



FY 2024 Q1 Financial Results

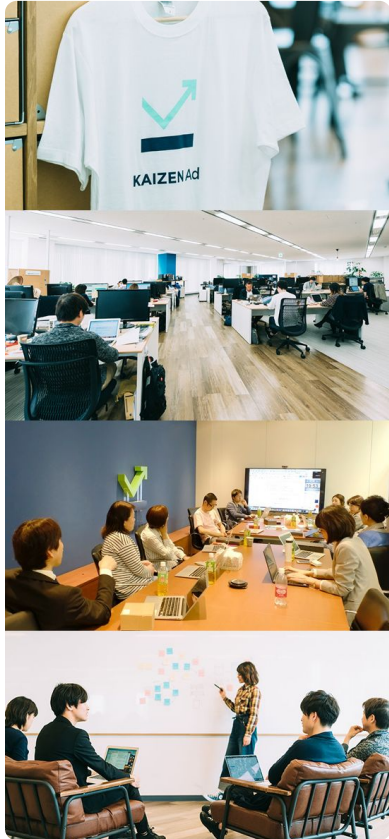
First Quarter of the Fiscal Year ending December 31, 2024

Kaizen Platform Inc. Securities Code 4170 / May 15, 2024

1 Company and Service Overview

2 FY 2024 Q1 Business Results

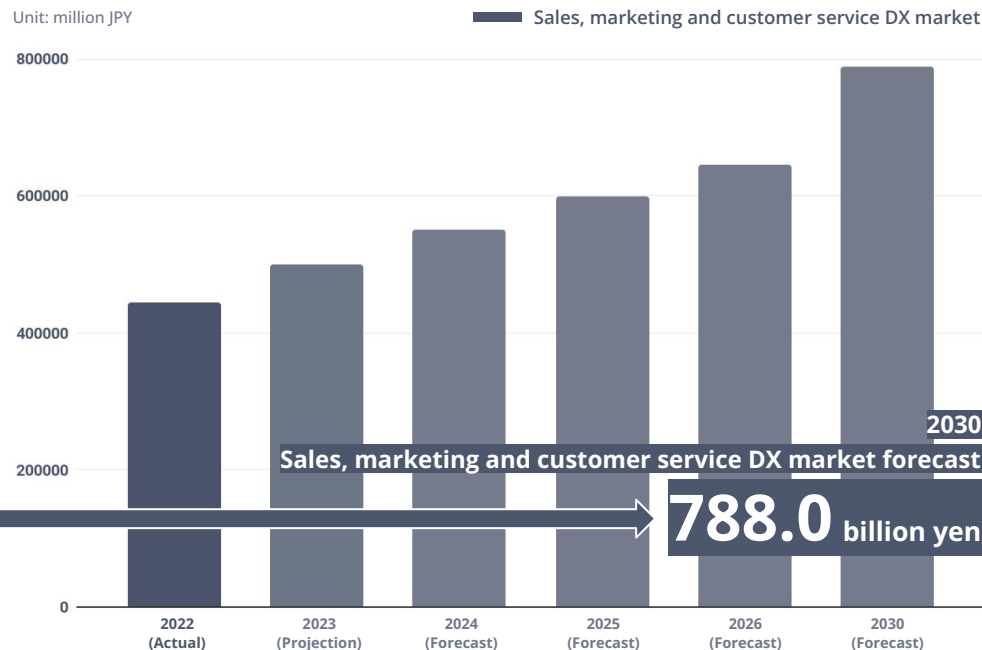
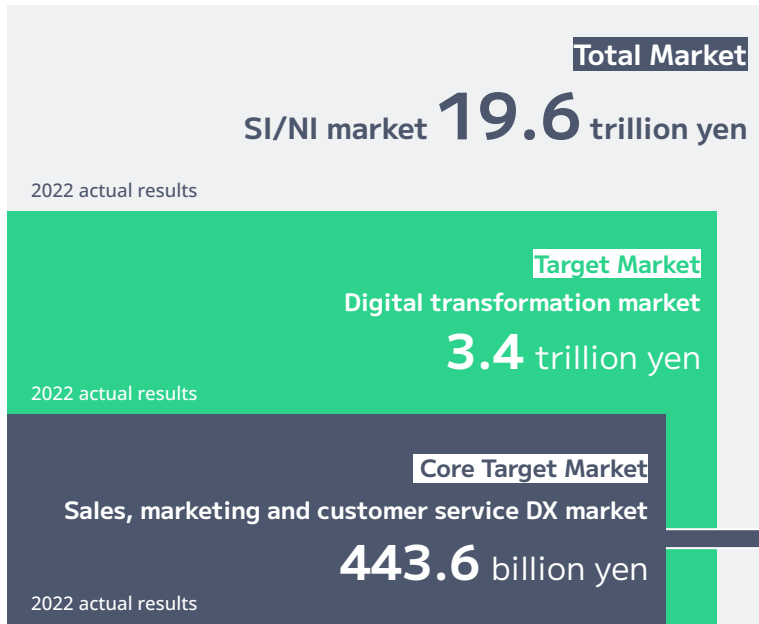
3 Future Growth Strategy



Kaizen Platform is a DX Acceleration Partner that unleashes the challenges of client companies and the potential of DX professionals

Company	Kaizen Platform Inc.	
Incorporation Date	April 2017 (US Entity KAIZEN platform Inc. <prior company> created on March 2013 *)	
Location	Minato-ku, Tokyo, Japan	
Employees	128 (As of end of March 2024) Kaizen Platform Inc. and Kaizen Platform USA, Inc.: 46 / D-ZERO Inc.: 58 / Hiwell Inc.: 24	
Capital	1,767,188 thousand JPY (As of end of March 2024)	
Board of Directors	Kenji Sudo	Director and CEO
	Hajime Takasaki	Director and CFO
	Masanori Sugiyama	Outside Director
	Hiroaki Sugita	Outside Director
	Akiko Suginozawa	Outside Director
	Kaoru Oda	Audit & Supervisory Board Member
	Eriko Hayashi	Audit & Supervisory Board Member
	Tomokazu Imai	Audit & Supervisory Board Member
Subsidiaries	D-ZERO Inc. / Hiwell.Inc. / Kaizen Platform USA, Inc.	

The “aggressive DX market” such as sales, marketing and customer service is still 13%
 Against the backdrop of declining population, it is a market with large potential for growth, especially
 among large companies



Development of “aggressive DX” transforming value provided, business models and customer experiences has fallen behind The true cause is “**rigid organization**”

Diverse capabilities are required

UX utilizing digital technology has competitive advantages.

With the rise of social media, it is difficult to attract customers with advertising alone. Intrinsic experience design is becoming increasingly important.

Seamless linking of marketing and IT

UX improvement requires the cooperation of both marketing and IT specialists
Speedy development and operation are becoming important.

New capabilities are emerging one after another

In DX, new areas such as generative AI and influencer marketing are emerging one after another, and the required skills are changing rapidly.

but

Rigid organization

Changes in dismissal regulations and work styles

Workers' rights are strong due to employment practices, and it is difficult to make major changes to operations due to resistance in the workplace, and even if they succeed, they are required to secure employment.

Slow movement with no room for failure

The IT Department is mainly engaged in the development of cores systems, etc., where failures are not tolerated, and is not suited to customer-oriented development, which requires quick improvements.

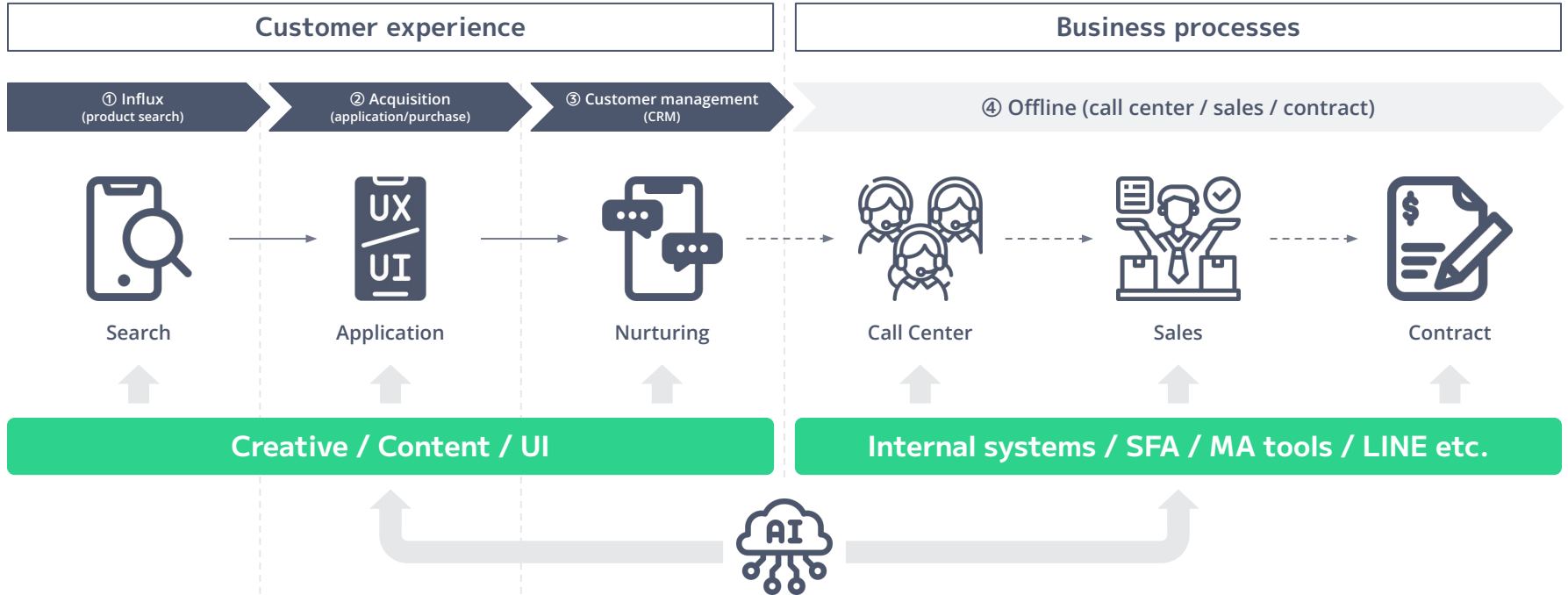
The most talented people in DX are the first to leave

DX personnel in high demand are difficult to hire in the first place. Even if a hire is made, retention is difficult because in terms of the HR system more favorable conditions are often offered when becoming independent or changing jobs.

Although it is structurally difficult to respond to and hard to match ROI,
paradoxically, there is a huge opportunity for aggressive DX for large companies

The era of DX of “customer experience” and “business processes” being connected by AI has arrived due to the emergence of generative AI such as ChatGPT and GPT-4.

The potential for dramatically increasing the ROI of DX is dramatically increased by transforming cost structures such as labor costs, which have a high weighting.



Assign diverse capabilities to projects in a timely manner on an as-needed basis to accelerate aggressive DX

Smooth work style

to

improve the world

Gathering and providing diverse DX talent on the platform as growth hackers, who are difficult to recruit and put to work in a rigid organization.

DX to improve customer experience, which has been delayed due to the organization becoming rigid, and to promote business transformation.



“Customer experience DX” resolving intertwined DX issues in one stop

Customer Experience DX increases the ROI of DX by changing the general structure of fixed costs through DX that involves **changing the P/L structure of a company**

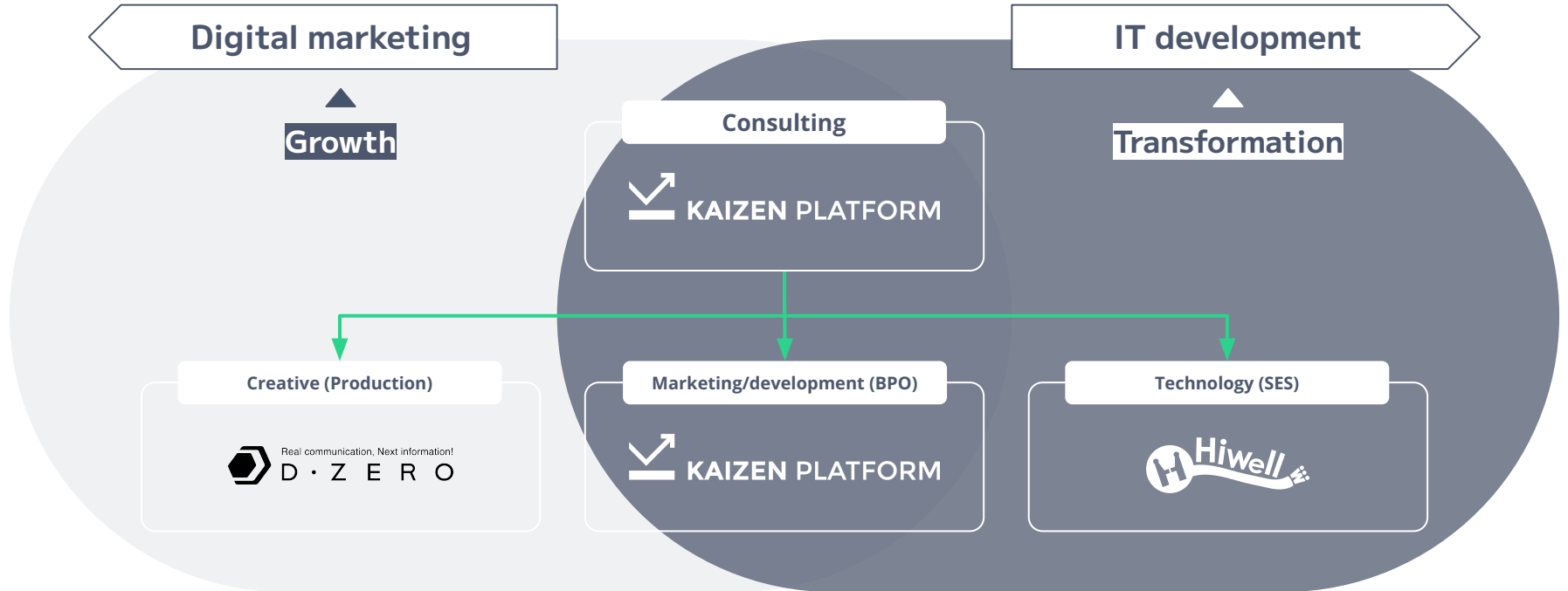


Accompany business divisions, and improve (KAIZEN) the client's digital "customer experience" on digital technology as a marketing & IT partner accelerating DX to support "business growth"

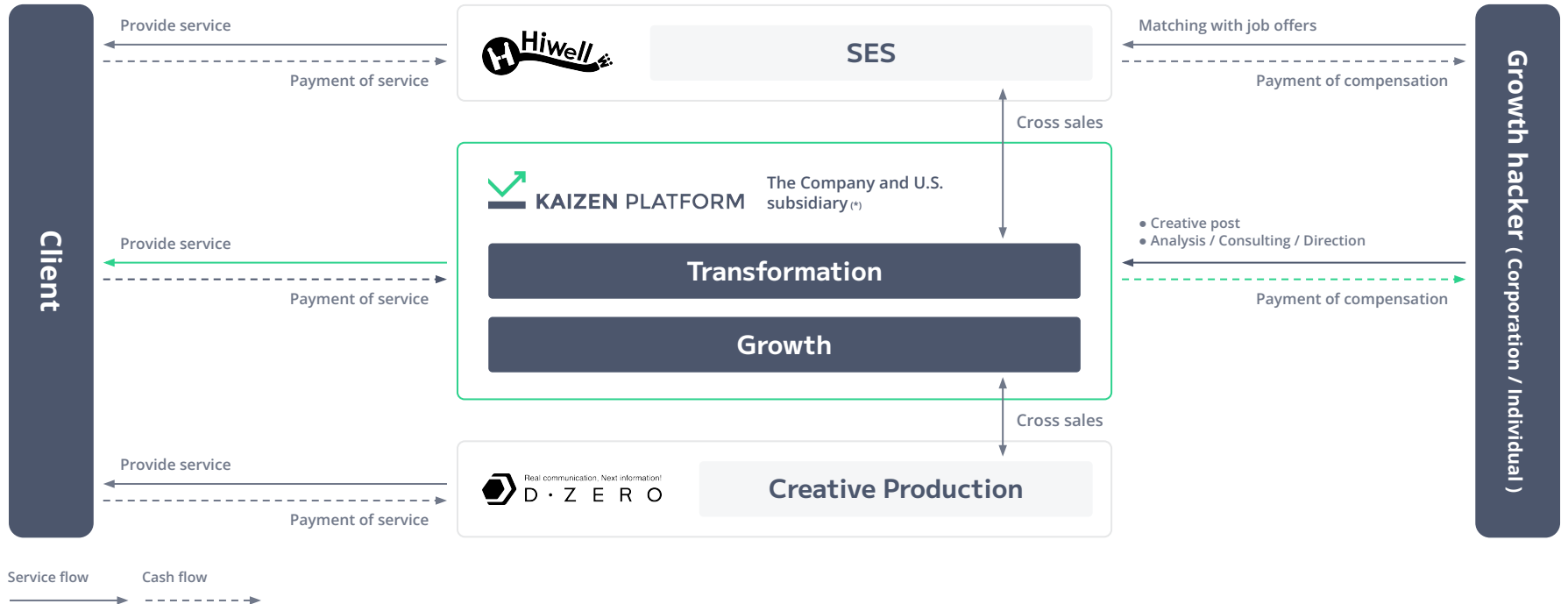


Shift from a "product-based business" to a "structure that responds to customer issues" as a partner that accompanies customers and accelerates aggressive DX.

Maximize consulting capabilities for
a structure that starts upstream and earns revenue downstream (production/BPO/SES)



We are dedicated to PM (project management) and support and direction. We team up with the growth hackers on the platform to **execute DX projects maintaining elasticity of variable costs.**

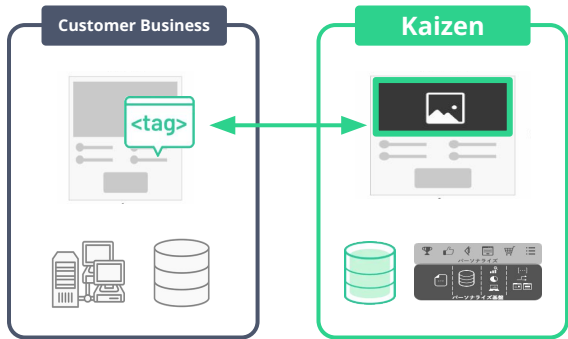


Data, cloud and resources for increasing DX ROI are accumulated on the platform
Overwhelming advantage in “know-how,” “speed,” and “cost” by providing everything as a one-stop service.



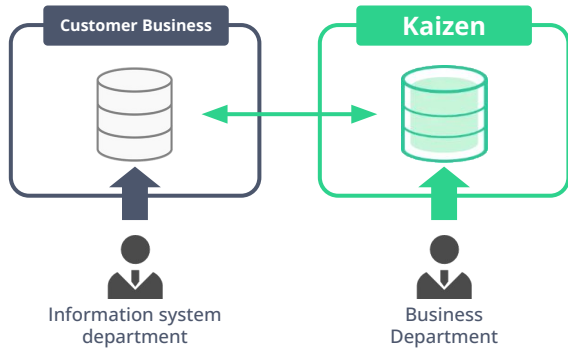
“No impact on existing legacy systems” “Driven by business departments” and
“Lower lead time and cost” enabling promotion of DX

Bypass Legacy Systems



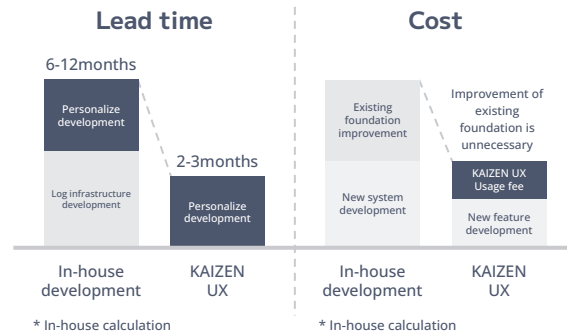
UX improvement and PoC execution with no impact on legacy systems

Business Department Driven



Business department-led speedy implementation of necessary measures

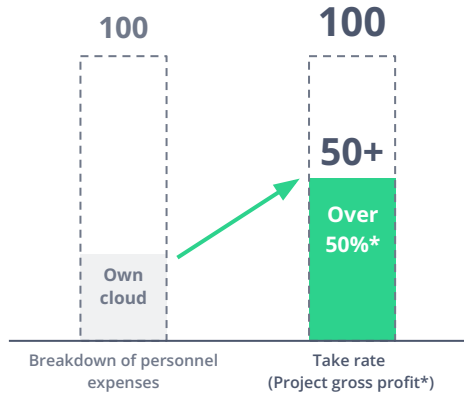
Lead Time / Cost



Enabling significant reductions of lead time and development cost

We have a talent network that enables timely and advanced sourcing of talent while driving projects on our own cloud, increasing productivity and profitability, while making it a variable cost

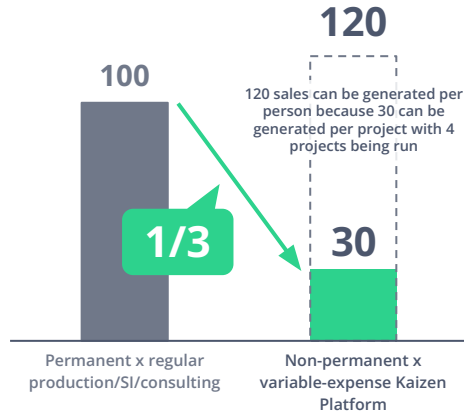
Improved profitability through the use of own cloud



* Take rate = (Total volume handled - Cost linked to volume handled**) ÷ Total volume handled
 ** Cost linked to volume handled = Cost of sales less fixed costs not linked to volume handled, such as platform development costs

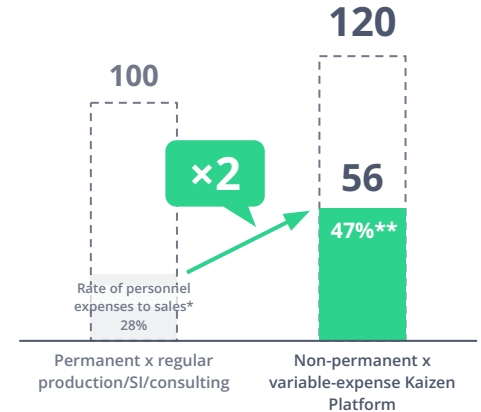
Profitable own cloud increases project productivity

Cost reduction through flexible assignments



Flexible operation such as only 2 days per week

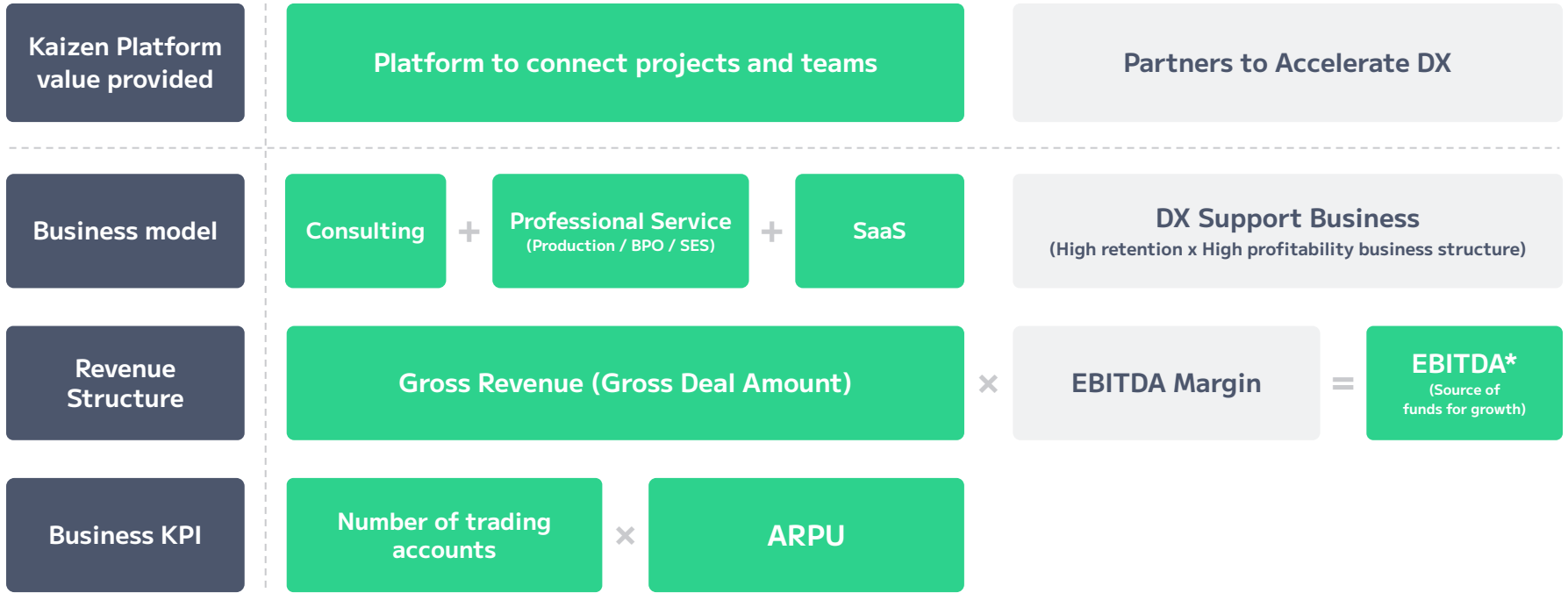
Variable costs and high compensation through the utilization of freelancers



* Referring to TKC management indicator (BAST) for 2019
 29.1% advertising production, 24.4% Internet-related services
 ** Results for 2019

Realization of low fixed costs and high compensation by making projects have variable costs

High-profit, high-value-added business model providing the best support for client companies that want to accelerate DX



Our Valued Clients

	IDOM Inc.	 NTT 東日本		d 大地宅配	  Credit Saison Co., Ltd.
	Tomorrow, Together 	 Shop Japan	 スタッフサービス	 SmartNews	 SoftBank
 大東建託	dentsu	 new balance	 Nestle		 パーソル キャリア
・HAKUHODO・	BIZREACH	PEACH JOHN			<small>Forum & Technological Culture</small>  Forum Engineering Inc.
		<small>あしたを、つなぐ</small> 野村不動産グループ  野村不動産ソリューションズ	 UR 都市機構		 RECRUIT リクルートジョブズ

A platform for Improving Customer Experience with DX

1

Targets the huge enterprise outsourcing market for DX

2

Improves ROI of DX while consistently improving customer experience from upstream consulting to downstream digital marketing/production/development

3

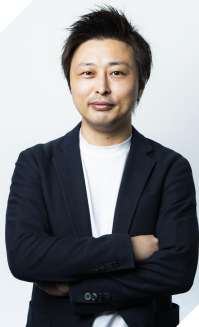
Avoids legacy systems, reduces lead times, reduces costs, and promotes DX

4

Balances high productivity and EBITDA margins through the use of cloud computing and flexible assignment of diverse talent

5

Aims for sustainable ARPU improvement through aggressive DX market expansion while increasing ROI through productivity improvement with generative AI



Kenji Sudo Representative Director
Chief Executive Officer

Joined Recruit Holdings Inc. in 2003, Marketing Division in the New Business Development Group. Became the youngest Corporate Executive Officer (at the time) in Recruit Marketing Partners. Founded Kaizen Platform Inc in 2013.

Author of "Hack Thinking" "How to DX in 90 days" "Mashiro Misaki, DX Section, General Affairs Dept."



Hajime Takasaki Director
Chief Financial Officer

Joined Recruit Holdings after graduating university.

Joined Macromill as Senior Executive Officer to lead strategy and finance department.

Then became a Director and CFO at Glider Associates before joining Kaizen Platform in 2019.



Masanori Sugiyama
Outside Director

Joined a venture company as a student. In 2004, became President and Representative Director of Zappallas Co. In 2007, became Chairman of the Board and President of Zappallas Co. In 2011, became President and Representative Director of enish Co. He led both Zappallas and enish to go public. Director of jiban Net Holdings Co. Director, ACSL Corporation (current position).



Hiroaki Sugita
Outside Director

Joined Boston Consulting Group in 1994 from Japan Transport Bureau (JT). He became a partner and managing director of The Boston Consulting Group in 2001, Japan representative from 2016 to 2020. He is the author of many books, including "Professional Management Consultant" (Nihon Keizai Publishing Inc.) and "Recruit's Amazing Creative Power" (Nihon Keizai Shimibun Publishing Inc.). He is also a professor at Waseda University Business School, director and member of the Audit Committee of Unicharm Corporation (current position).



Akiko Suginozawa
Outside Director

Graduated from university and joined Gaiax Co Ltd. After launching and being in charge of a business to deal with unofficial school websites, established Adish Co Ltd. in 2014 and was appointed Director and General Manager of the Administration Division. In 2021, she launched a sponsorship community to address diversity at the decision-making level in venture companies. She is also a member of the board of directors of Adish Co Ltd. and Slogan Co. COO of the non-profit organization "Minna no Code" (present post).



Toru Sakai Executive Officer
Chief Growth Officer

Joined Netage in 2006 from Softbank Corp.
Created several businesses around digital advertising and also still serving as the president of a group company.
Joined Kaizen Platform from the start in 2013. Created the Video business in 2016 and in the current position from June 2020.



Gen Fujihara Executive Officer

2012 Joined Softbank Corp.
Engaged in product planning and overseas business development for corporate cloud products at the company.
Joined Kaizen Platform in 2016 with a desire to “create a platform that can expand globally from Japan”.
He has been in his current position since January 2022.



Yuki Sakato Executive Officer

Joined the Institute for Global Management Integration (IGPI) from Marubeni Corp.
Engaged new business development support / consulting/ planning and implementation of overseas M&A strategies and business reforms for web services, technology, healthcare, etc. Joined Kaizen Platform in 2020 and is responsible for DX business, marketing and business strategy.
He has been in his current position since January 2022.



Hidenao Asai Executive Officer

He is a certified public accountant. 2005 joined KPMG AZSA LLC. He was appointed as Manager of KPMG AZSA LLC's Division 1 in July 2014. Joined I-Pet General Insurance Co. as Manager of Finance and Accounting Department in August 2016. Joined Kaizen Platform in 2017 and served as Group Manager of the Accounting and Finance Department, Director of the Accounting and Finance Department before assuming his current position in January 2023.



Tomohisa Tada Executive Officer

Joined Yahoo Japan Corporation in 2015. Was engaged in financial services sales and planning operations.
Joined Kaizen Platform in 2018.
After serving as the companywide Manager of Sales and Manager of Consulting/New Business, he has served in his current position since January 2024.

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3 Future Growth Strategy

Revenue was up 3.5% year on year, and EBITDA was up 11.0% year on year
 Steady start in terms of progress rate while strengthening recruitment to meet strong demand

(Million JPY)	FY 2024 Q1 Business Results (January 2024 - March 2024)				Full Year Forecast (Announced on February 14, 2024)	
	Actual	Year on Year			Earning Forecast	Progress rate
		Actual	Increase / Decrease	Increase / Decrease Ratio		
Sales	1,120	1,082	+38	+3.5%	4,500	24.9%
EBITDA	32	29	+3	+11.0%	250	13.1%
Operating Profit	-29	-33	+4	-%	10	-%
Ordinary Profit	-20	-43	+23	-%	0	-%
Net Income	-55	-78	+22	-%	-30	-%

Steady expansion of group synergies with D-ZERO, including support for major companies' site renewals
Our strength of Web accessibility is highly rated by customers and generates results

Tokyu Fudosan Holdings Corporation

Tokyu Fudosan Holdings website renewal trajectory that also worked to improve external evaluation and received the top prize at the IR Awards

URL <https://kaizenplatform.com/case/tokyu-fudosan-hd>



AIN HOLDINGS INC.

Realized data-driven site management. Behind the scenes of website renewal with an eye on business growth, rather than simply making it and being done with it

URL <https://kaizenplatform.com/case/aini>



Obtained ISO/IEC 27001:2022 certification, an international standard for ISMS, as part of efforts to maintain and strengthen our information security system

Released “KAIZEN AI-UX,” a UX improvement menu utilizing generative AI, to strengthen acquisition of development projects

Obtained ISO/IEC 27001:2022 Certification

Obtained ISO/IEC 27001:2022 certification, an international standard for ISMS. To provide safe, secure, and highly reliable services by maintaining and strengthening our information security system.

URL <https://kaizenplatform.co.jp/news/2024-0122-isms>



Released KAIZEN AI-UX

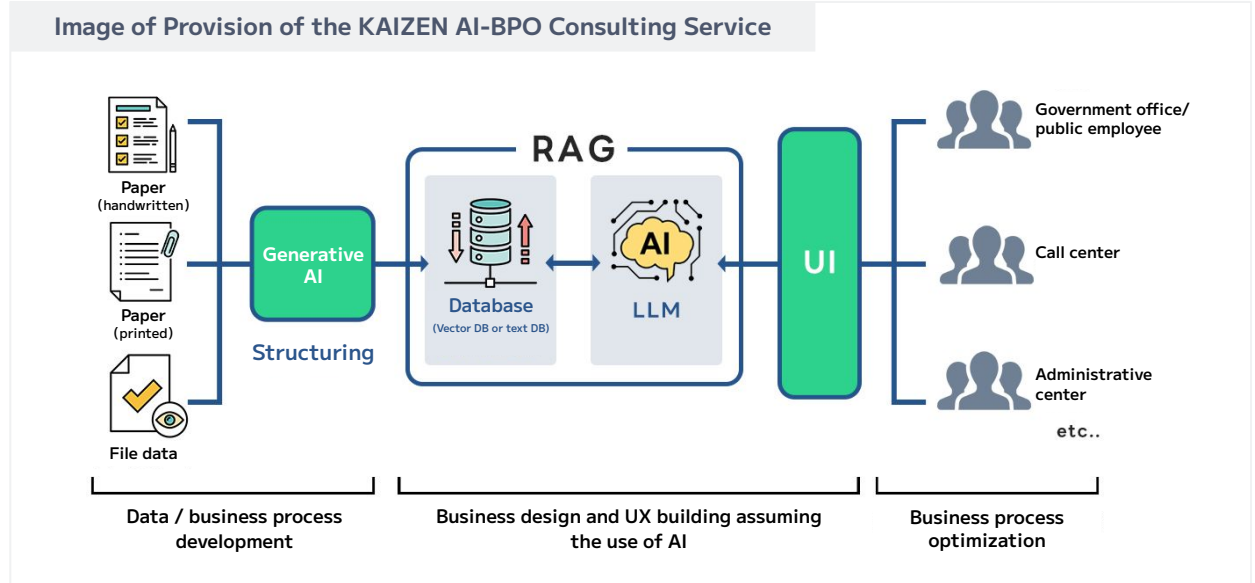
Released “KAIZEN AI-UX,” a new UX improvement menu utilizing generative AI.

The first phase supports smarter searching within the site.

URL <https://kaizenplatform.co.jp/news/2024-0314-ai-ux>



To strengthen the system to provide all-in-one support for the use of generative AI, including the publication of CEO Sudo's new book "AI-Driven Management" and the conversion of business processes to AI, including consulting, development and implementation of functionality.



URL <https://kaizenplatform.co.jp/news/2024-0402-ai-bpo>

Performance Trends (By Segment)

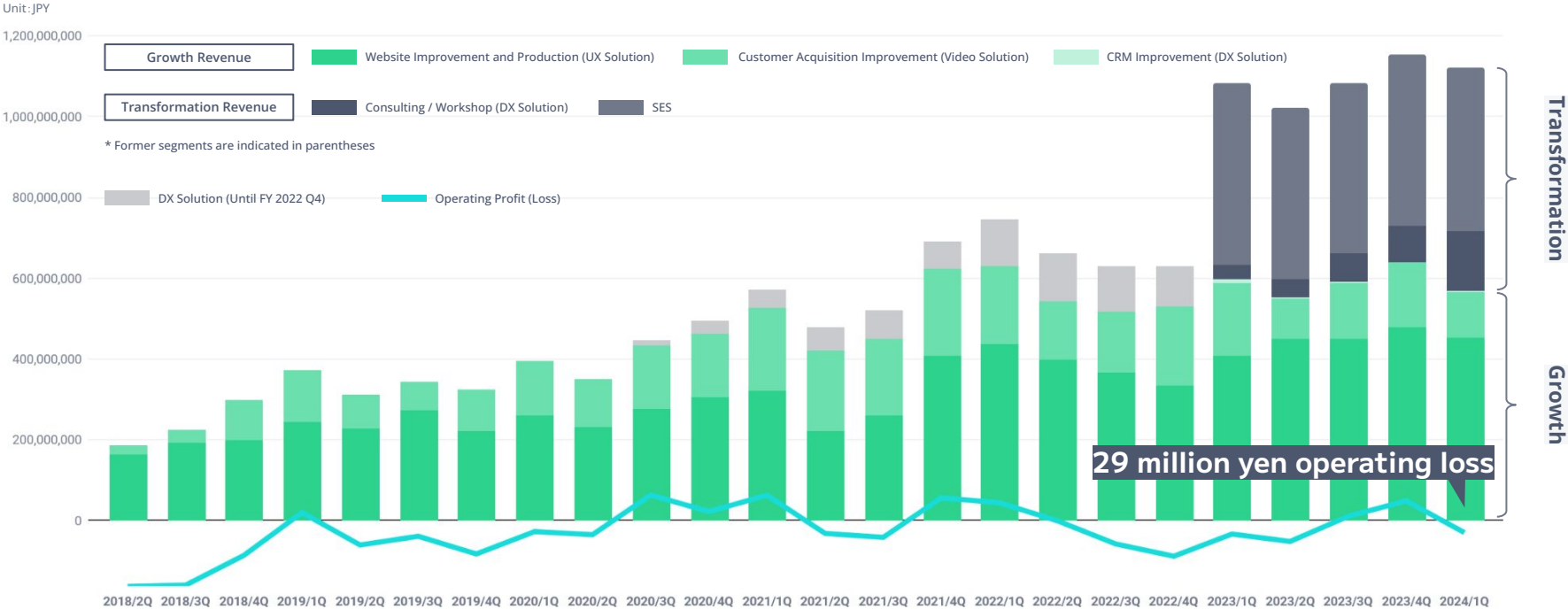
Growth

Year-end budget consumption projects decreased this period as expected. Meanwhile, demand continues to increase and recruitment is being strengthened to strengthen the organization.

* Partial change in quarter seasonality due to the busy season (March) of D-ZERO being recorded in the second quarter.

Transformation

Consulting projects performed well. We will increase connections to IT development projects from here.



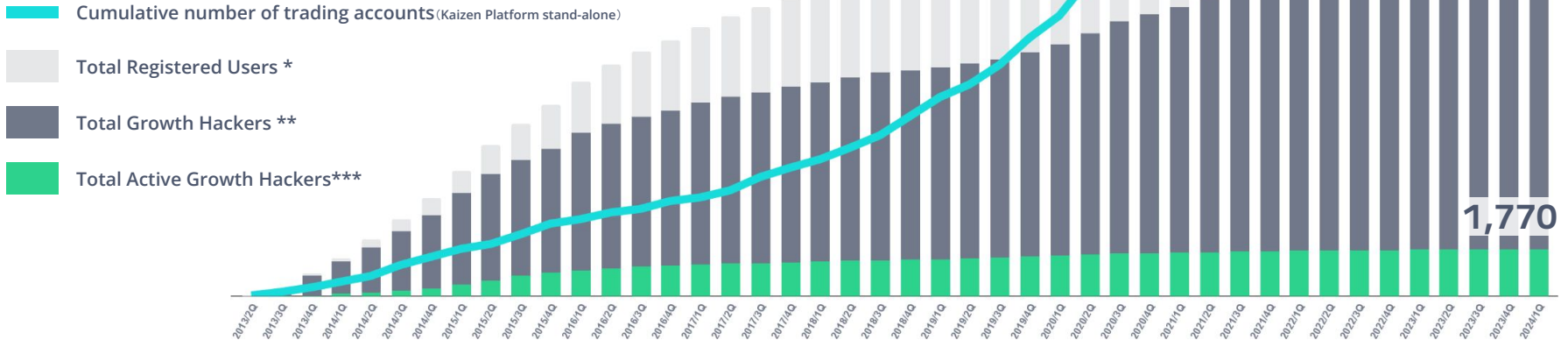
Expanding customer base with a focus on large companies,
growing both in terms of number of companies and users



Number of Accounts
Over 1,200



Number of Registered Users
Over 20K



1,278

20,623

12,489

1,770

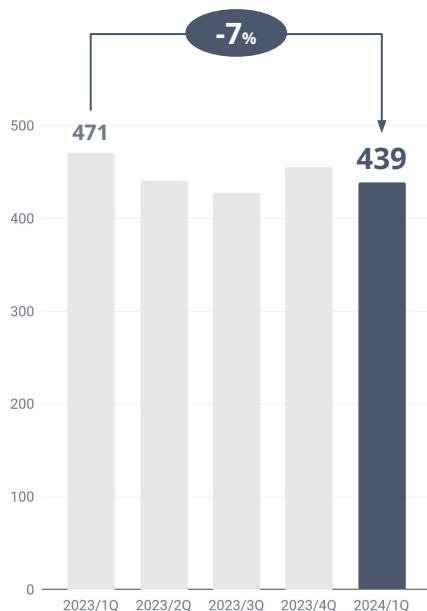
* Total Number of Clients and Users using the Platform

** Total Number of Growth Hackers using the Platform

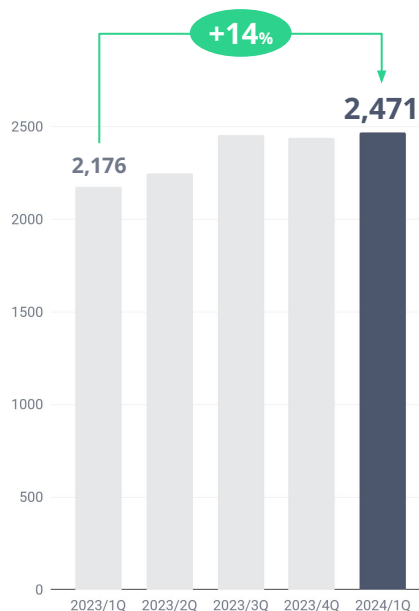
***Cumulative number of growth hackers who have submitted creative improvement ideas in the past

ARPU increased steadily through cross-selling this fiscal year, and **revenue increased 6%**
The number of accounts for the entire group **slightly decreased** due to a decrease in the number of year-end budget consumption projects.

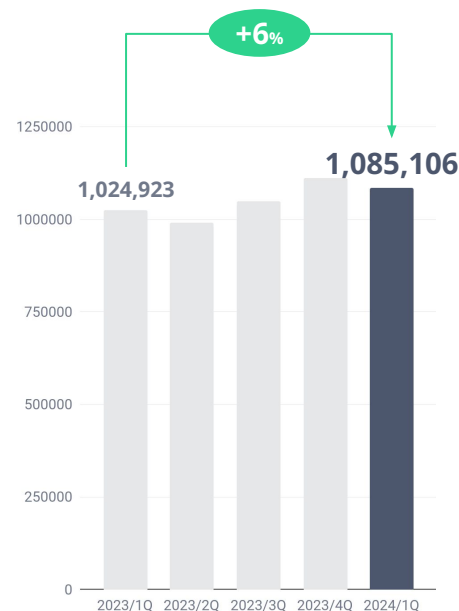
Number of trading accounts*



ARPU Unit : Thousand JPY

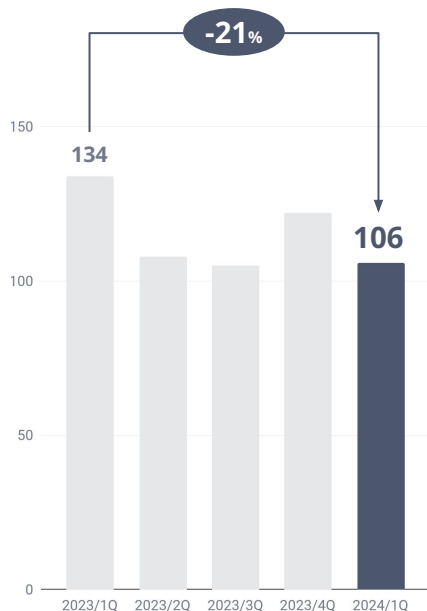


Revenue Unit : Thousand JPY

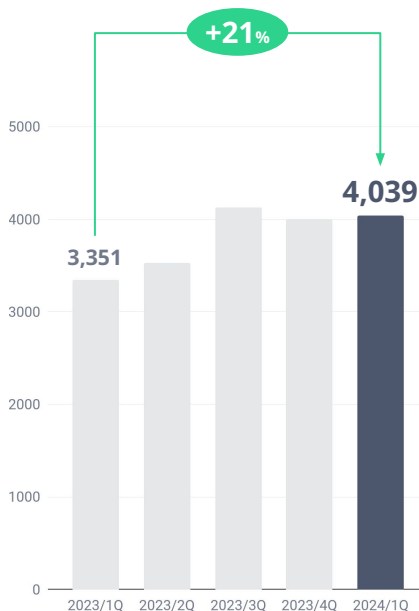


Revenue decreased 5% due to a decrease in the number of year-end budget consumption projects, while ARPU increased 21% due to strengthened cross-selling
We expect double-digit revenue growth from Q2

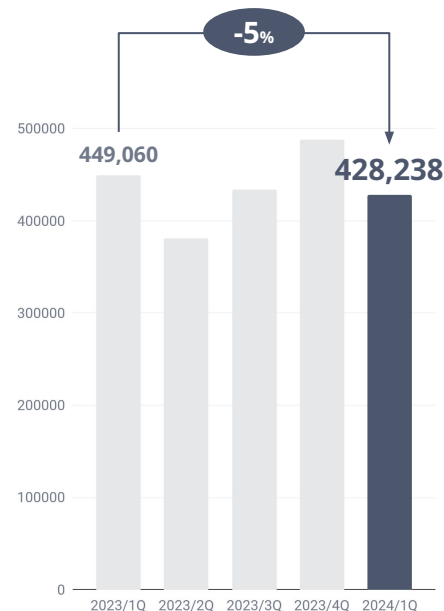
Number of trading accounts*



ARPU Unit : Thousand JPY



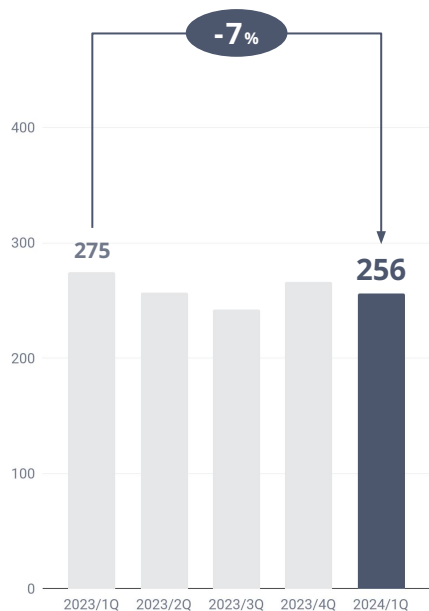
Revenue Unit : Thousand JPY



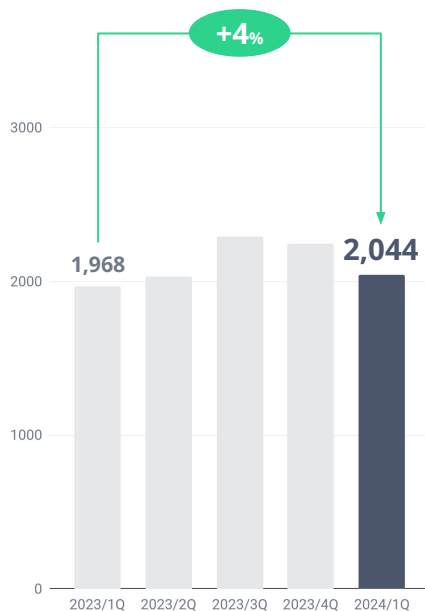
Revenue was down 3% due to delivery timing and other delays despite strong pipeline due to strengthening of proposals

The segment as a whole is on track for renewed growth from Q2 onward

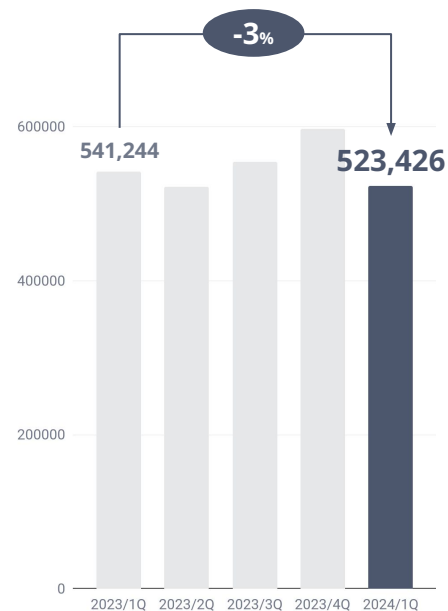
Number of trading accounts



ARPU Unit : Thousand JPY



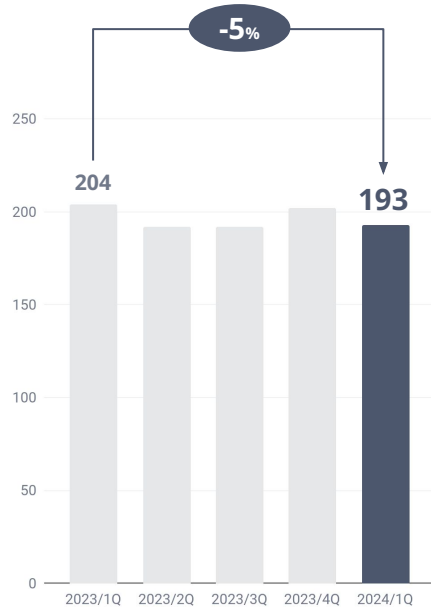
Revenue Unit : Thousand JPY



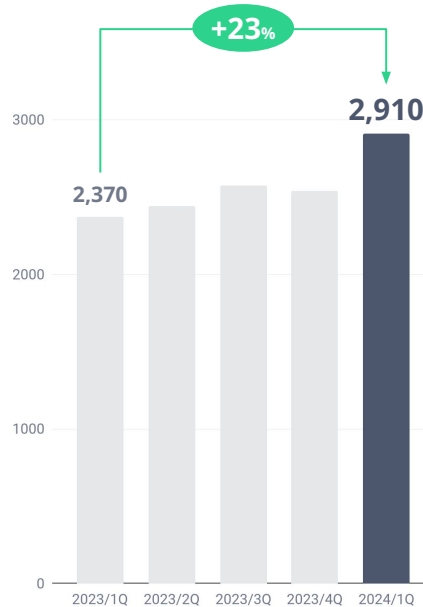
Consulting projects performed well, with steady growth in ARPU up 23%, and revenue up 16%

We will continue to increase ARPU by growing IT development projects through cross-selling

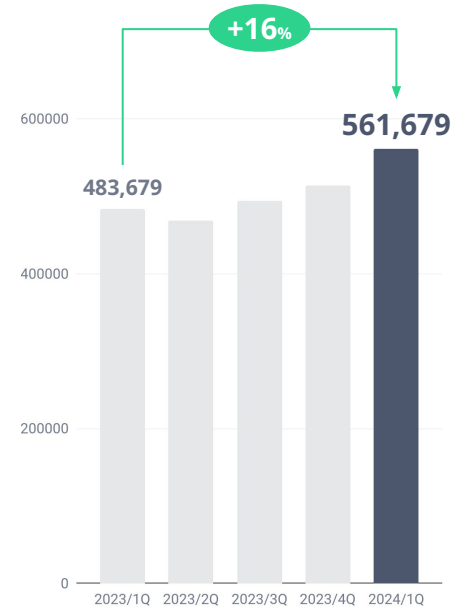
Number of trading accounts



ARPU Unit : Thousand JPY

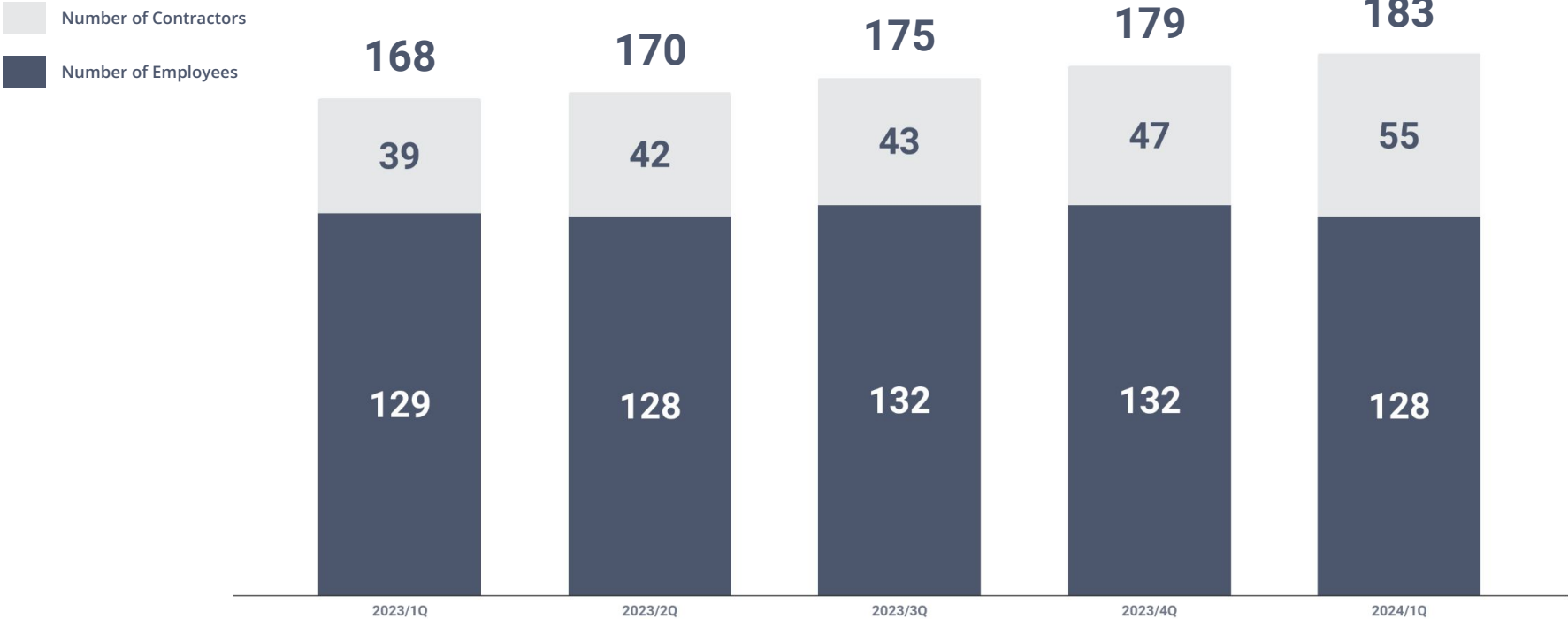


Revenue Unit : Thousand JPY



Changes in the Number of Employees and Contractors

We are steadily expanding the number of staff (mainly contractors) to meet the current increase in demand



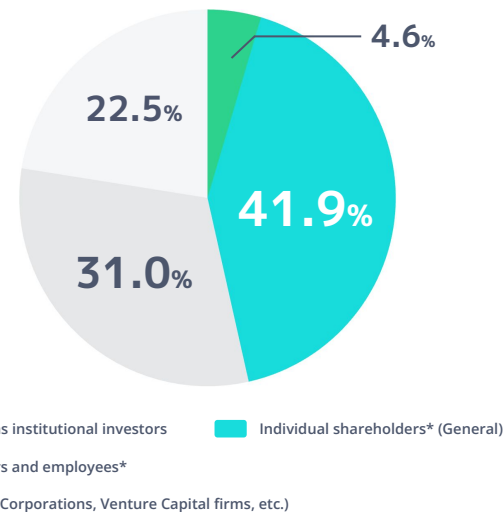
We maintained both cash and deposits and net assets at adequate levels, and the financial base is stable

Institutional investors hold 4.6% of the company's shares, while individual shareholders account for 41.9%.

Balance Sheet (Consolidated)			
million JPY	2023/12	2024/3	Increase / Decrease
Cash and Cash Equivalents	2,544	2,625	80
Current Assets	3,358	3,458	99
Tangible Fixed Assets	21	24	3
Intangible Fixed Assets	832	779	-52
Investment and Other Assets	157	125	-31
Assets	4,369	4,387	18
Short-Term Debt	281	280	-0
Long-Term Debt	317	298	-19
Liability	1,178	1,176	-2
Net Worth	3,190	3,211	20
Liability Net Assets	4,369	4,387	18

Stock distribution

(As December 31, 2023)



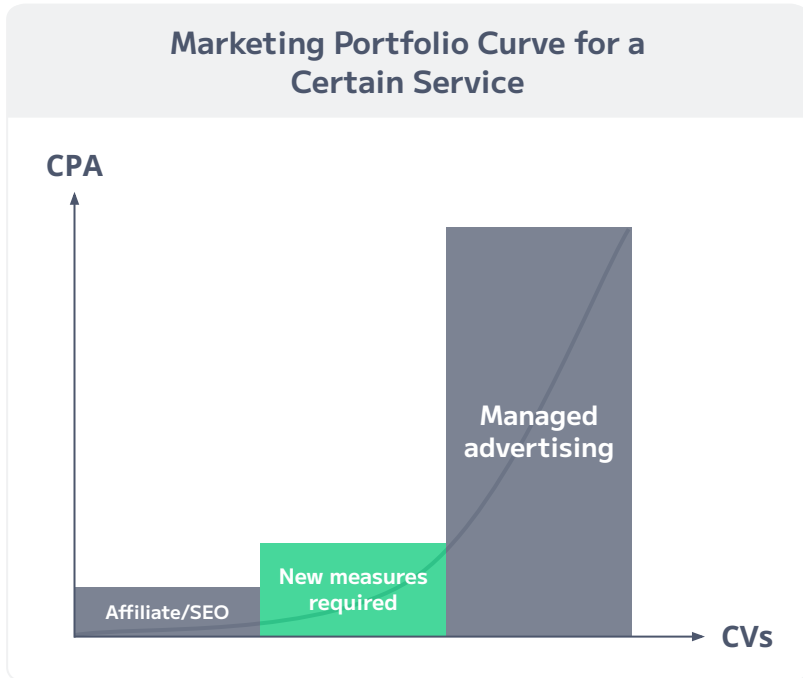
*Number of shares held by individual shareholders and directors and employees is an estimate.

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Demand is growing with a need for new measures, as managed advertising and affiliate advertising, which used to account for a large share of budgets, have been severely affected



Rapid evolution of generative AI

Decrease in search itself
Changes in the SEM/SEO market

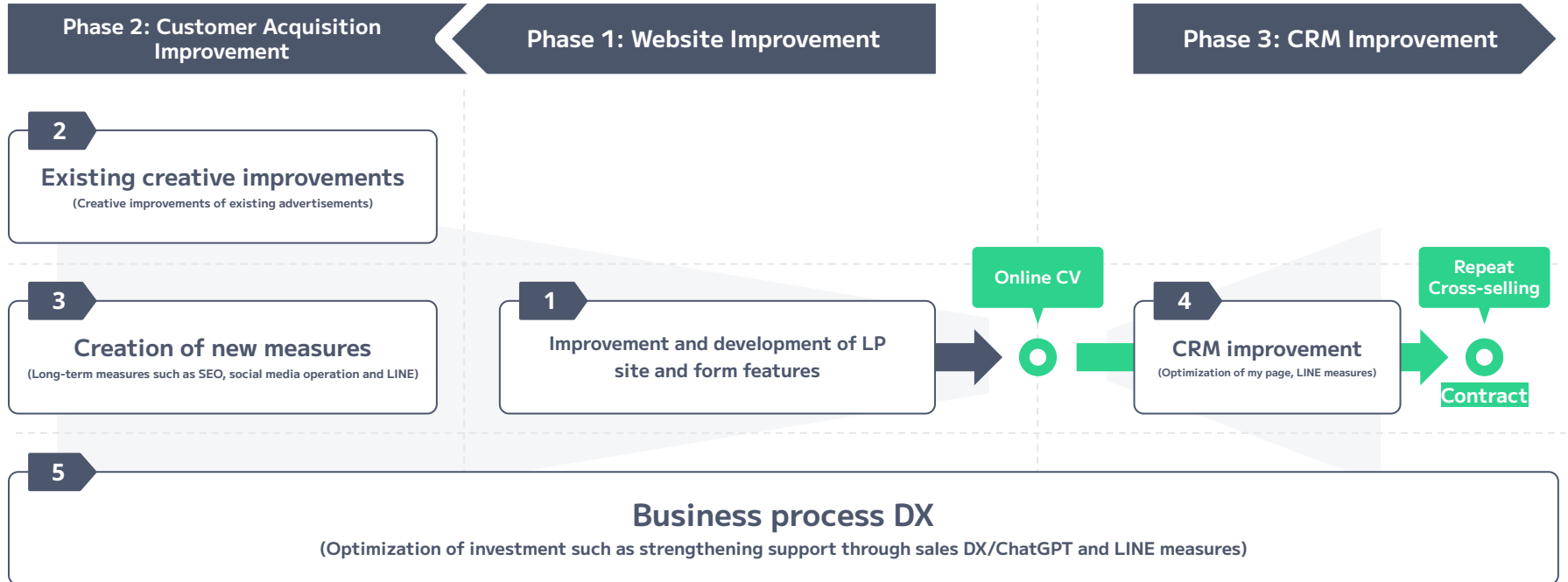
Strengthening of privacy

Decreased precision of targeting
of display ads

Strengthening of consumer protections

Tighter regulation of expression
in affiliate advertising

It is necessary to have a highly diverse team of various experts who work together seamlessly across marketing and IT in areas such as generative AI, influencers and LINE



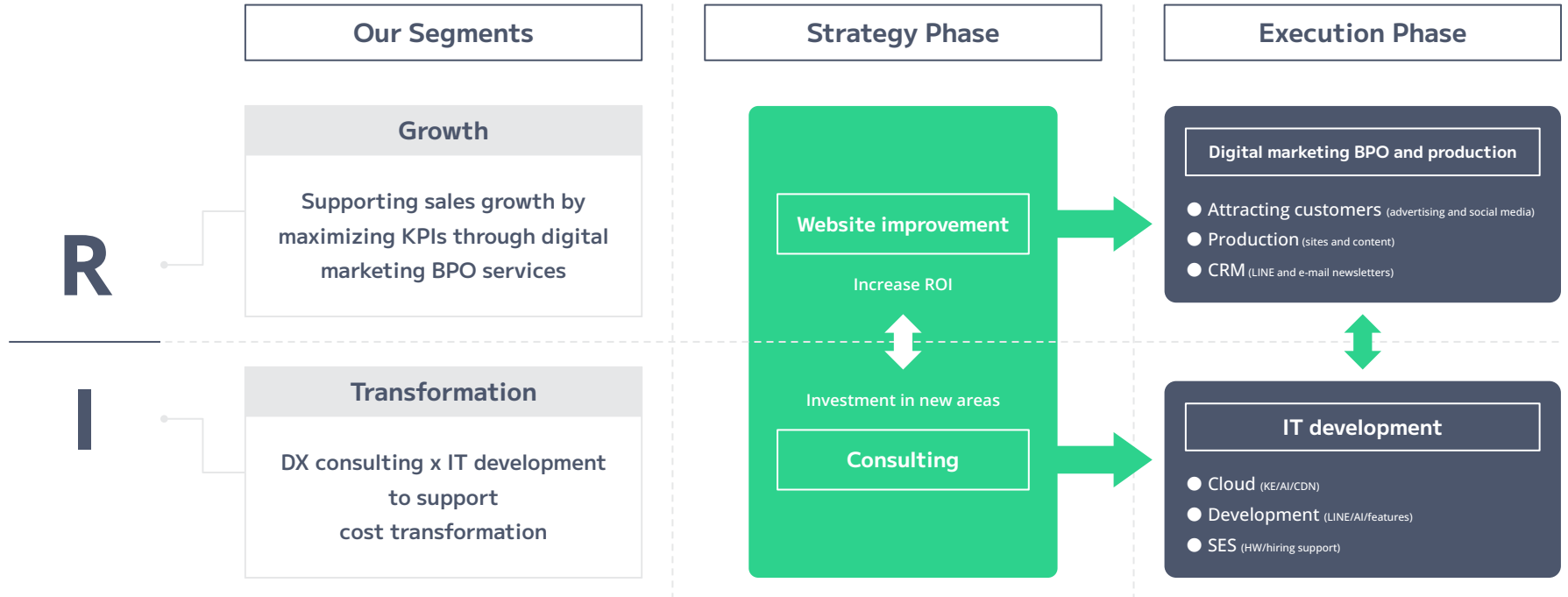
Matching return on investment to aggressive DX investment will accelerate investment and DX will progress
 As DX progresses, the P/L structure will transform significantly

True transformation predicated on digital and generative AI is about to begin in earnest



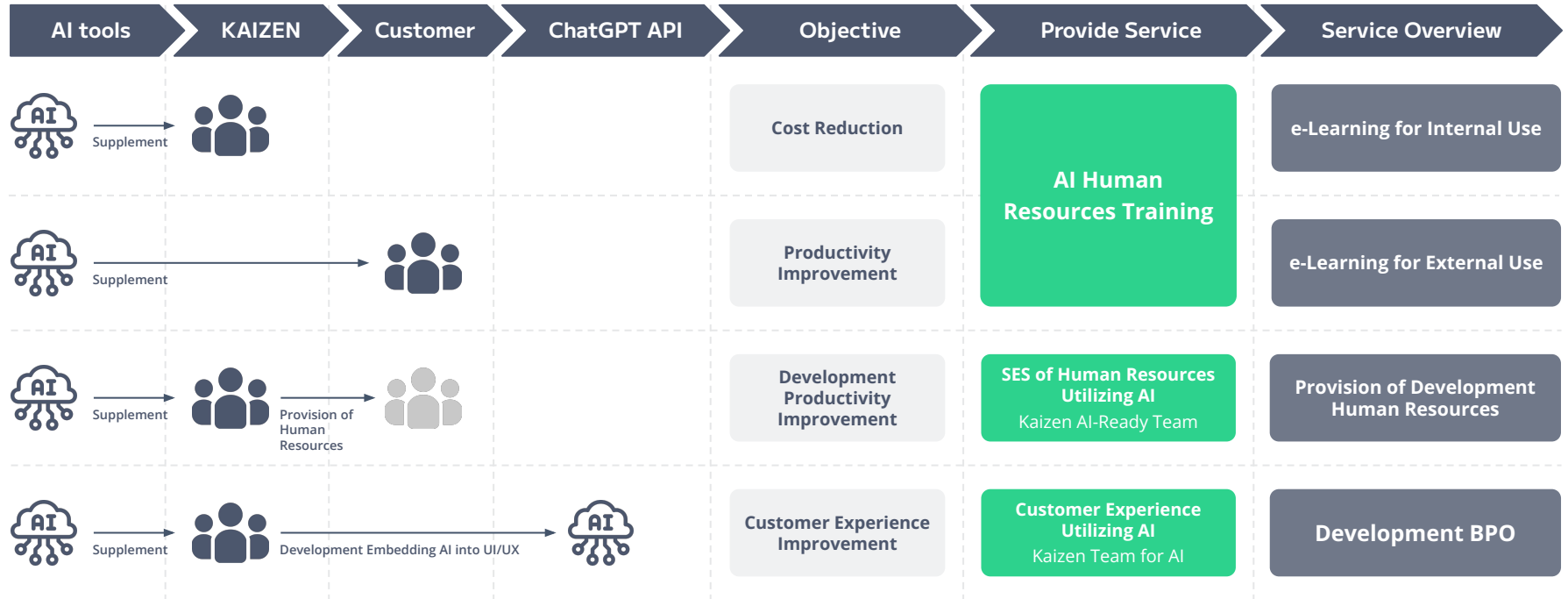
The starting point of our proposals is consulting, where we are able to differentiate ourselves through site improvements that have an overwhelming ROI and extensive data and results.

From there, we offer one-stop professional services such as digital marketing BPO, production and IT development.



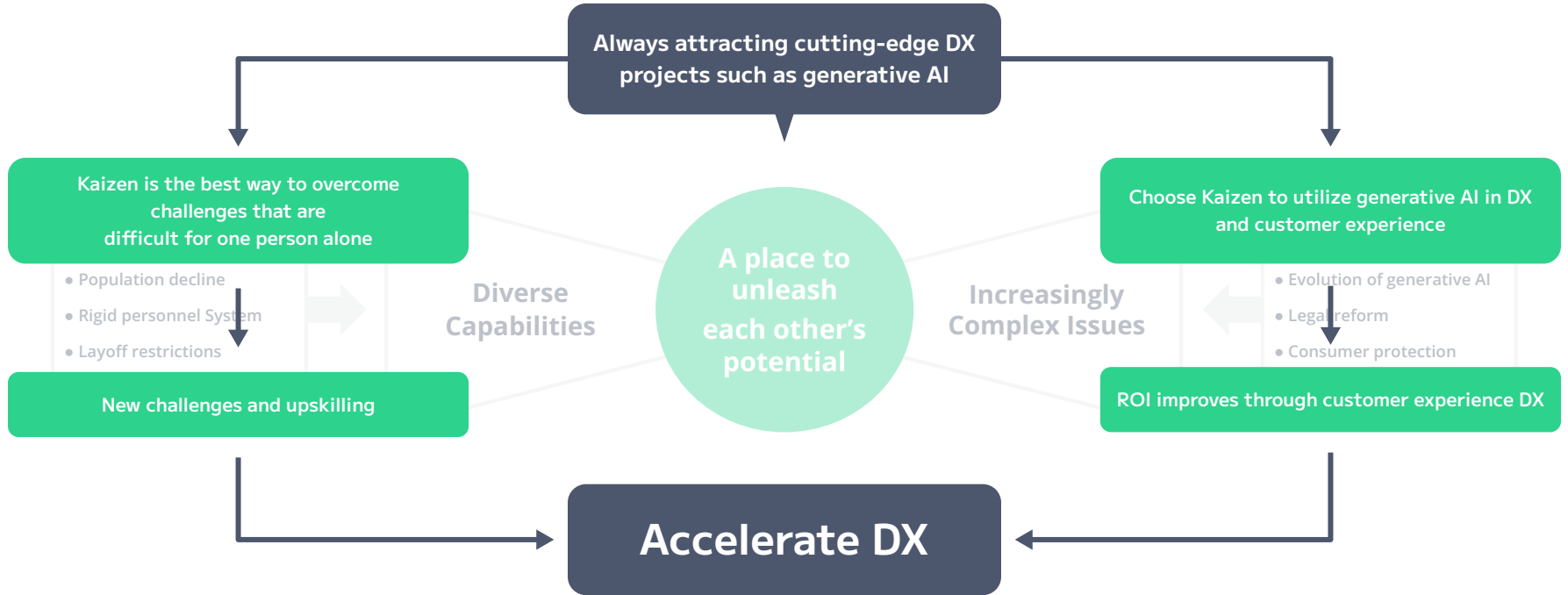
Develop human resources able to utilize generative AI

Embedding AI into the existing customer experience DX will contribute to improving ROI while reducing labor costs within customers

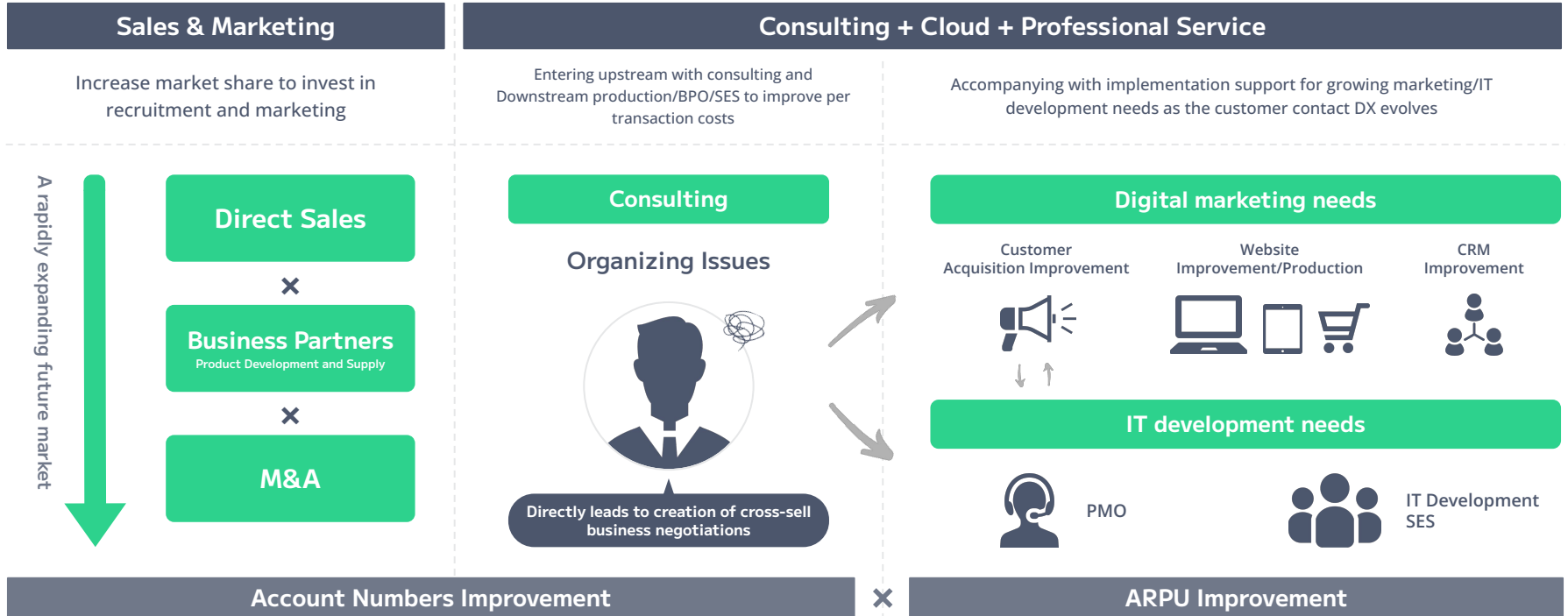


Aggressive DX projects and the creation of a place for diverse talent to be gathered are important

Keeping the position of “the place where the best generative AI projects are gathered in Japan” is very important for acquiring both customer and human resources



We will invest to strengthen our position as a platform in the growing DX market, aiming to become a DX EMS*





Appendix

By Segment : Number of Transaction Accounts and ARPU (Cumulative)

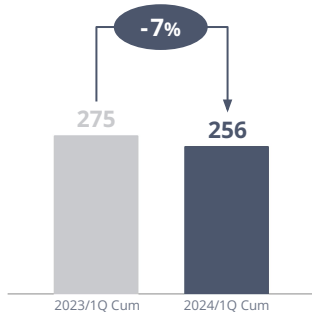
Growth

Slight decrease due to fewer shot orders as a result of year-end budget consumption. On track for renewed growth from Q2 onwards.

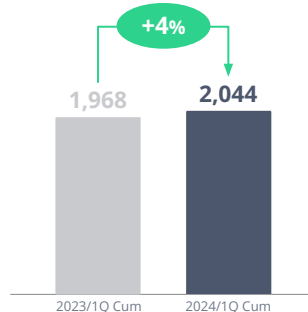
Transformation

ARPU increased significantly due to strong performance of consulting. We will aim to increase IT development projects in future.

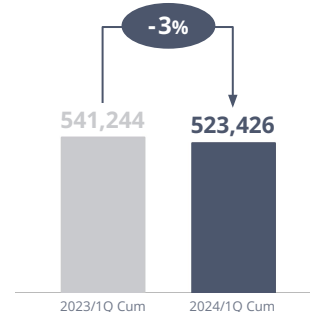
Number of trading accounts



ARPU (Q1 Cum) Unit : Thousand JPY



Revenue (Q1 Cum) Unit : Thousand JPY



Growth

Transformation

Focusing on major customers has succeeded in raising ARPU
The number of accounts has also increased significantly through M&A



We have targeted accounts acquired in the previous fiscal year and promoted upselling/cross-selling. Additionally, it has become clear that as DX progresses for major customers, cross-selling will increase and marketing and development budgets will expand significantly.

M&A has expanded the range of customers and we will aim to further improve ARPU.

[Annual Net Sales]		2022	2023
100 million yen or more	Number of accounts	3	4
	Net sales	500 million yen	700 million yen
50 million yen or more	Number of accounts	8	9
	Net sales	590 million yen	630 million yen
30 million yen or more	Number of accounts	5	13
	Net sales	170 million yen	460 million yen
Less than 30 million yen	Number of accounts	481	673
	Net sales	1.26 billion yen	2.36 billion yen

Cross-selling promotion

Made significant progress in conversion to recurring sales due to customer concentration

The recurring ratio is **over 80%**



Profit and Loss (Consolidated)

Thousand JPY	2022/12	2023/12	2024/3
Sales revenue	2,667,797	4,343,141	1,120,762
Gross Profit	955,062	1,334,608	329,003
Selling, General and Administrative Expenses	1,057,902	1,360,270	358,847
Salary and Allowance	294,818	412,380	105,615
Outsourcing Cost	127,805	140,818	36,023
Operating Profit (Loss)	(102,839)	(25,661)	(29,844)
Ordinary Profit (Loss)	(127,314)	11,603	(20,113)
Profit(Loss) attributable to Parent	(285,792)	(21,696)	(55,729)

Growth

Thousand JPY	2022/12	2023/12	2024/3
JP			
Sales revenue	2,280,972	2,215,436	523,426
Operating Profit (Loss)	(191,298)	(109,477)	(28,498)
US			
Sales revenue	129,576	167,084	35,656
Operating Profit (Loss)	(32,148)	(1,838)	(7,533)
Total			
Sales revenue	2,410,549	2,382,521	559,082
Operating Profit (Loss)	(223,447)	(111,316)	(36,031)

Transformation

Thousand JPY	2022/12	2023/12	2024/3
Sales revenue	257,248	1,960,620	561,679
Operating Profit (Loss)	120,607	85,654	6,186

Balance Sheet (Consolidated)

Thousand JPY	2022/12	2023/12	2024/3
Cash and Cash Equivalents	3,337,836	2,544,457	2,625,050
Current Assets	4,036,258	3,358,833	3,458,222
Tangible Fixed Assets	22,472	21,105	24,287
Intangible Fixed Assets	993,449	832,138	779,339
Investment and Other Assets	184,330	157,410	125,646
Assets	5,236,512	4,369,488	4,387,495
Short-Term Debt	751,452	281,234	280,408
Long-Term Debt	586,303	317,552	298,490
Liability	1,955,753	1,178,964	1,176,126
Net Worth	3,280,758	3,190,523	3,211,369
Liability Net Assets	5,236,512	4,369,488	4,387,495

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Statements made in this document with respect to future performance are forward-looking statements.

Forward-looking statements include, but are not limited to, those statements using words such as “believe,” “plans,” “strategy,” “expect,” “anticipate,” “expect,” “forecast,” “predict,” or “may” and statements regarding future business activities, performance, events, or circumstances, and other similar expressions that describe future business activities, performance, events, or conditions.

Forward-looking statements are based on management’s beliefs in light of the information currently available to it.

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