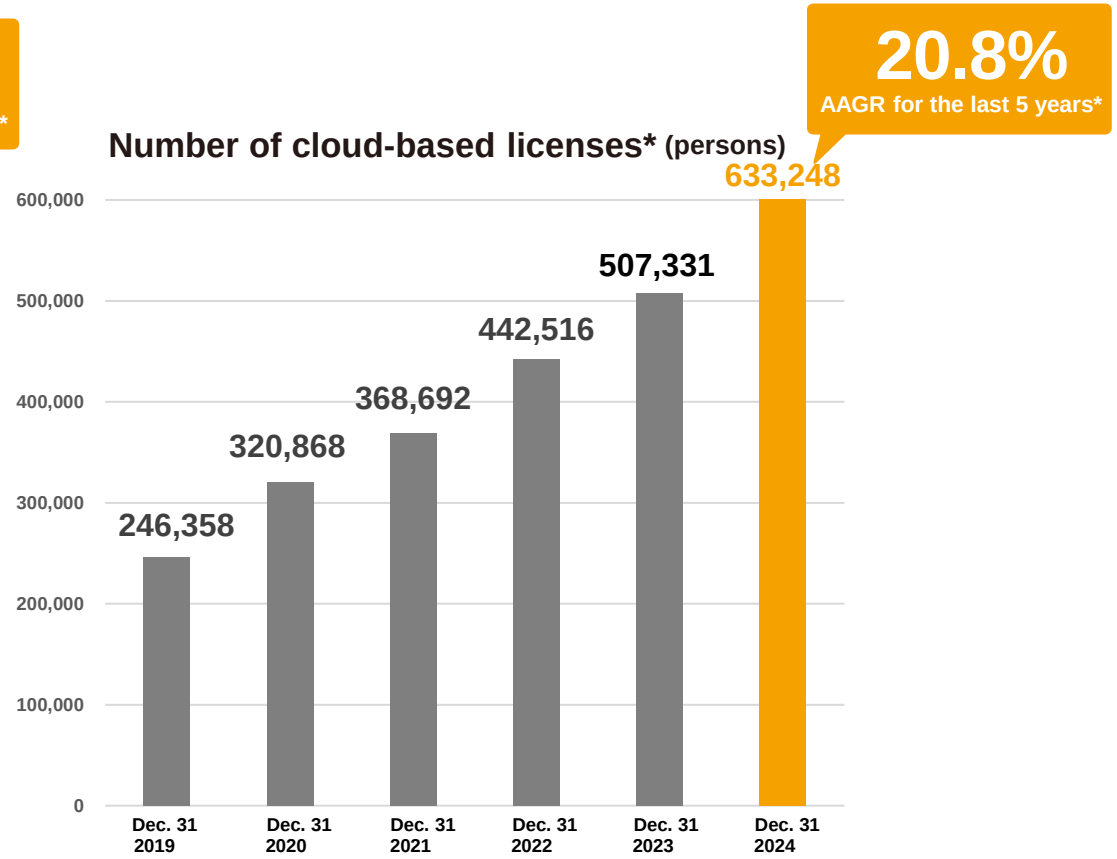
- **The ratio of net sales of the Cloud Business to total net sales significantly grew; approx. 46% in FY2019 to approx. 70% in FY2024.**
- **The recurring revenue ratio, which represents stable income, also substantially increased from 47.8% in FY2019 to 68.7% in FY2024.**



Number of Corporate Clients on Contract and Number of Licenses

Growth in the number of licenses remains strong, with an average annual growth rate (AAGR) of 20.8%.





*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	March 2023	June 2023	September 2023	December 2023	March 2024	June 2024	September 2024	December 2024
Enterprise	351 yen	351 yen	353 yen	352 yen	351 yen	370 yen	379 yen	389 yen

* AAGR for the last 5 years is calculated for the period from January 2020 to December 2024.

Cloud-Based Contract Cancellation Rate

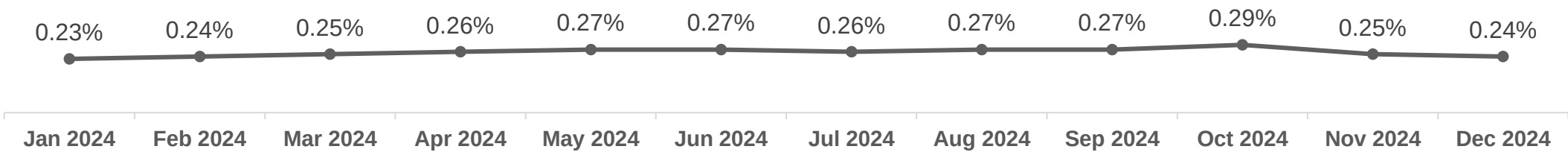
■ **The average rate of cloud-based contracts cancelled per month remains low at 0.26%.**

Cloud-based contract cancellation rate*

Average contract cancellation rate

0.26%

Jan. '24 – Dec. '24



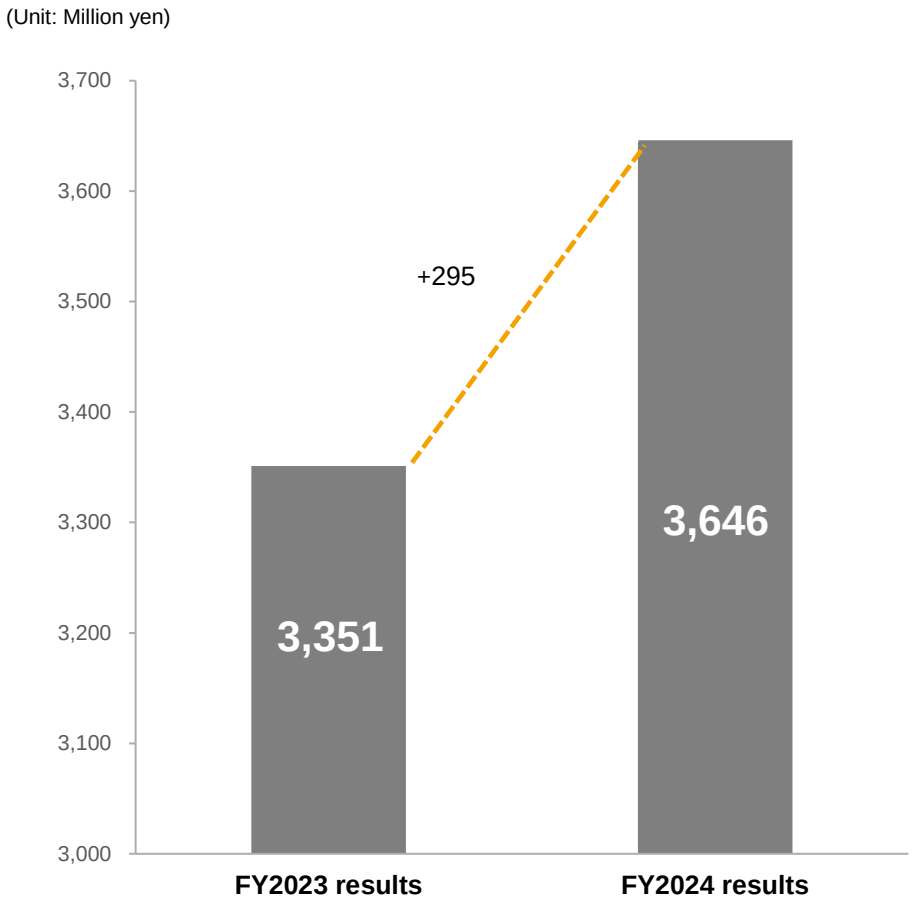
* Monthly average cancellation rate. Calculated by dividing revenue from customers who cancelled their contracts in the current month by revenue from total customers in the previous month.

Cost Structure

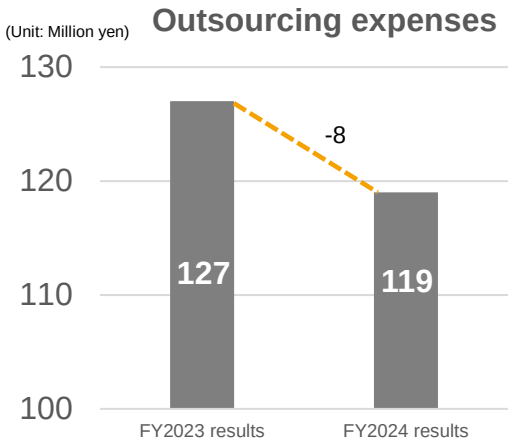
Cost structure for the fiscal year ended December 31, 2024

- **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 YoY cost rise to +295 million yen.**

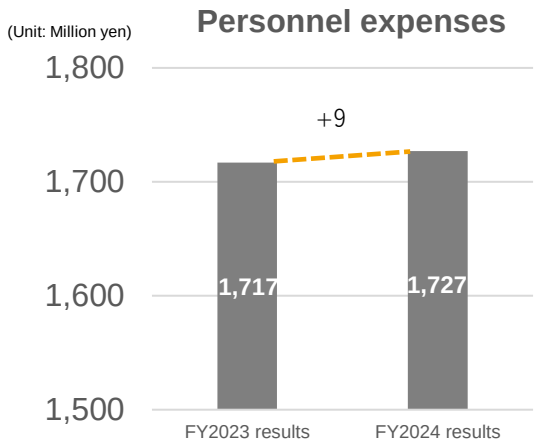
Expenses trend (consolidated)



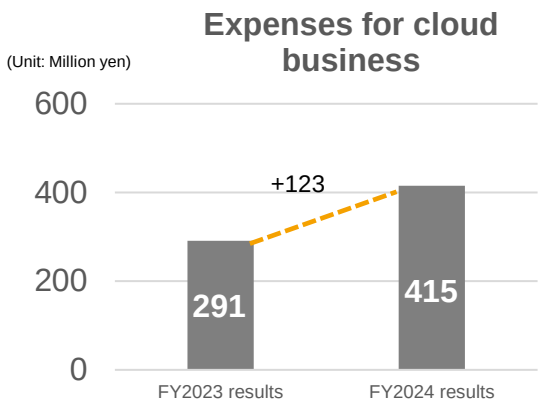
Outsourcing expenses



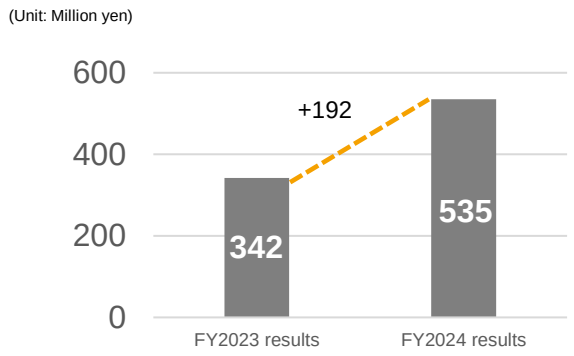
Personnel expenses



Expenses for cloud business



Amortization of software



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Summary of Plan for FY2025

■ **Key point: We will continue to expand our business with the Cloud Business as a growth driver.**

- **We plan to grow net sales by 13%, operating profit by 31%, and profit by 34% year on year.**

(Unit: Million yen)

	FY2024 Results	FY2025 Plans	YoY changes
Net sales	4,376	4,950	+13%
Operating profit	729	953	+31%
Ordinary profit	733	948	+29%
Profit	461	621	+34%

FY2025 Plan (Net Sales)

- **We will continue to accelerate the growth of the Cloud Business.**

(Unit: Million yen)

Business segment			Sales segment	FY2024 Full-year results	FY2025 Plans	YoY changes (%)
Net sales	HRM Business	Cloud Business	Cloud Licence	2,301	3,083	+34%
			Cloud Consultation Support	540	584	+8%
			Others	167	172	+3%
			Subtotal	3,009	3,840	+28%
		On-Premises Business	Premium Support	572	489	-14%
			Software Products	389	292	-25%
			Software Consultation Support	149	127	-14%
			Employment Information Device	94	49	-48%
			Subtotal	1,205	958	-20%
		Total		4,215	4,799	+14%
		*Recurring Revenue		2,897	3,598	+24%
	Real Estate Rental Business			161	150	-7%
	Total			4,376	4,950	+13%

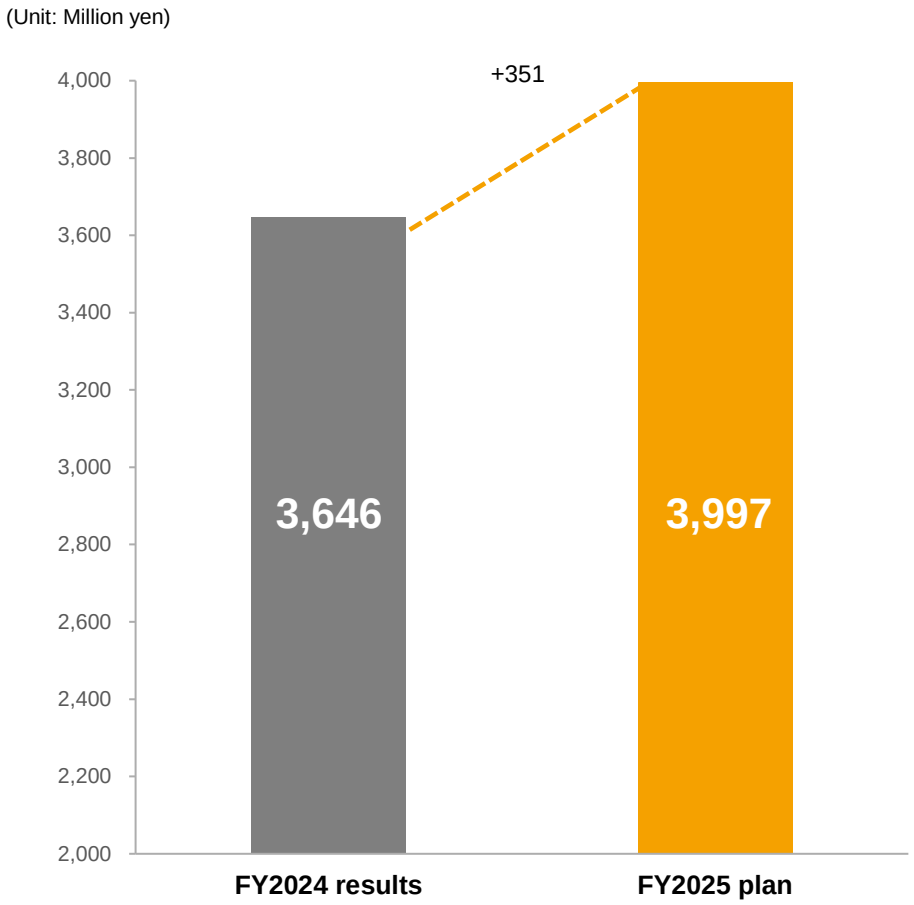
* Includes revenue from cloud licensing, premium support, and other services.

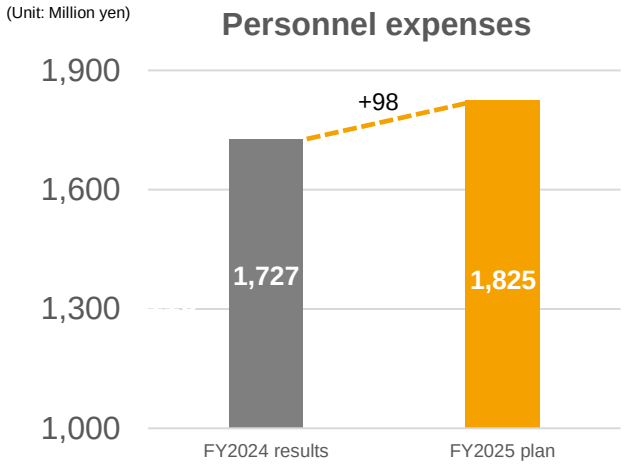
FY2025 Plan (Cost)

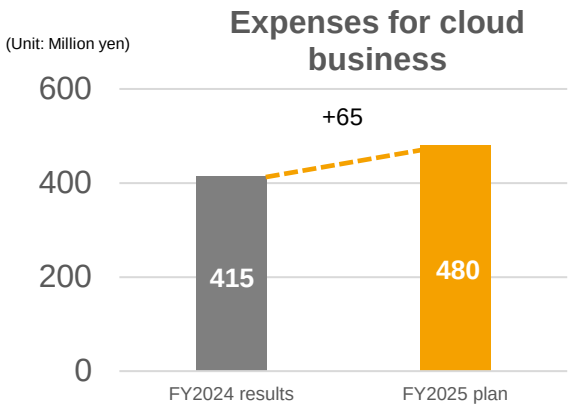
Cost structure for FY2025

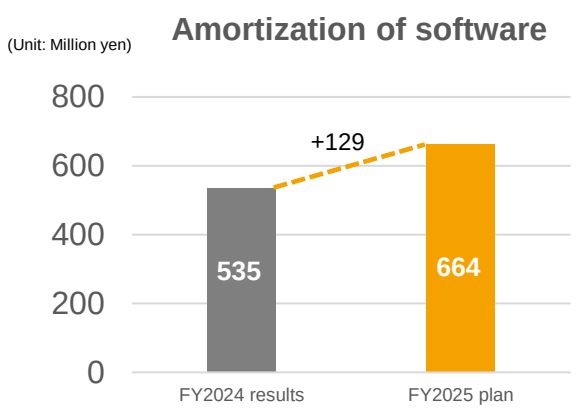
- **We expect an increase in personnel expenses primarily due to increases in salaries in addition to an increase in upfront investments for Cloud Business expansion (expenses for Cloud Business and amortization of software and other expenses).**

Expenses trend (consolidated)









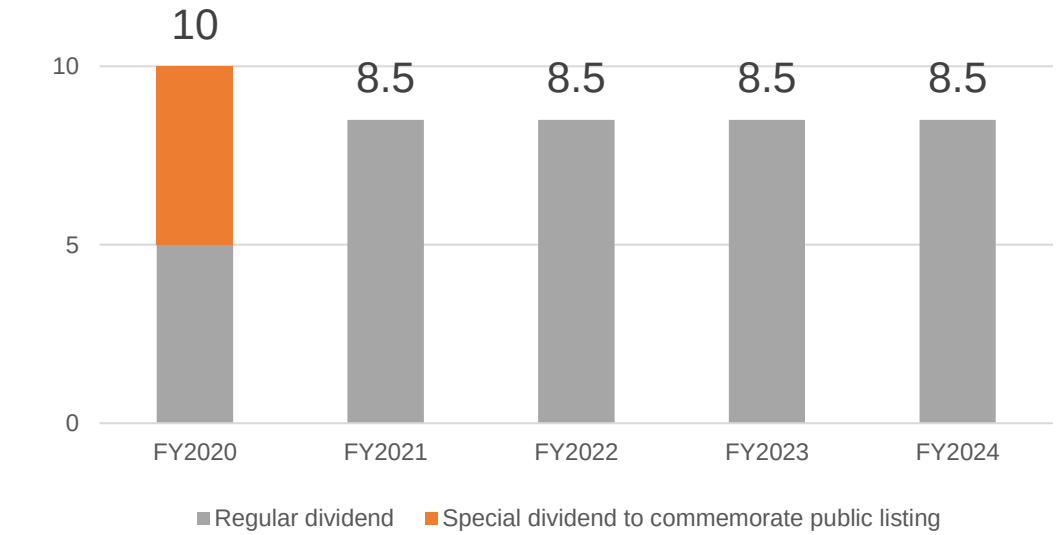
Shareholder Returns

Basic policy

We recognize shareholder returns as a key management priority and distribute dividends while taking into consideration internal reserves necessary for future business development and financial reinforcement.

We effectively utilize internal reserves to invest in internal systems, recruit talent that will contribute to future growth, and fund advertising spending to ultimately increase competitiveness and profitability while working to enhance financial stability to strengthen our corporate structure.

(Unit: Yen)



* The figures in the graph reflect the stock split conducted in July 2024.

Stock-related measures we took in the past:

Time	Description
October 2020	Was listed on the Mothers Market of the Tokyo Stock Exchange
July–October 2021	Conducted share buybacks (517,500 shares)
September 2021	Chose to be listed on the Growth Market of the Tokyo Stock Exchange
February 2021	Introduced a restricted stock program for directors
July 2024	Conducted a 2-for-1 stock split

(Unit: Million yen)

	FY2020	FY2021	FY2022	FY2023	FY2024
Total dividends	208	168	168	168	168
Share buybacks	-	999	-	-	-
Total payout	208	1,168	168	168	168
Dividend payout ratio	63.3%	106.7%	55.2%	44.7%	36.5%
Total payout ratio	63.3%	720.5%	55.2%	44.7%	36.5%

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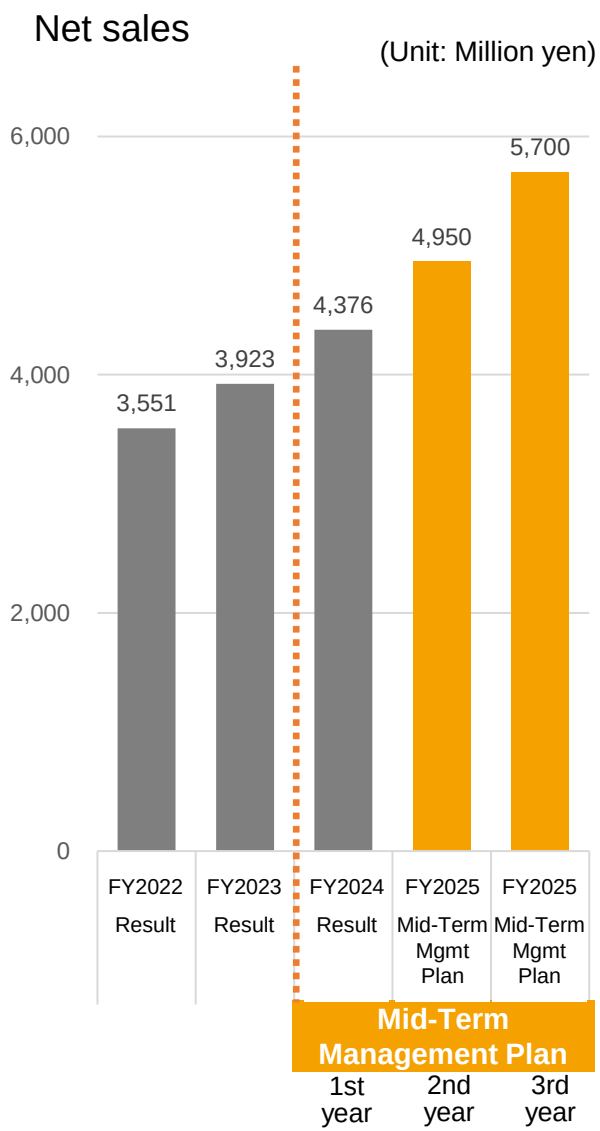
Mid-Term Management Plan

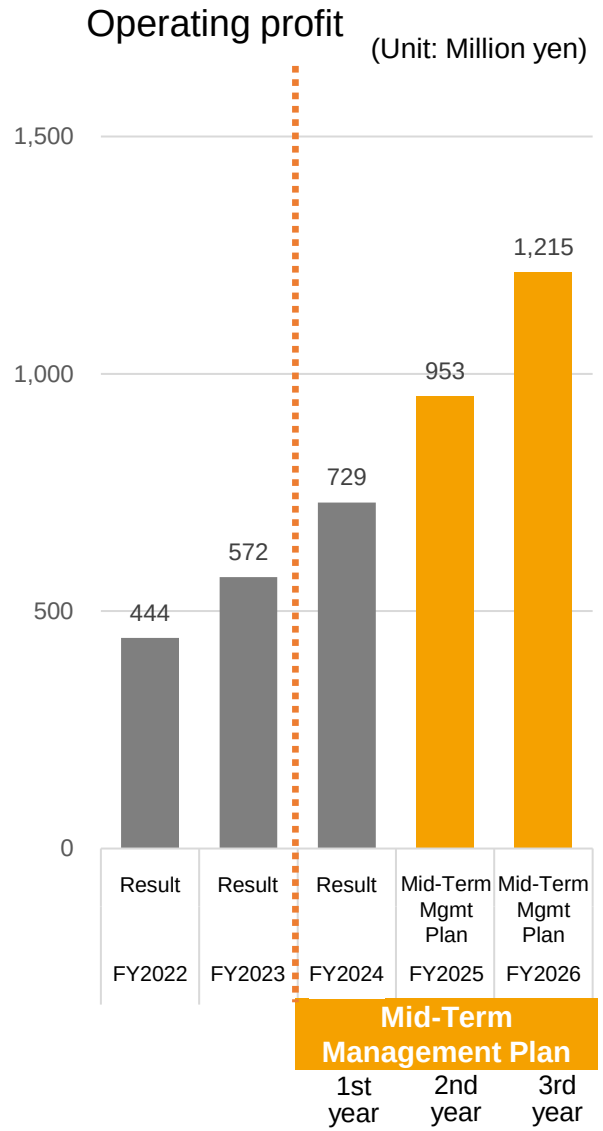
Targeted Management Metrics

- **In FY2024, we plan to increase upfront investments such as product development to accelerate the growth of the Cloud Business.**
- **Increases in amortization of software associated with product development are forecasted to slow down compared with FY2024 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.**

(Unit: Million yen)

	FY2022 Results	FY2023 Results	FY2024 Mid-Term Mgmt Plan	FY2024 Results	FY2024 Comparison with the Plan	FY2025 Mid-Term Mgmt Plan	FY2026 Mid-Term Mgmt Plan
Net sales	**3,551**	**3,923**	**4,300**	**4,376**	**+1.8 %**	**4,950**	**5,700**
Operating profit	**444**	**572**	**573**	**729**	**+27.2 %**	**953**	**1,215**
Operating profit margin	**12.5**	**14.6**	**13.3**	**16.7**	**+3.3 point**	**19.3**	**21.3**





Mid-Term Management Plan

■ Business strategy: Increase recurring revenue with the Cloud Business as a growth driver

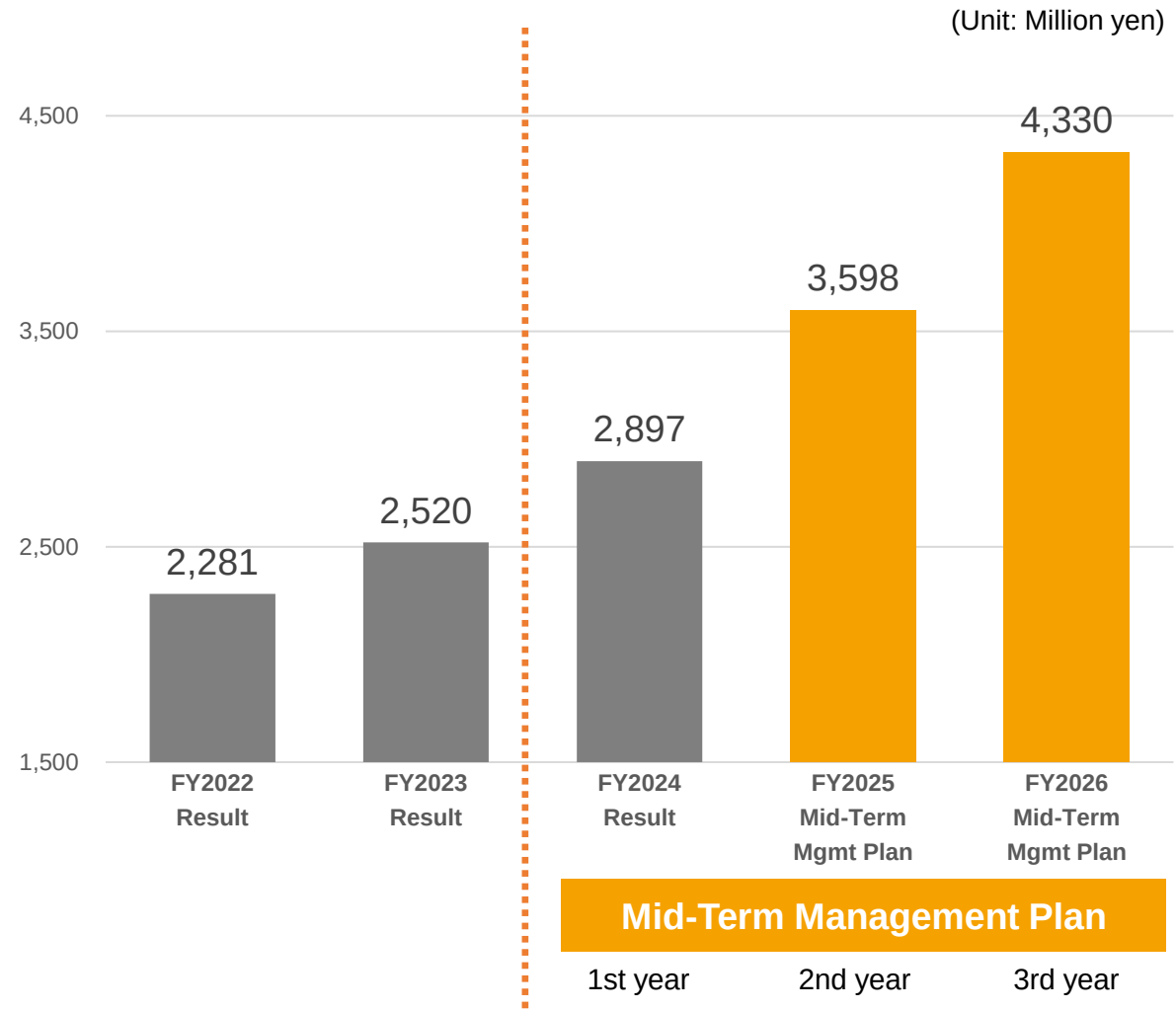
	Strategy to grow business laid out in the Mid-Term Management Plan	Key measures taken in FY2024
1	Accelerate the product feature development aimed at HRM all-in-one solutions*	✓ Drew on our years of experience to enhance our high-performance systems to contribute to productivity and corporate value through work style and health & productivity management consulting. ✓ Delivered compelling value propositions to customers through direct engagement with them at seminars and exhibitions
2	Shift on-premises users of Kinjiro Enterprise, which is our previous product, to cloud-based services through Universal Kinjiro	✓ Advanced the shift to cloud-based services and enhanced our in-house cloud servers
3	Pricing strategy	✓ Revised prices March 2024: Announced revisions to prices of Universal Kinjiro and Kinjiro Enterprise, Lite, and Smart Series
4	Enhance services for employees (BtoE) and roll out services for consumers (BtoC)	✓ Used our HRM platform (Universal Kinjiro) at our office and was recognized as a Certified Health & Productivity Management Outstanding Organization for the seventh consecutive year ✓ Provided health value to employees and consumers in general through apps for consumers

* Our HRM solutions provide employment, attendance, personnel, salary, and human resource data to facilitate health & productivity management.

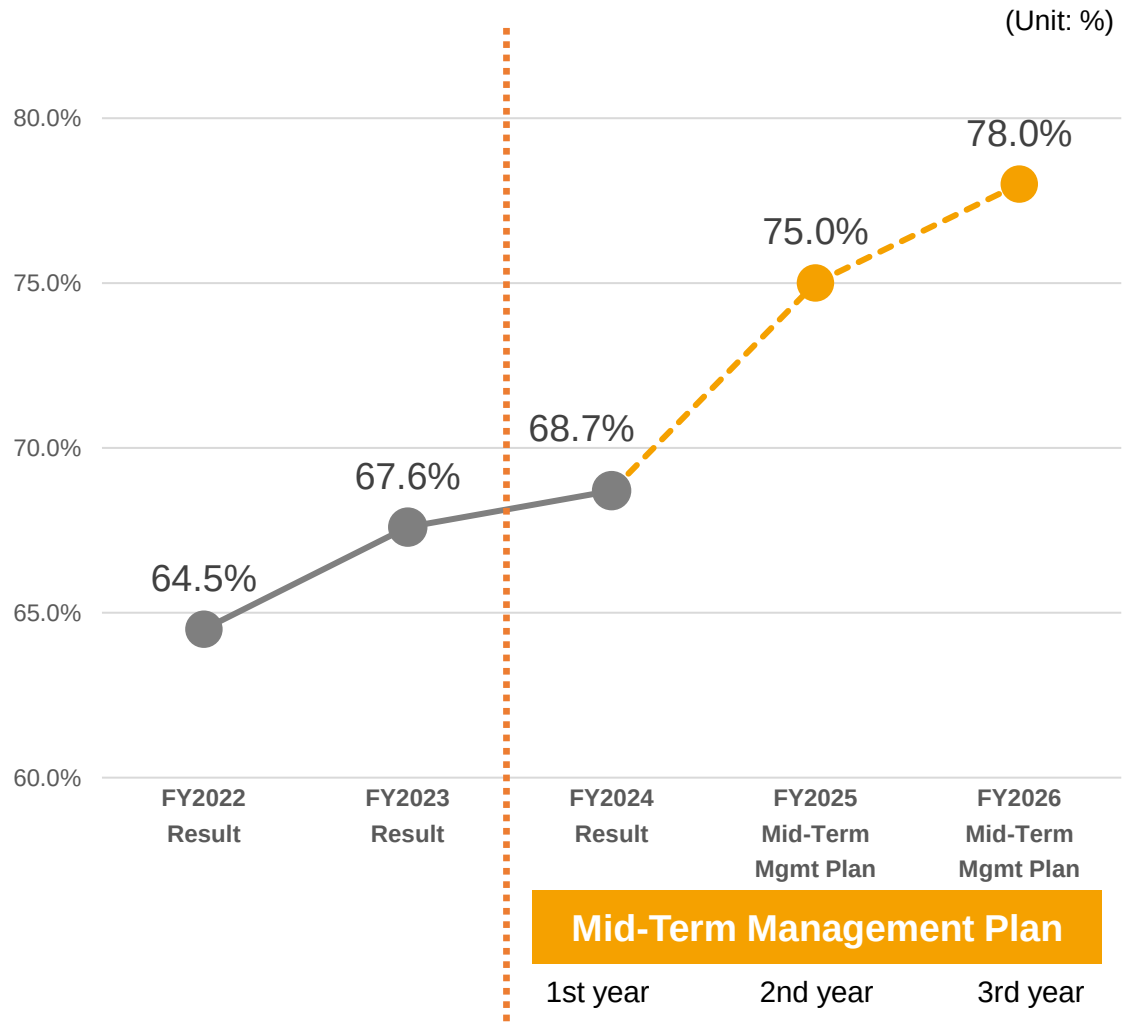
Trends in Key Management Metrics (Five Years)

Key metrics strongly indicate our steady progress on our mid-term growth strategy

Trend in recurring revenue



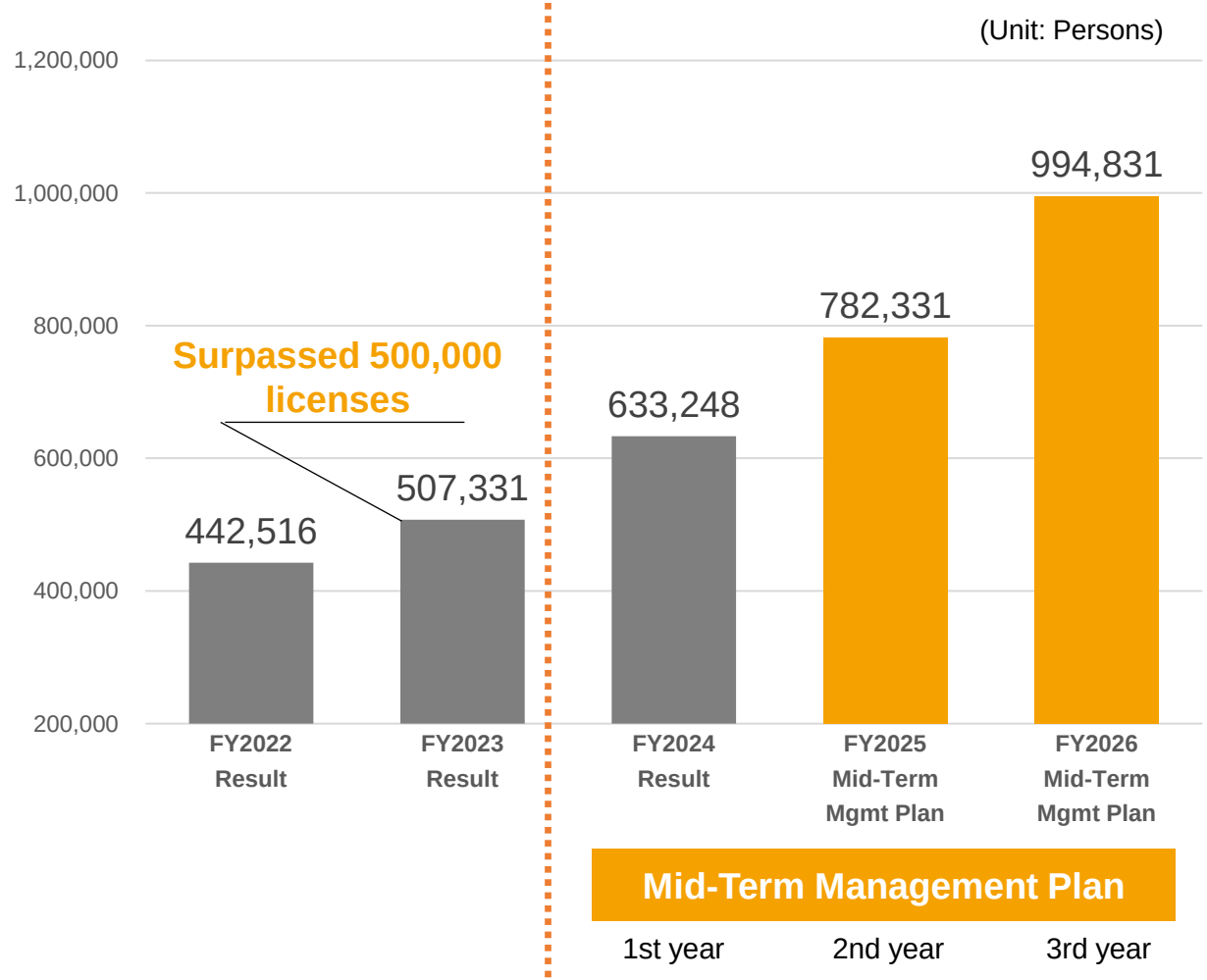
Trend in the recurring revenue ratio



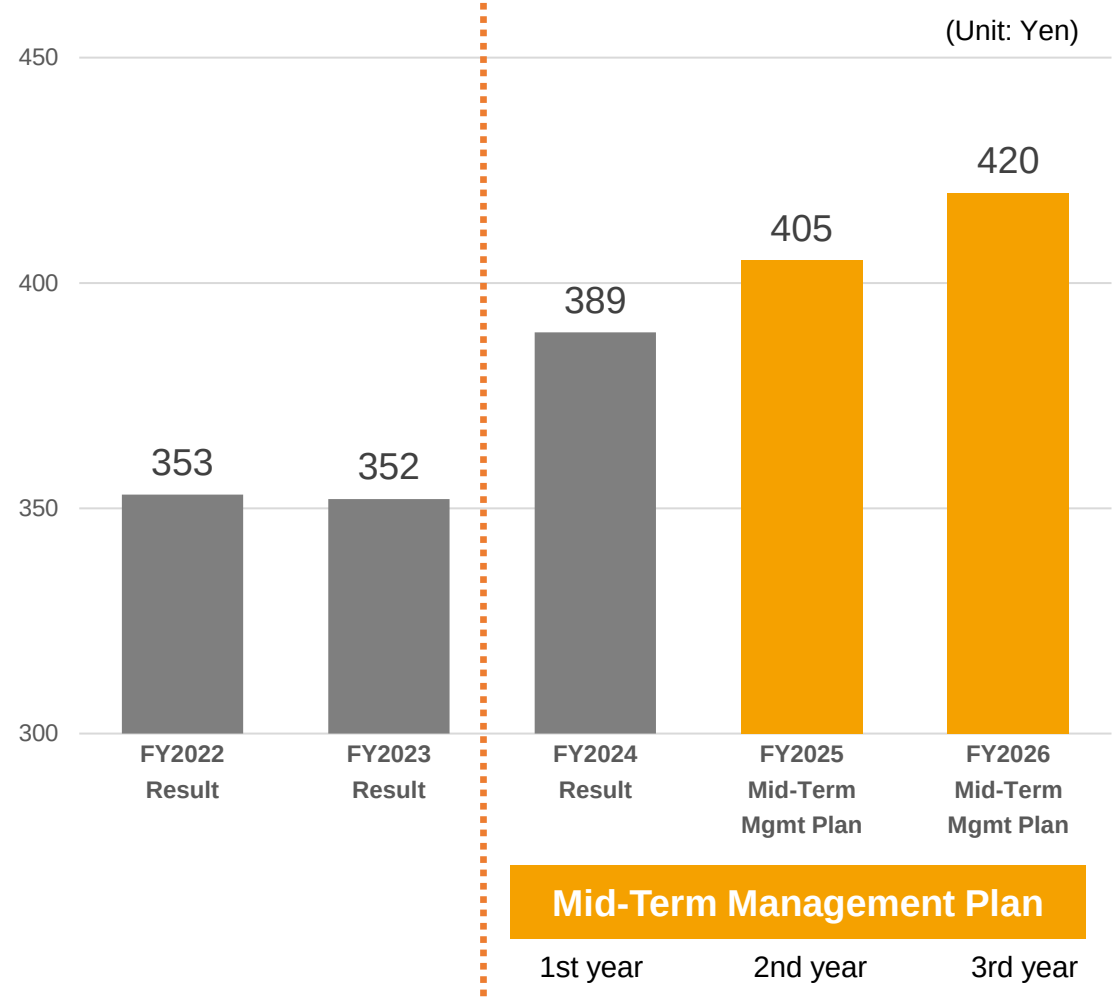
Trends in Key Management Metrics (Five Years)

Key metrics strongly indicate our steady progress on our mid-term growth strategy

Number of cloud-based licenses



Trend in the ARPU



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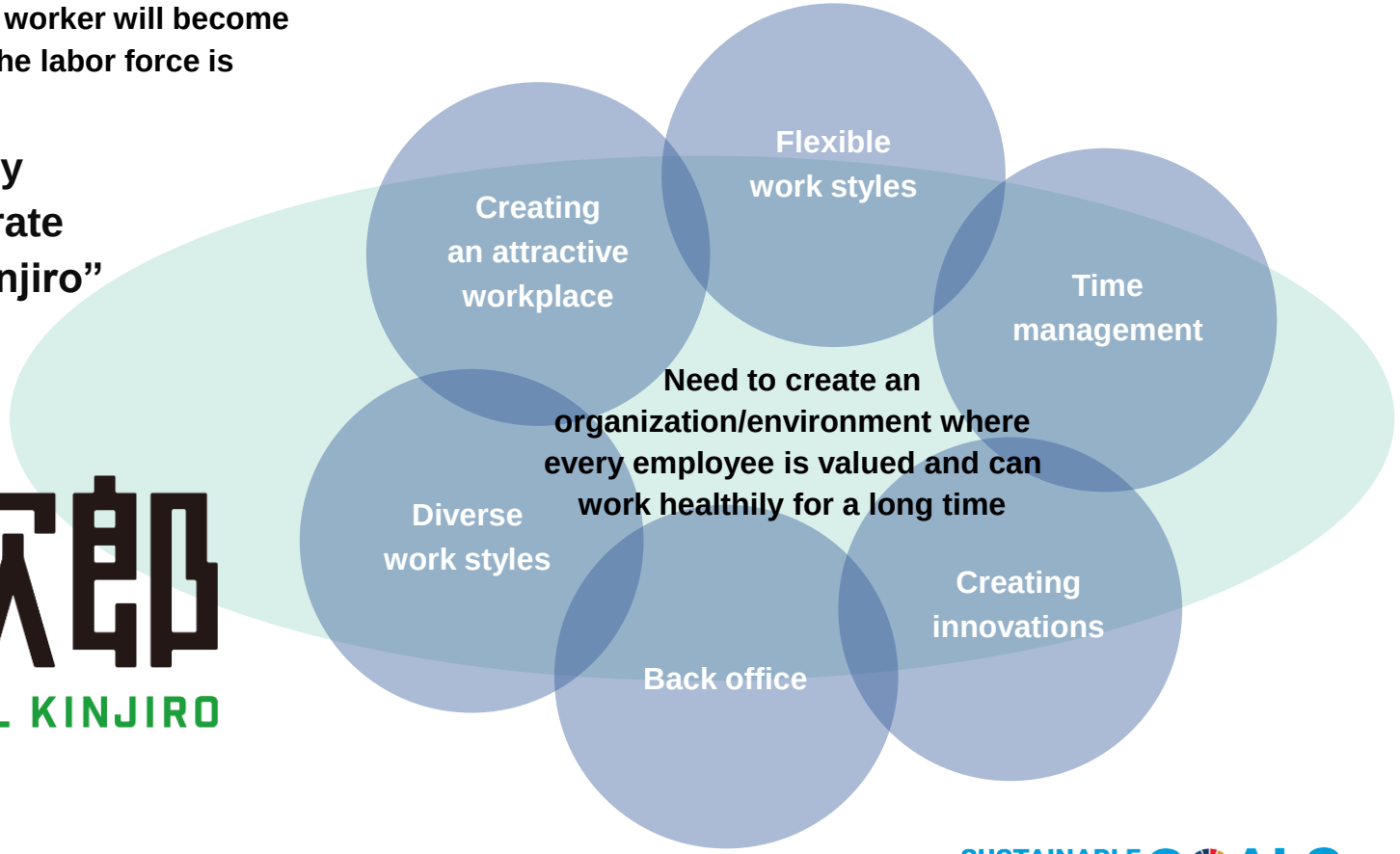
Kinjiro's Mission and Strength

■ 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

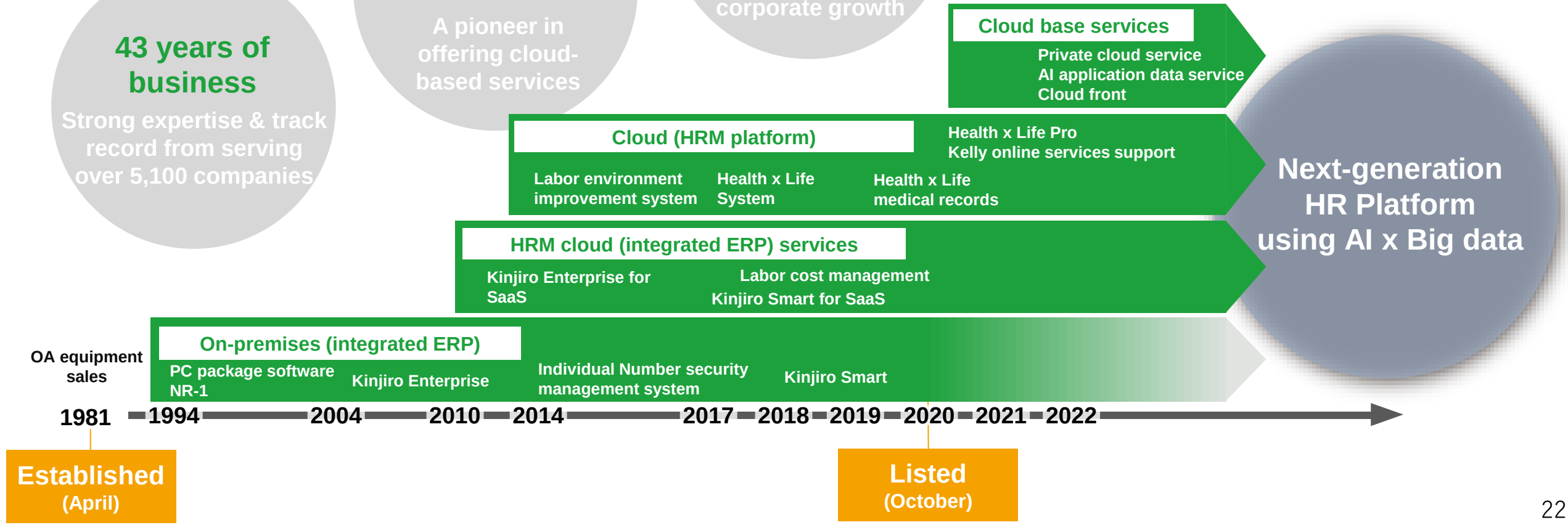
Our History

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

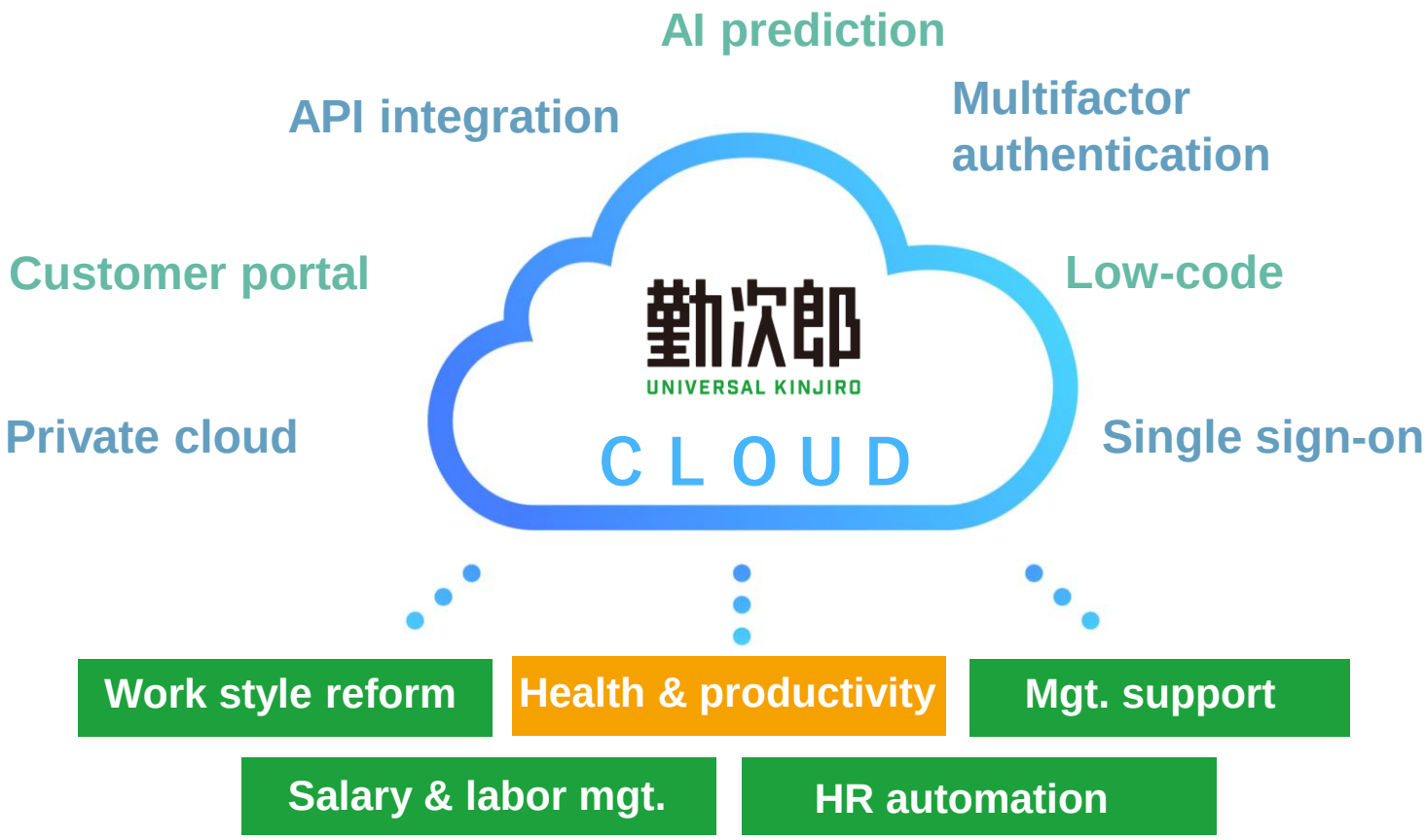
Focusing on human capital management
Supporting worker happiness and corporate growth



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

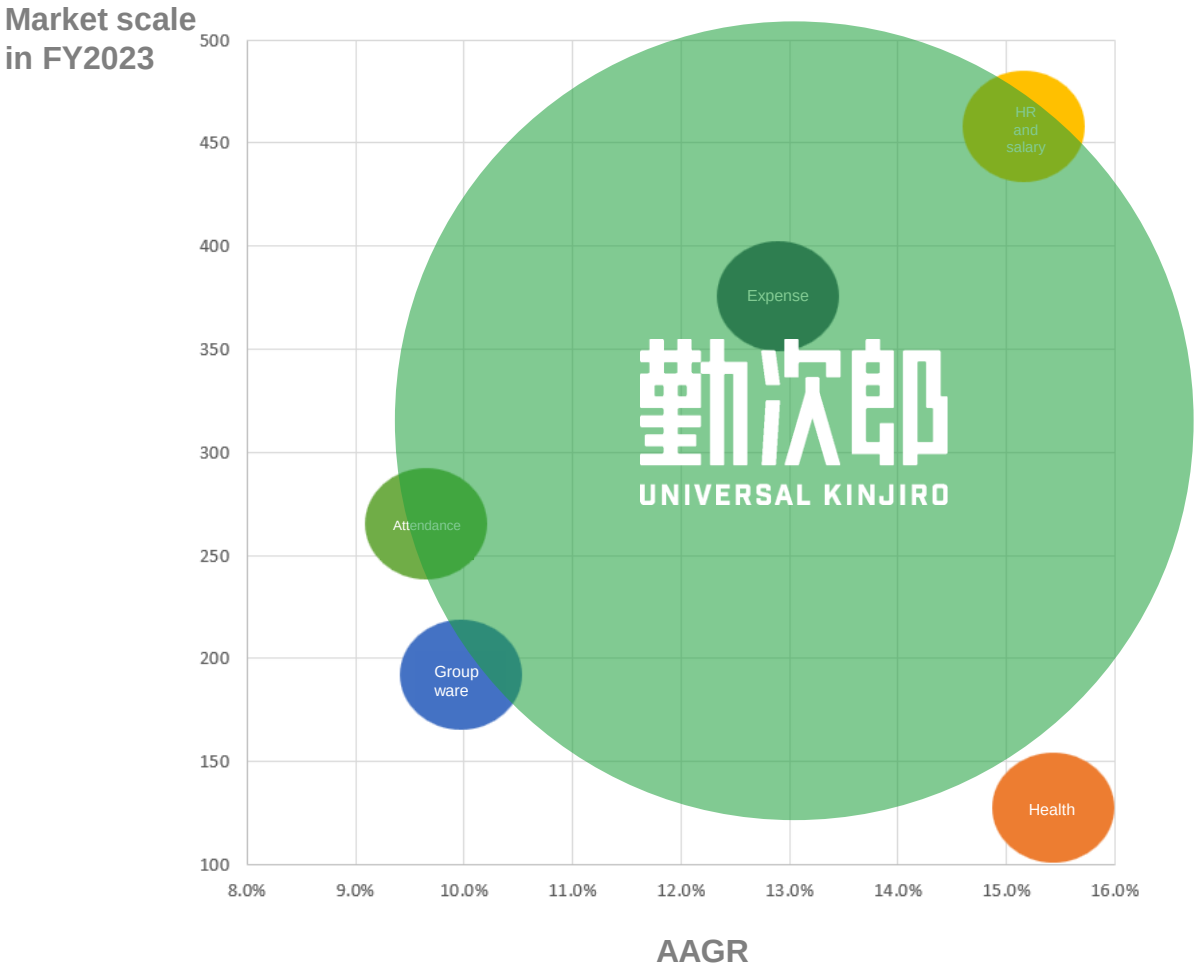


Human Capital Management

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

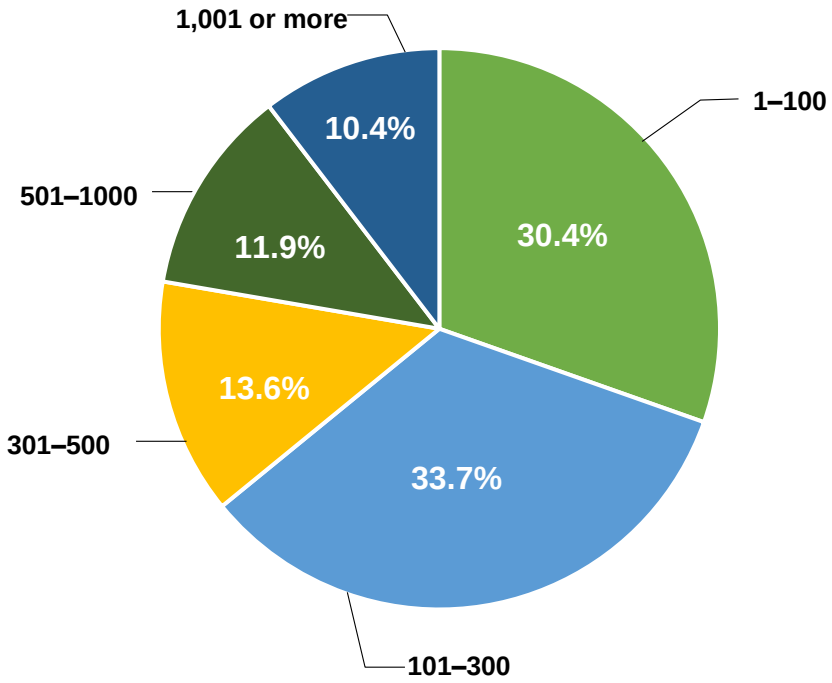
	AAGR	Market scale
Groupware	9.8%	18.7 billion yen
Attendance mgt.	9.5%	26.8 billion yen
HR and salary	15.2%	45.5 billion yen
Expense settlement	12.8%	37.7 billion yen
Health mgt.	15.5%	11.6 billion yen

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

Kinjiro Enterprise Installations Breakdown by Scale and Industry

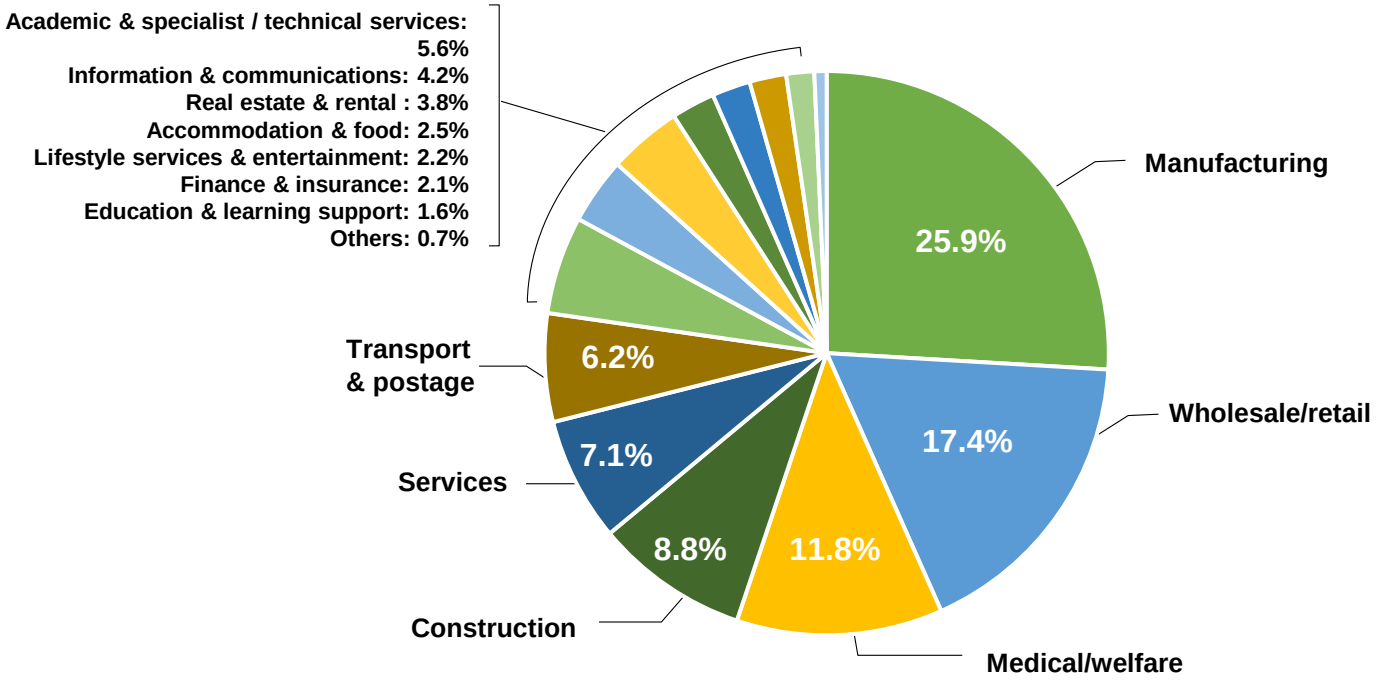
■ Meet the needs of diverse enterprises in different sizes, ranging from SMEs to large enterprises, in different industries

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 December 31, 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).”

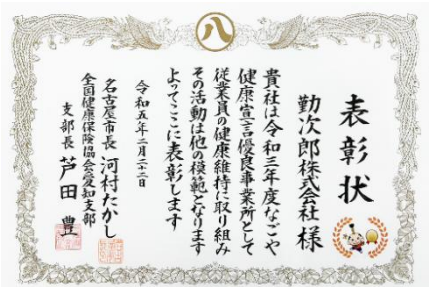
2024 健康経営優良法人 Health and productivity ホワイト500

■ 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

令和五年二月二十二日

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

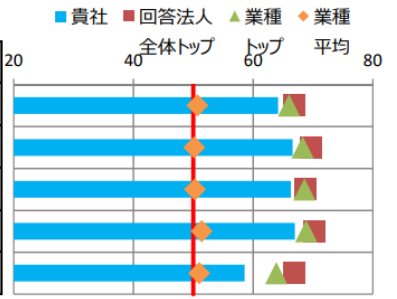
■総合順位：　51～100位　／ 3520 社中

■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。

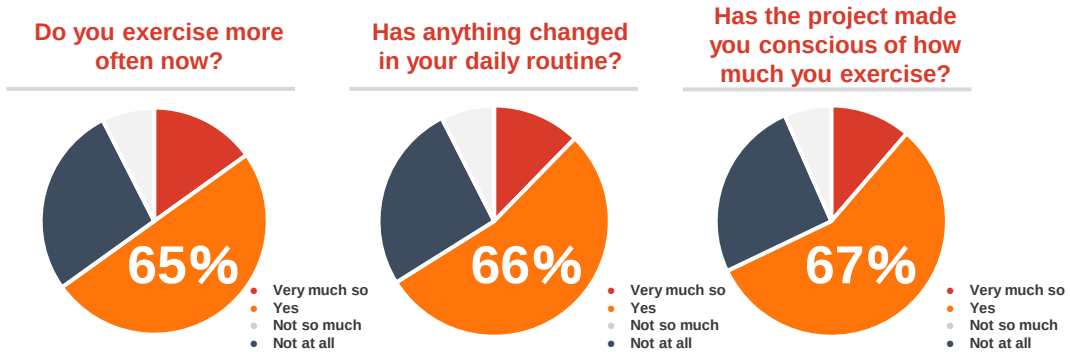
FY2024 Kinjiro Genki Project Activities

Further enhanced our health & productivity management initiatives through the “Kinjiro Genki Project” led by young employees

Throughout the year, we performed 19 activities in 51 events centering on four themes: diet, exercise, communication, and women.
The internal survey conducted last December revealed that many participants felt positive changes in their exercise frequency, daily routines, and awareness of exercise.



Participant survey



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

勤次郎
UNIVERSAL KINJIRO