



FY 2024 Q3 Financial Results

Third Quarter of the Fiscal Year ending December 31, 2024

Kaizen Platform Inc. Securities Code 4170 / November 14, 2024

1 Company and Service Overview

2 FY 2024 Q3 Business Results

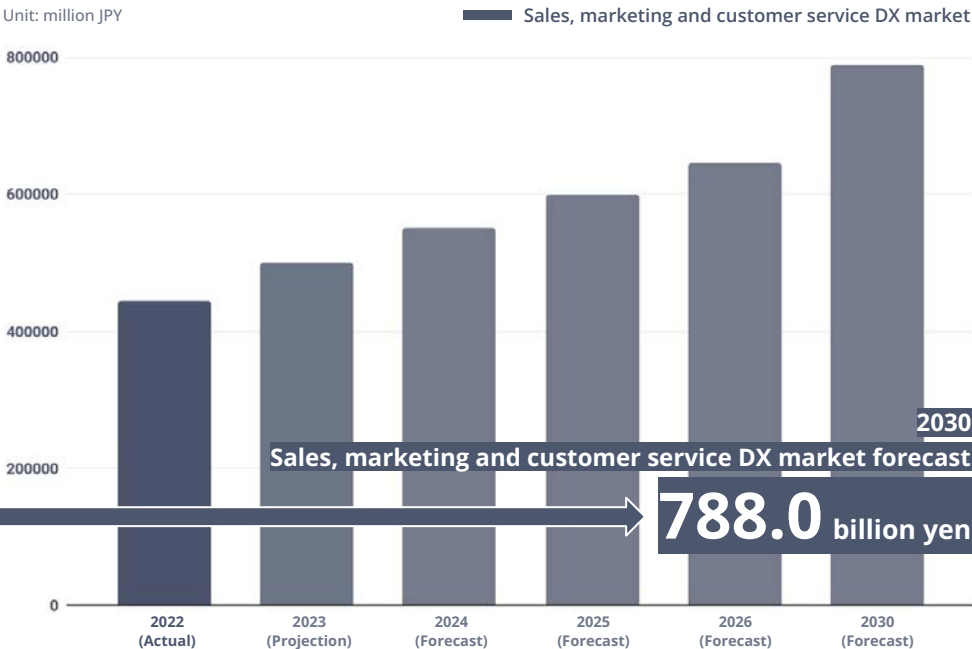
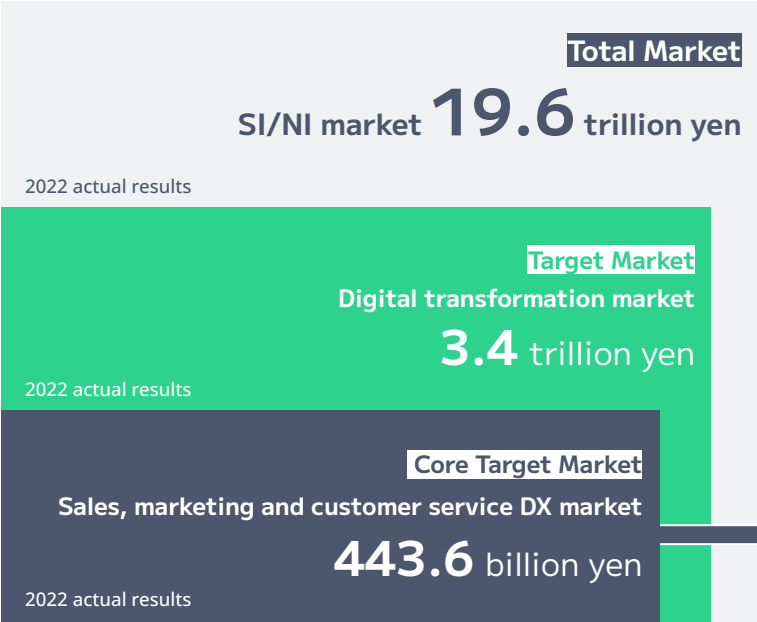
3 Future Growth Strategy



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	Date April 2017 (US Entity KAIZEN platform Inc. <prior company> created on March 2013 *)	
Location	Minato-ku, Tokyo, Japan	
Employees	131 (As of end of September 2024) Kaizen Platform Inc. and Kaizen Platform USA, Inc. : 50 / D-ZERO Inc. : 61 / Hiwell Inc. : 20	
Capital	1,773,404 thousand JPY (As of end of September 2024)	
Board of Directors	Kenji Sudo	Representative 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
Subsidiaries	Tomokazu Imai	Audit & Supervisory Board Member
	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.

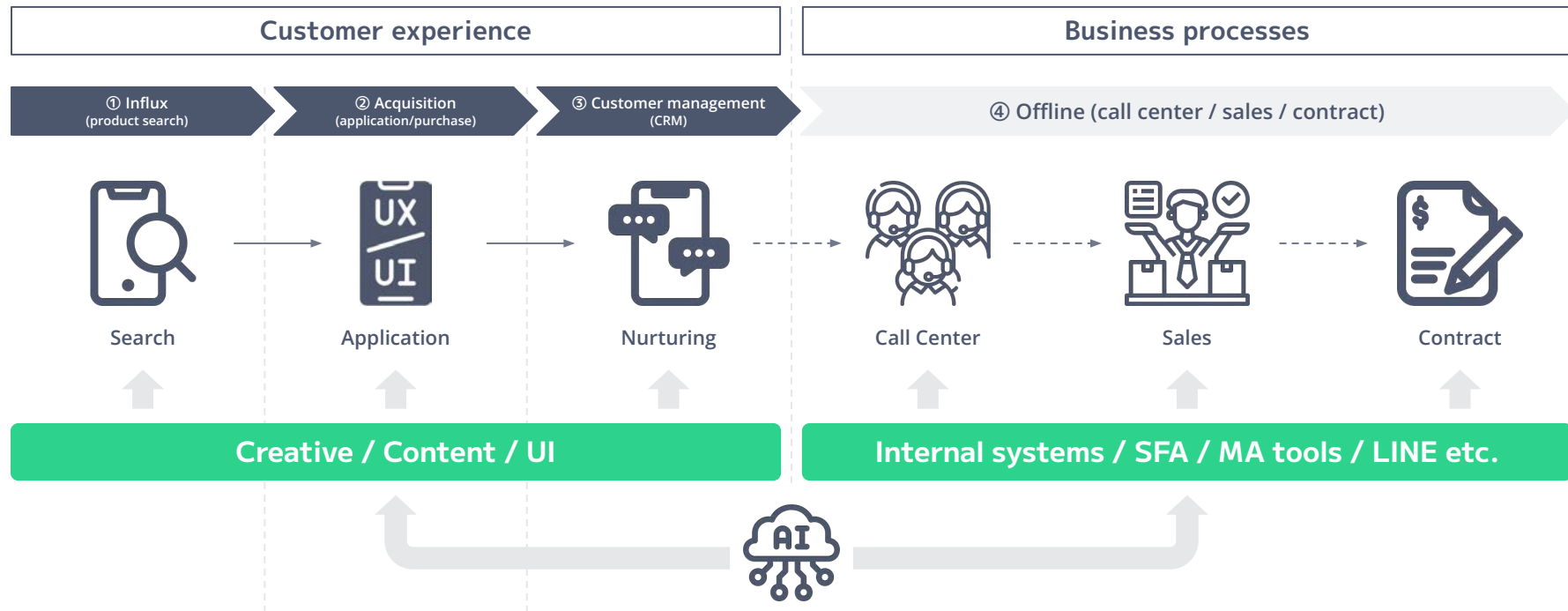
The most talented people in DX are the first to leave

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

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.

to

improve the world

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**



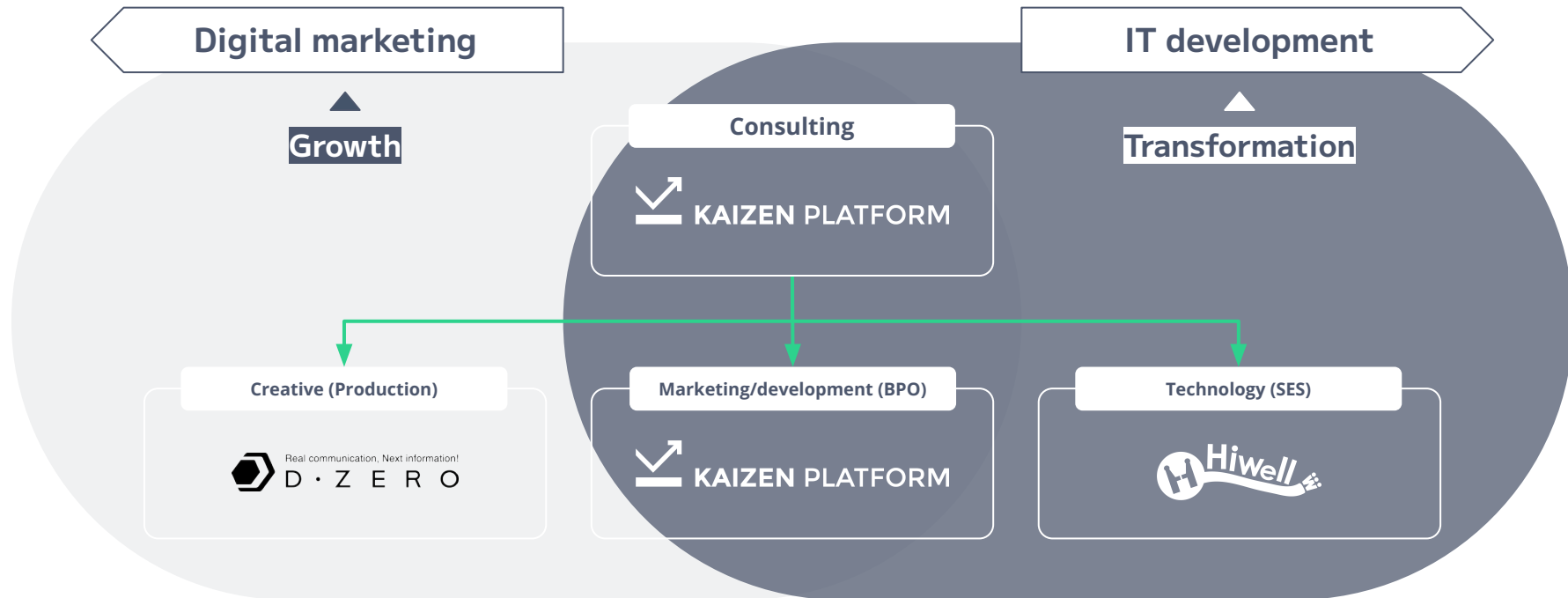
Accompany business divisions, and improve (KAIZEN) the client's digital "customer experience" on digital technology as a marketing & IT partner accelerating DX to support "business growth"



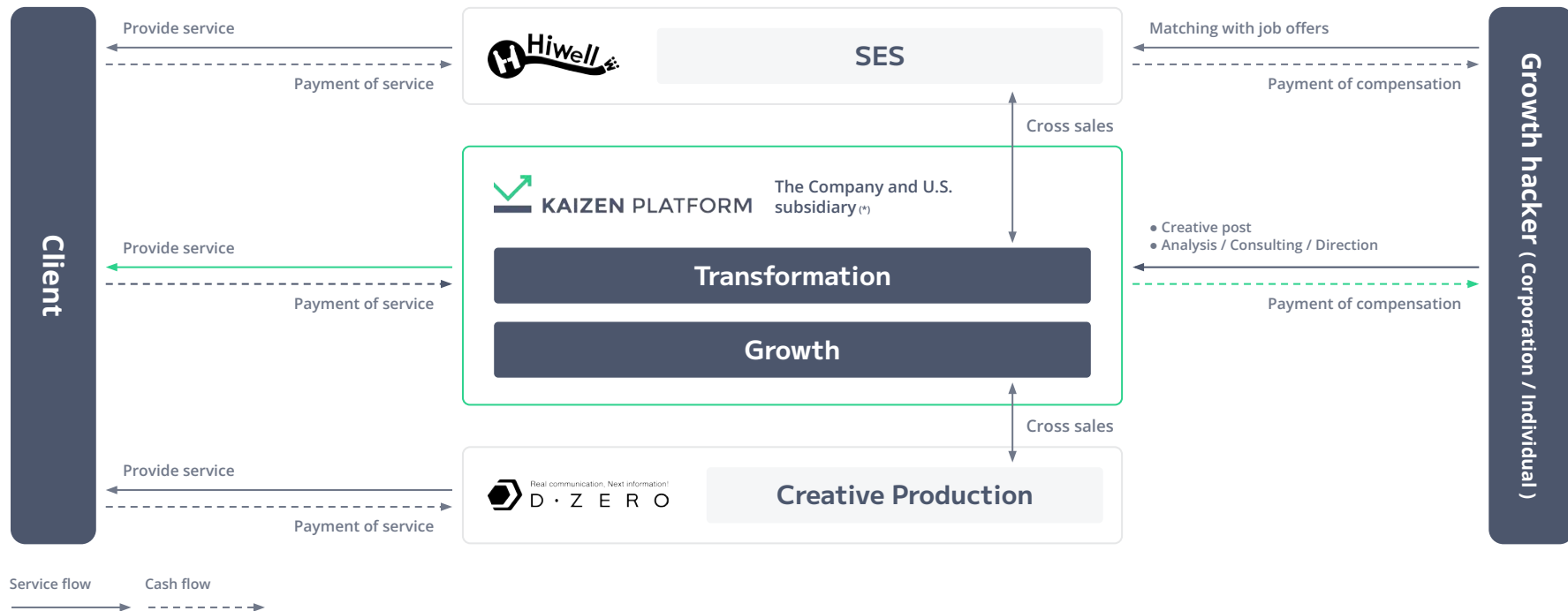
A System to Thoroughly Meet Customer Needs as a Group

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.**

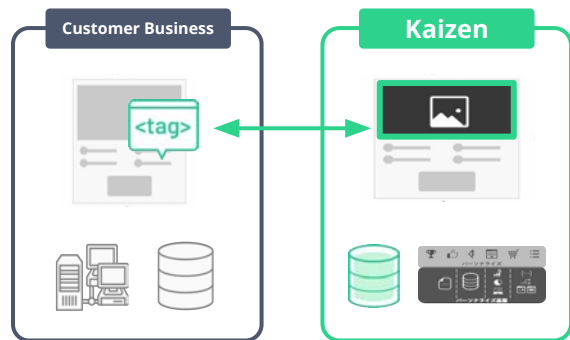


Data, cloud and resources for increasing DX ROI are accumulated on the platform
Overwhelming advantage in “know-how,” “speed,” and “cost” by providing everything as a one-stop service.



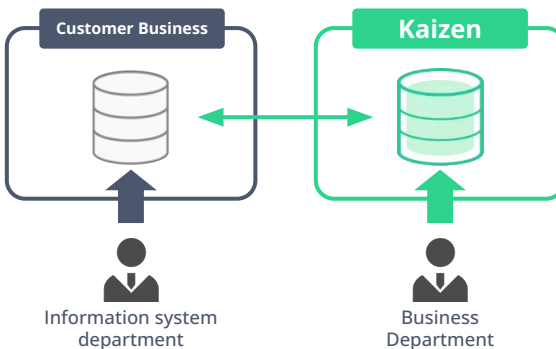
“No impact on existing legacy systems” “Driven by business departments” and
“Lower lead time and cost” enabling promotion of DX

Bypass Legacy Systems



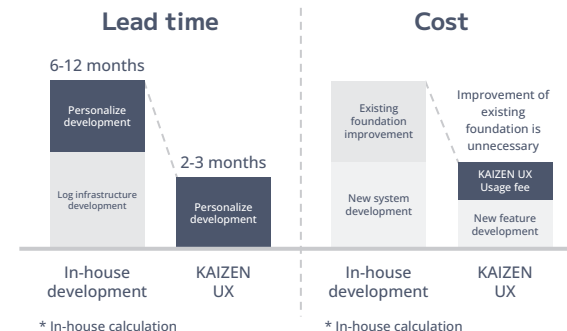
UX improvement and PoC execution
with no impact on legacy systems

Business Department Driven



Business department-led speedy
implementation of necessary measures

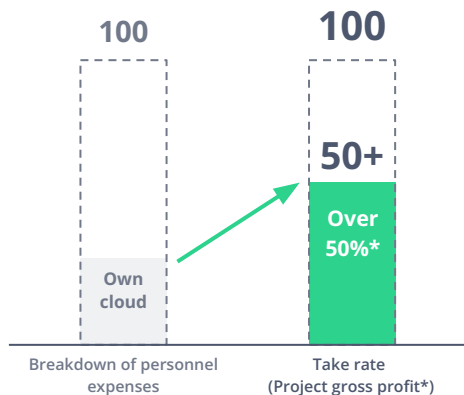
Lead Time / Cost



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

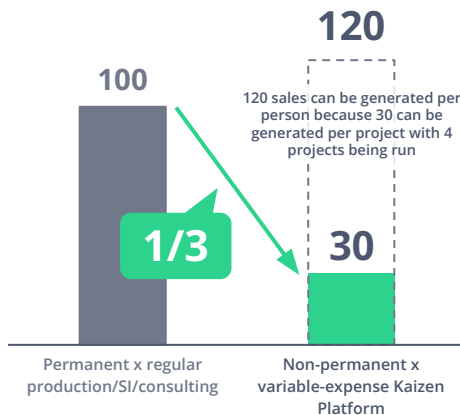
Improved profitability through the use of own cloud



* 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

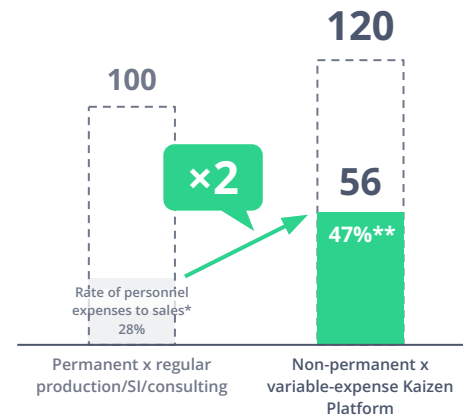
Profitable own cloud increases project productivity

Cost reduction through flexible assignments



Flexible operation such as only 2 days per week

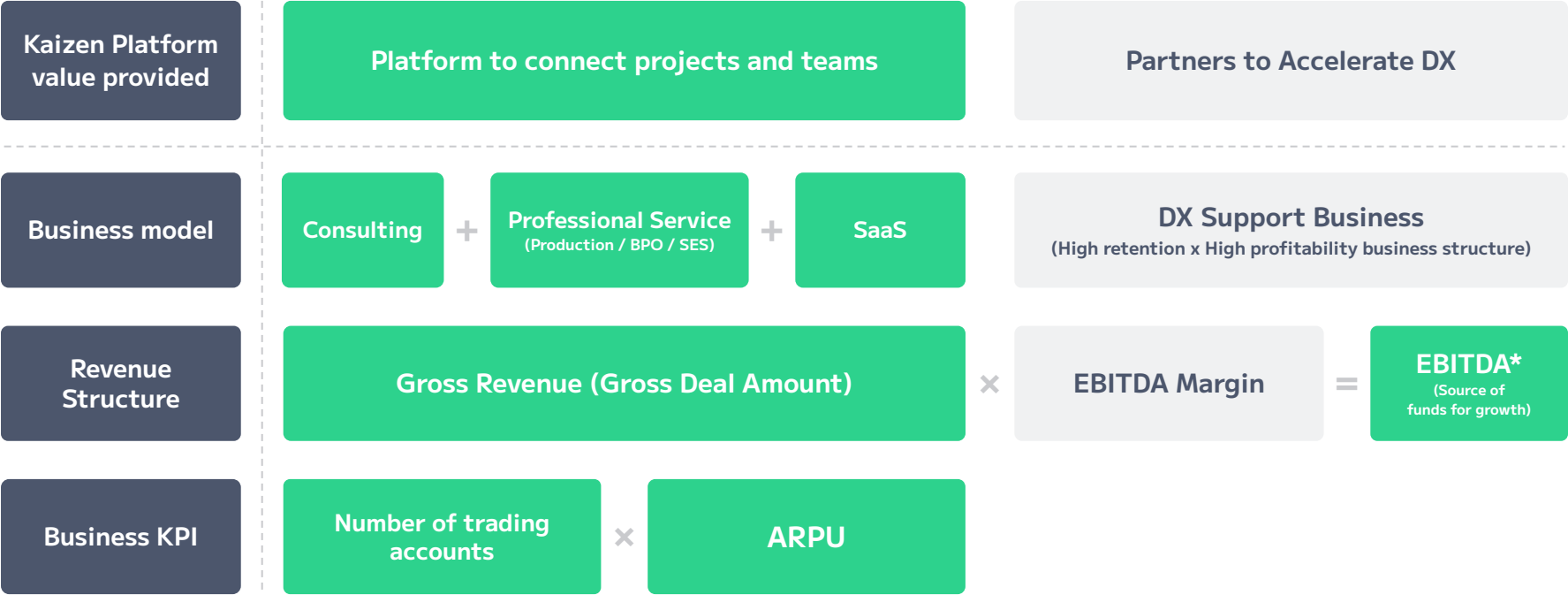
Variable costs and high compensation through the utilization of freelancers



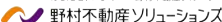
* Referring to TKC management indicator (BAST) for 2019
 29.1% advertising production, 24.4% Internet-related services
 ** Results for 2019

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
	dentsu				 パーソル キャリア
・HAKUHODO・	BIZREACH	PEACH JOHN	FiNC		
		 あしたを、つなぐ。 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 of 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 (JTB). 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 Shimbun 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 Suginoara

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.



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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Revenue was up 6.2% year on year, and EBITDA was up 23.7% year on year
Progress was steady while we continued to meet strong demand

(Million JPY)	FY2024 Q3 Business Results (January 2024 - September 2024)				Full Year Forecast (Announced on February 14, 2024)	
	Actual	Year on Year			Earning Forecast	Progress Rate
		Actual	Increase / Decrease	Increase / Decrease Ratio		
Sales	3,385	3,188	+196	+6.2%	4,500	75.2%
EBITDA	148	120	+28	+23.7%	250	59.4%
Operating Profit	-30	-75	+45	-%	10	-%
Ordinary Profit	-21	-71	+50	-%	0	-%
Net Income	-51	-88	+37	-%	-30	-%

We support effective inbound marketing by utilizing overseas cast members who network directly with the creative directors of Kaizen Platform USA (US subsidiary)

<https://kaizenplatform.co.jp/news/2024-1010-inboundvideo>



Participated in a demonstration project
in Nobeoka City,
Miyazaki Prefecture, as the company
in charge of web accessibility for the app

Demand for accessibility support remains strong

Received an order for a project to demonstrate strengthening of efforts to prevent disasters
in Nobeoka City, Miyazaki Prefecture, as a project selected in the 2024 Regional
Digital Infrastructure Utilization Promotion Project run by the Ministry of Internal Affairs
and Communications

URL <https://kaizenplatform.co.jp/news/2024-1016-nobeoka>



Started providing the “KAIZEN AI Solution” generative AI service

We have started offering a lineup of generative AI services that bring together the know-how and technology we have cultivated since the company was founded, and conduct research and development on customer experiences required in the AI era

We are expanding our business domain from traditional customer experiences to business processes, and seek to solve the labor shortage that is a social issue in Japan

URL <https://kaizenplatform.co.jp/news/2024-1003-ai-service>

New AI services that utilize generative AI to solve labor shortage, a management issue that many companies are facing, and to realize better customer experiences

① Customer experience

Always provide the best experience
for customers

Customi-
zation

 **KAIZEN AI-UX LAB**

R&D system for AI-UX utilizing generative AI

② Business processes

Improve productivity using AI workers tailored
to businesses

 **KAIZEN AI-WORK LAB**

Development of customized AI workers

Packages

 **KAIZEN AI-UX**

UX function package utilizing generative AI

 **KAIZEN AI-CoWORKER**

AI worker package facilitating specific tasks

A packaged service where AI workers answer questions and perform tedious work in tasks such as taking minutes, writing documents, settling expenses, and filing internal applications

ex) Taking minutes



Simply upload a video of the meeting to have the AI create the minutes in an instant



The automatically created minutes are sent to the company's business chat tool and cloud memory tool

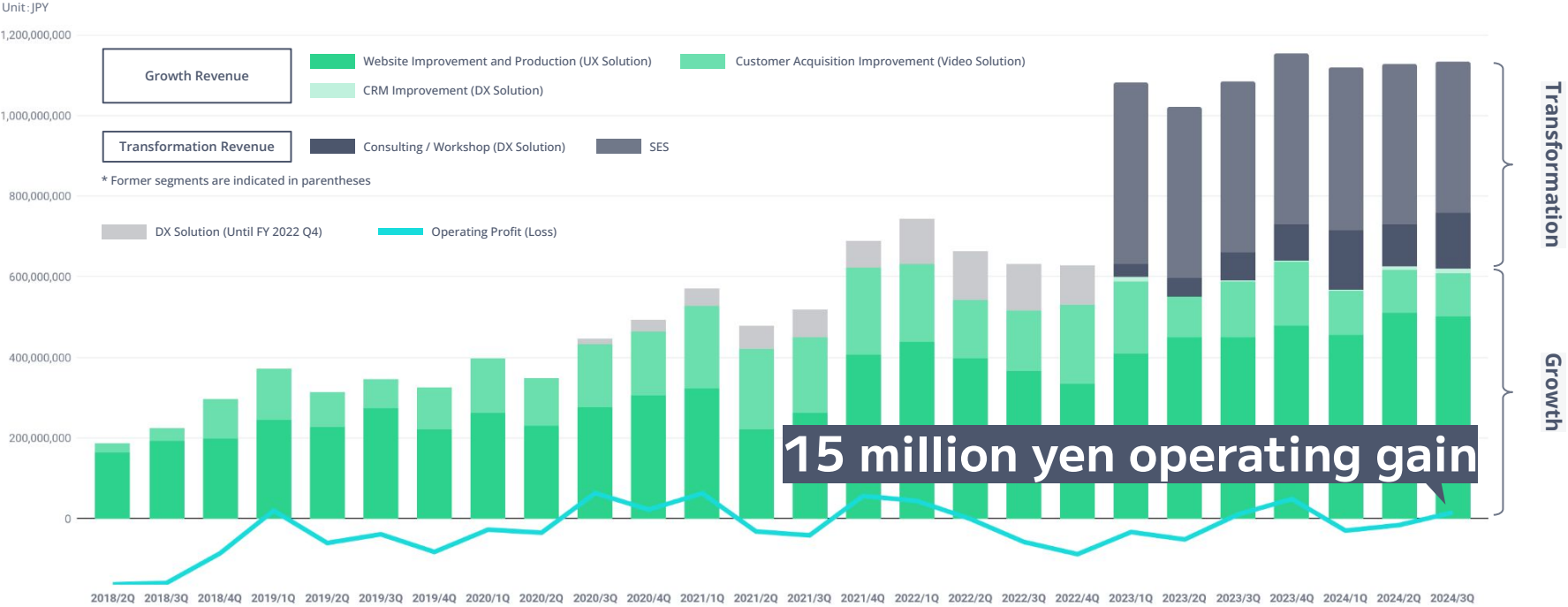


The anthropomorphic AI chatbot "AI Worker" will answer any questions or doubts about the minutes via chat 24 hours a day

- Growth

We continued to strengthen systems to meet strong demand for UX, aiming for further earnings growth in the second half of the year
- Transformation

Consulting projects performed well. We are aiming to increase connections from consulting projects to IT development projects



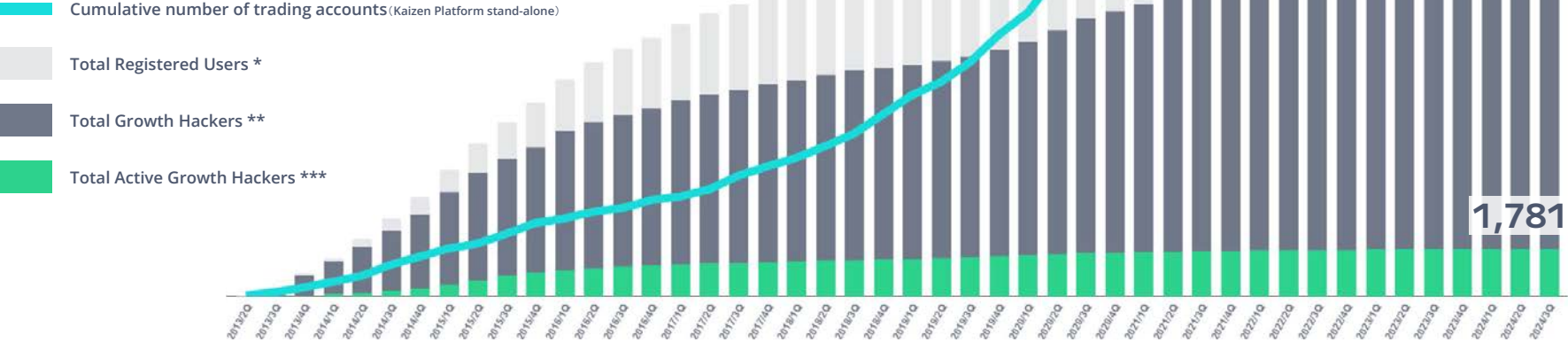
Expanding customer base with a focus on large companies,
growing both in terms of number of companies and users



Number of Accounts
Over 1,200



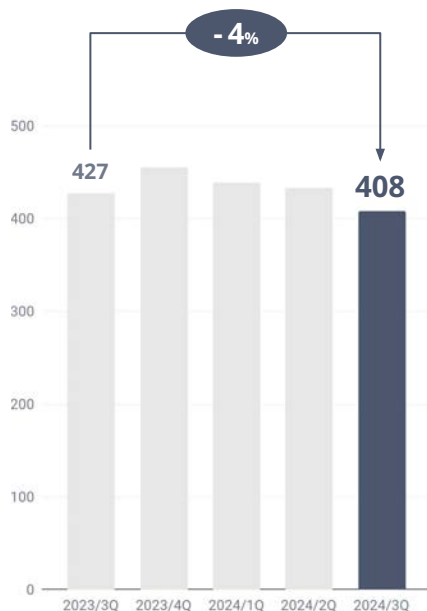
Number of Registered Users
Over 20K



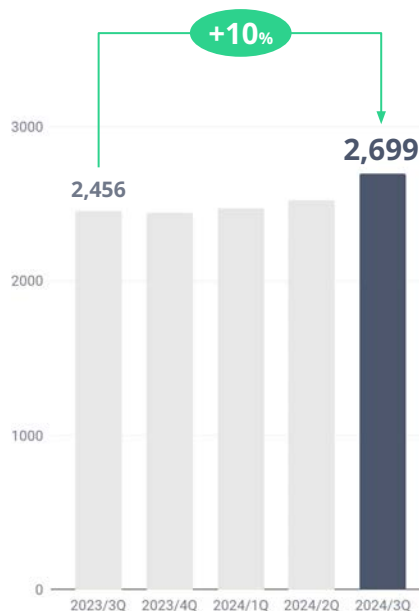
ARPU increased steadily through cross-selling

The number of trading accounts decreased slightly, but **ARPU increased by 10%** and **revenue increased by 5%**

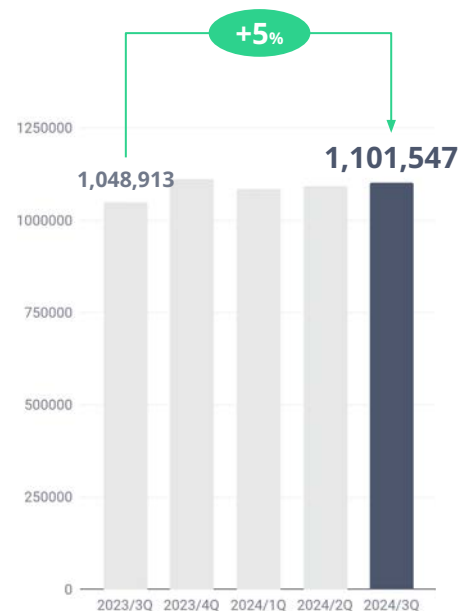
Number of trading accounts*



ARPU Unit : Thousand JPY

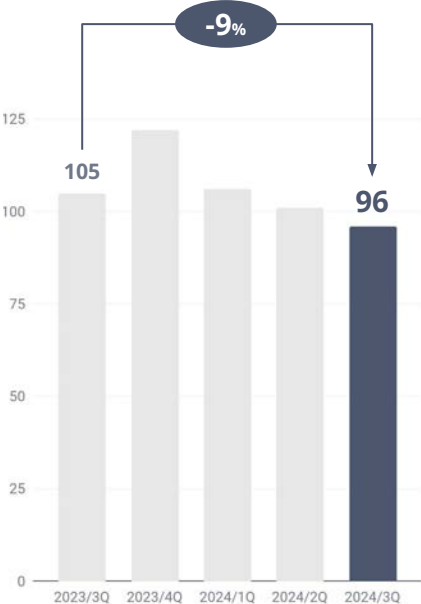


Revenue Unit : Thousand JPY

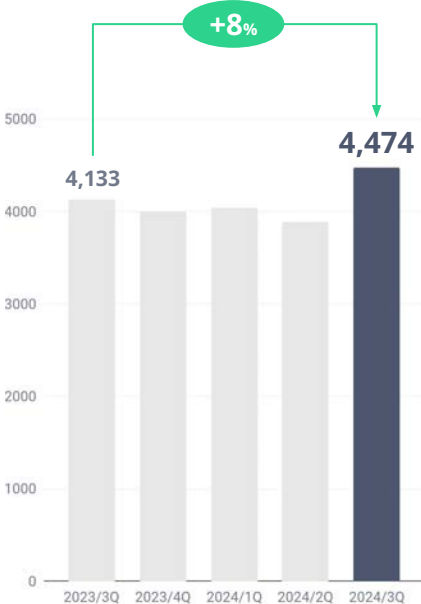


The number of trading accounts decreased slightly due to a delay in contract renewals for some projects
ARPU increased by 8% due to strengthening cross-selling

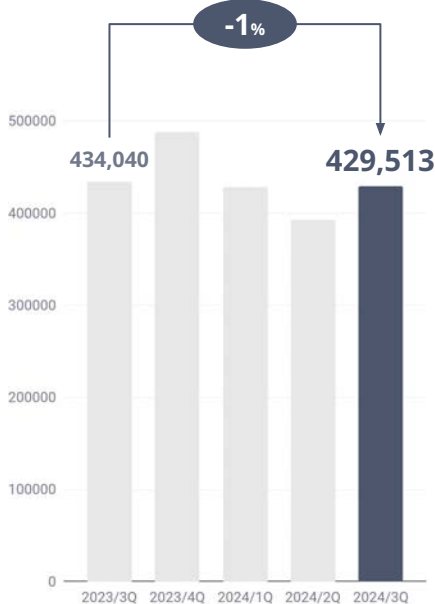
Number of trading accounts*



ARPU Unit : Thousand JPY

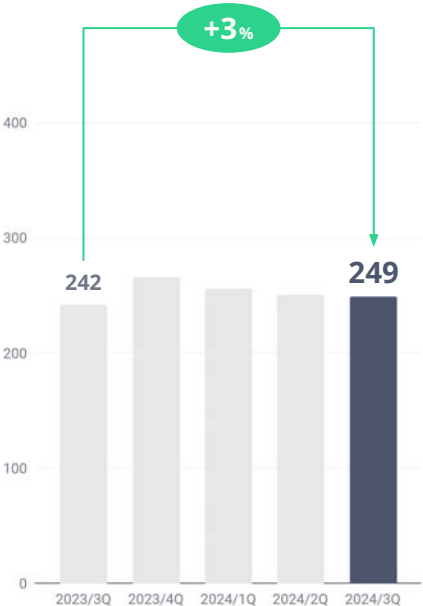


Revenue Unit : Thousand JPY

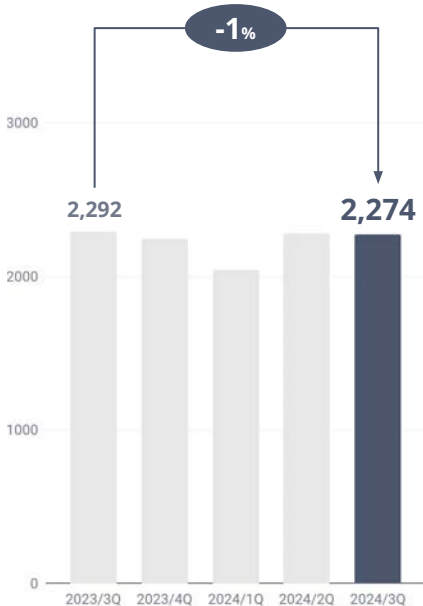


Sales increased by 2% in D-ZERO due to accumulating customers in the maintenance and operation phase, and the segment as a whole returned to growth

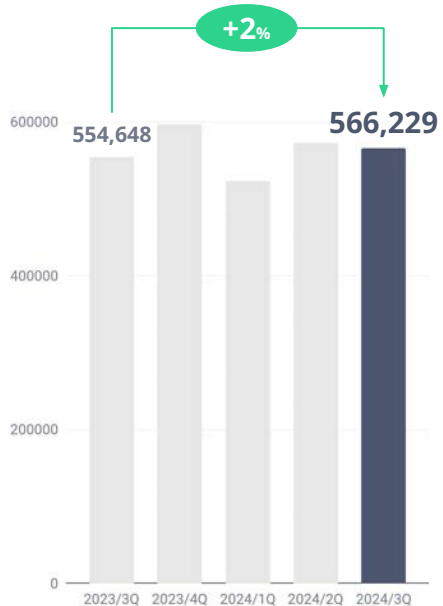
Number of trading accounts



ARPU Unit : Thousand JPY

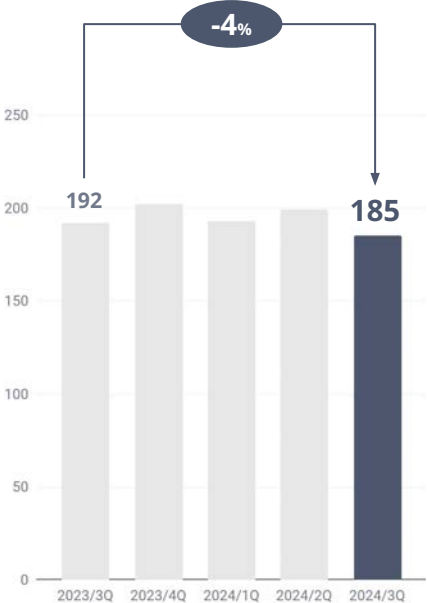


Revenue Unit : Thousand JPY

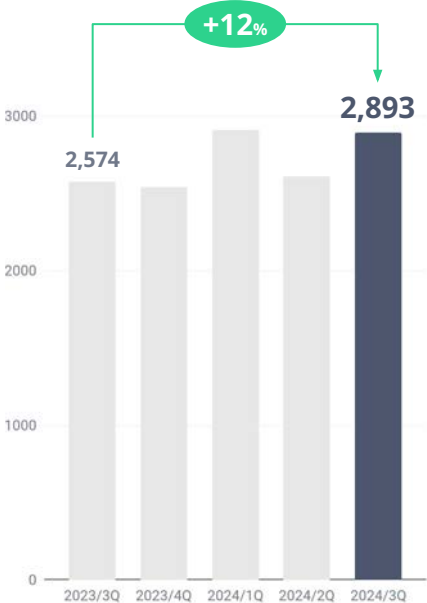


Consulting projects grew steadily, excluding the impact of year-end deliveries, and revenue increased by 8%
We will continue to increase ARPU by growing IT development projects through cross-selling

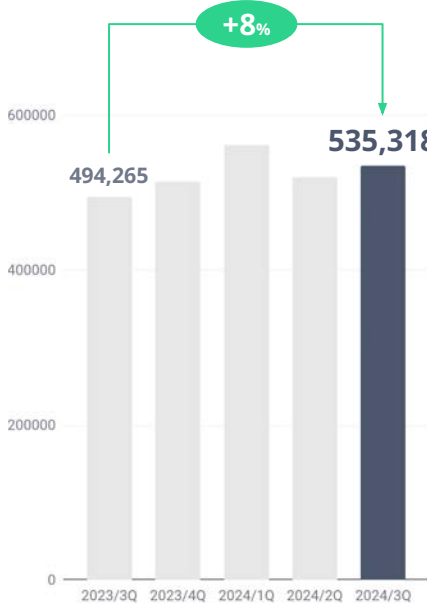
Number of trading accounts



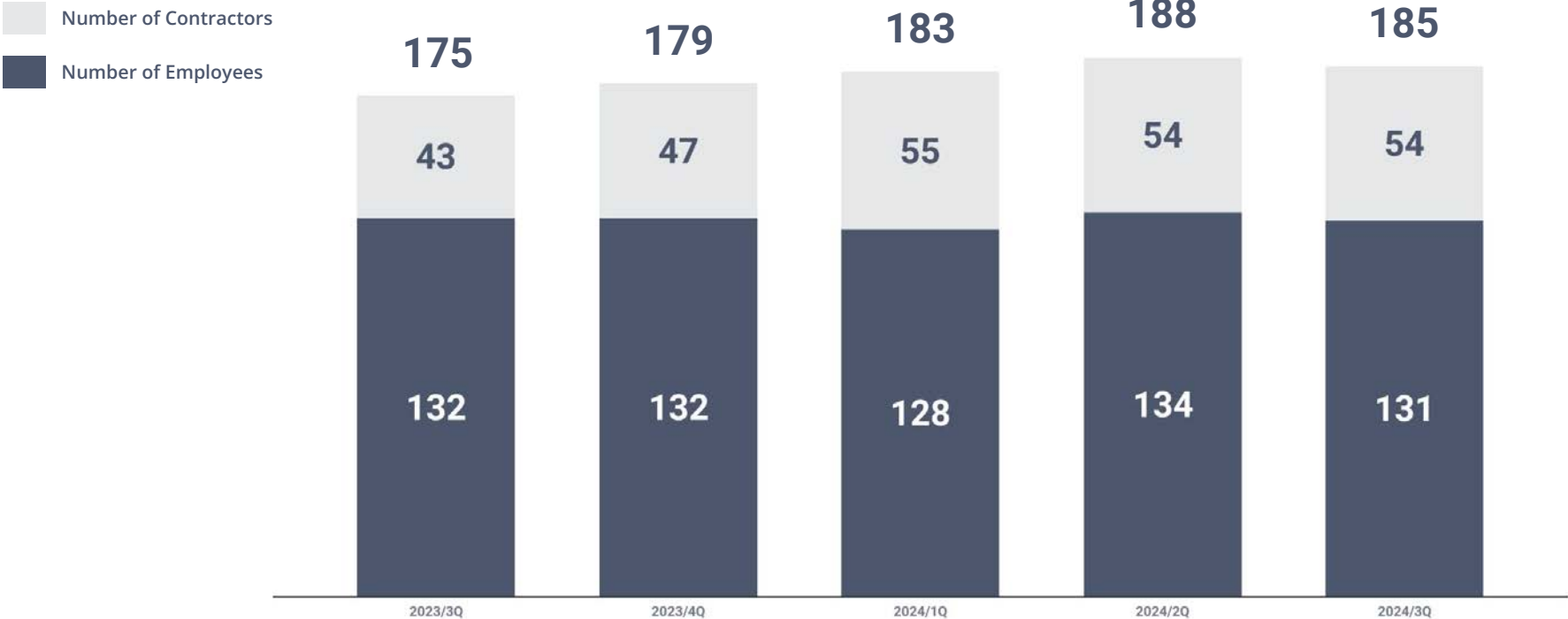
ARPU Unit : Thousand JPY



Revenue Unit : Thousand JPY



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



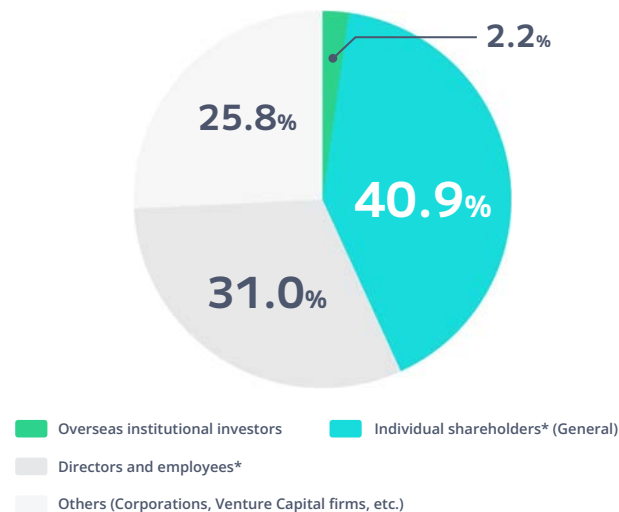
We maintained both cash and deposits and net assets at adequate levels, and the financial base is stable

Institutional investors hold 2.2% of the company's shares, while individual shareholders account for 40.9%.

Balance Sheet (Consolidated)			
million JPY	2023/12	2024/9	Increase / Decrease
Cash and Cash Equivalents	2,544	2,506	-38
Current Assets	3,358	3,289	-69
Tangible Fixed Assets	21	26	5
Intangible Fixed Assets	832	692	-140
Investment and Other Assets	157	207	50
Assets	4,369	4,215	-153
Short-Term Debt	281	276	-4
Long-Term Debt	317	260	-57
Liability	1,178	1,047	-131
Net Worth	3,190	3,168	-21
Liability Net Assets	4,369	4,215	-153

Stock distribution

(As of June 30, 2024)



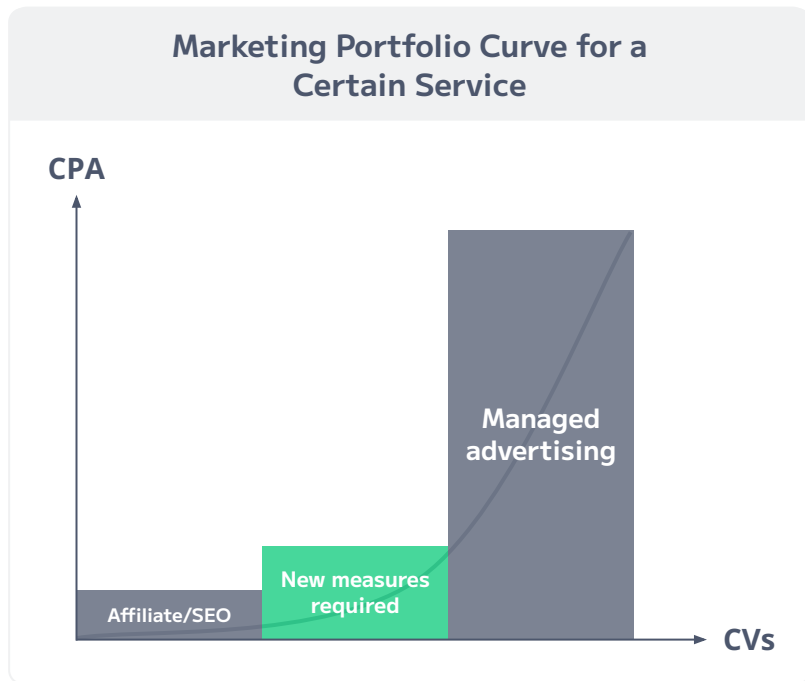
*Number of shares held by individual shareholders and directors and employees is an estimate.

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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

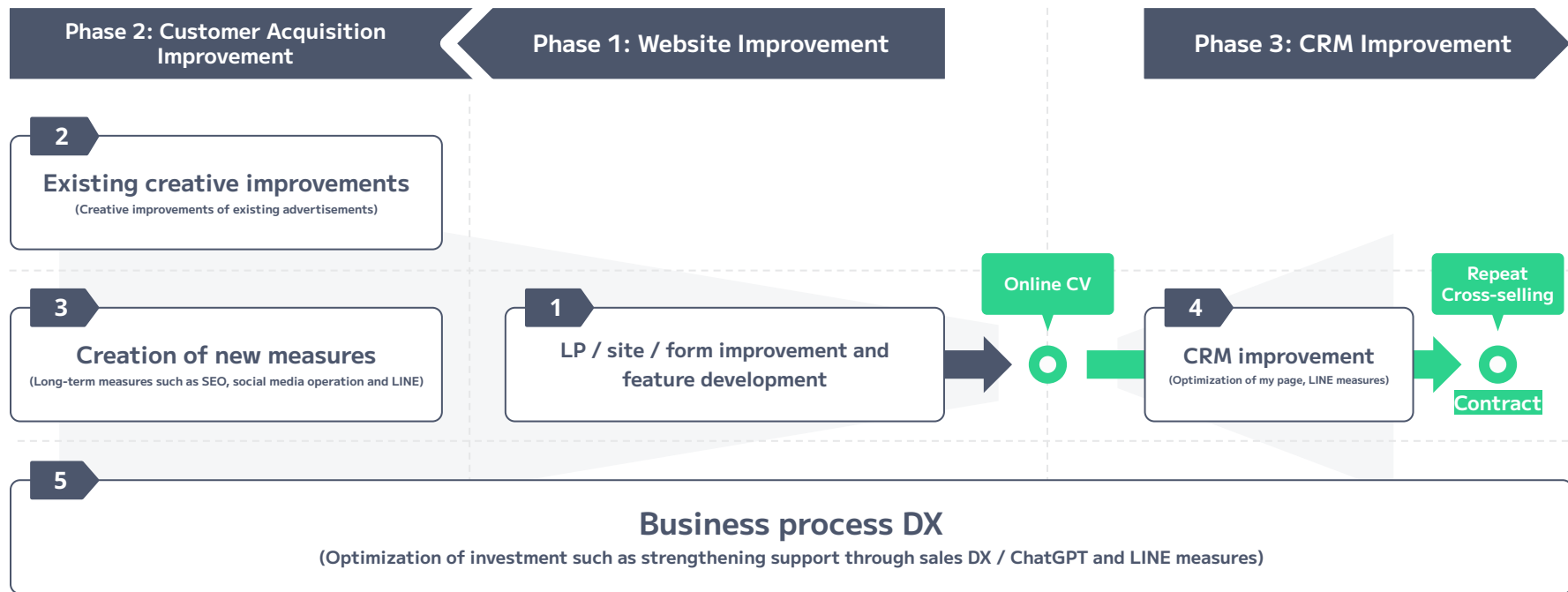
**Strengthening of
privacy**

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

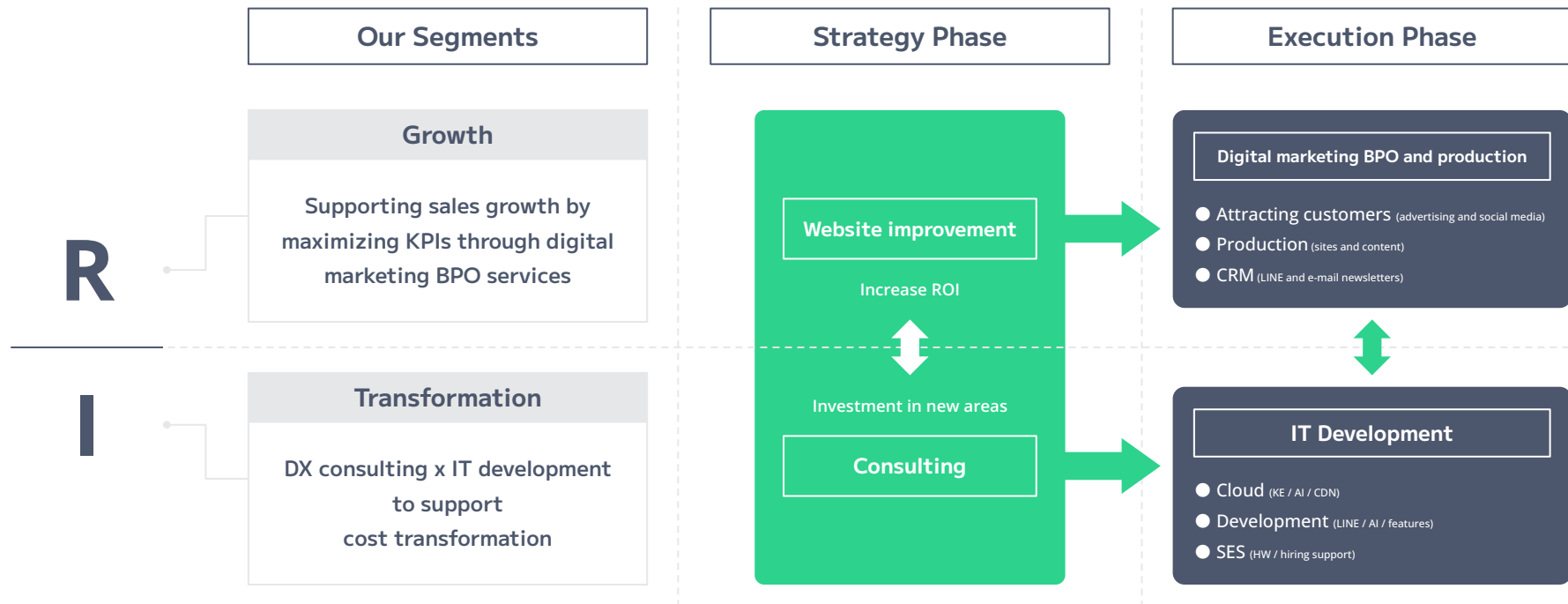
True transformation predicated on digital and generative AI is about to begin in earnest



Proposal Strategy for Aggressive DX Budget Expansion

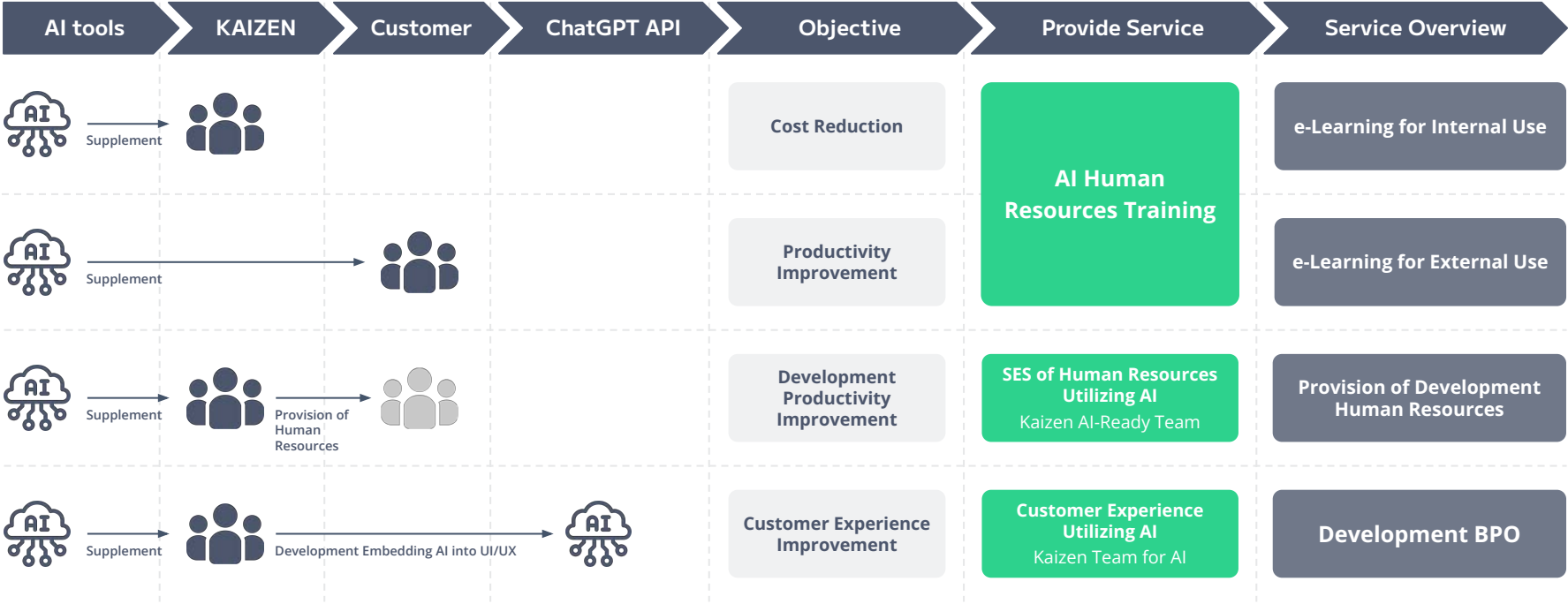
The starting point of our proposals is consulting, where we are able to differentiate ourselves through site improvements that have an overwhelming ROI and extensive data and results.

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



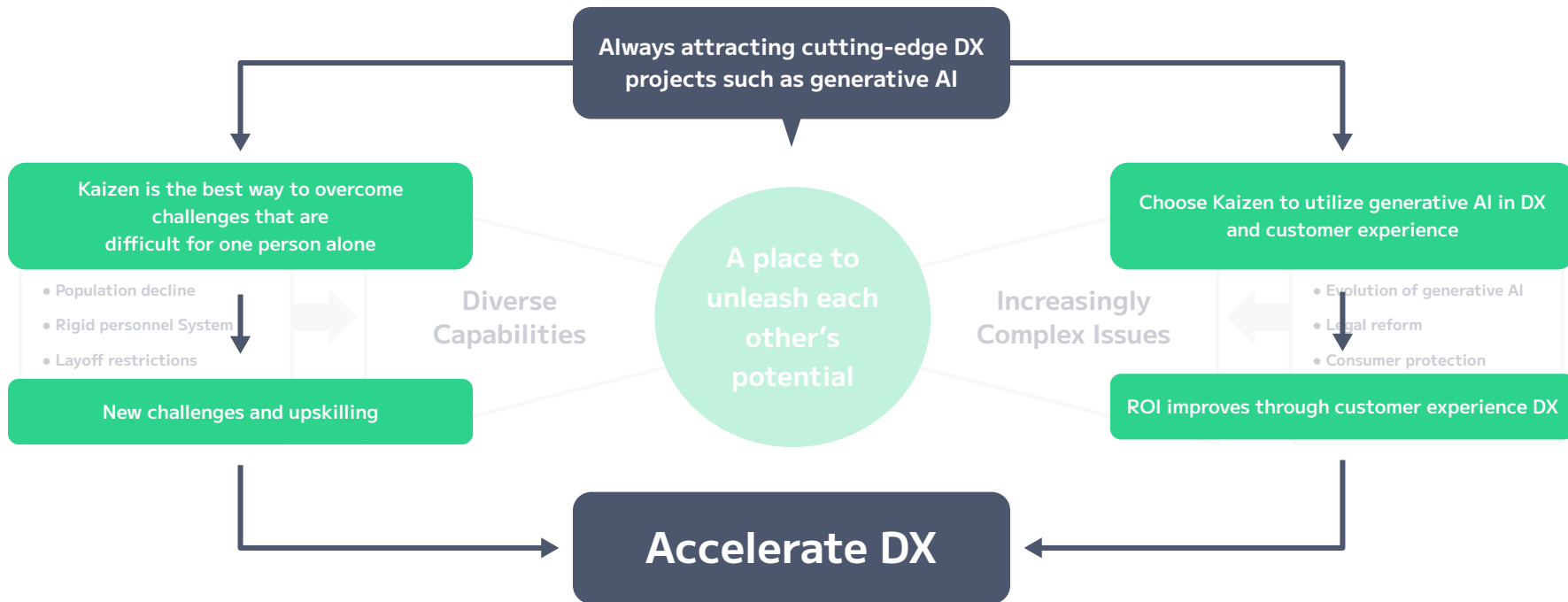
Develop human resources able to utilize generative AI

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

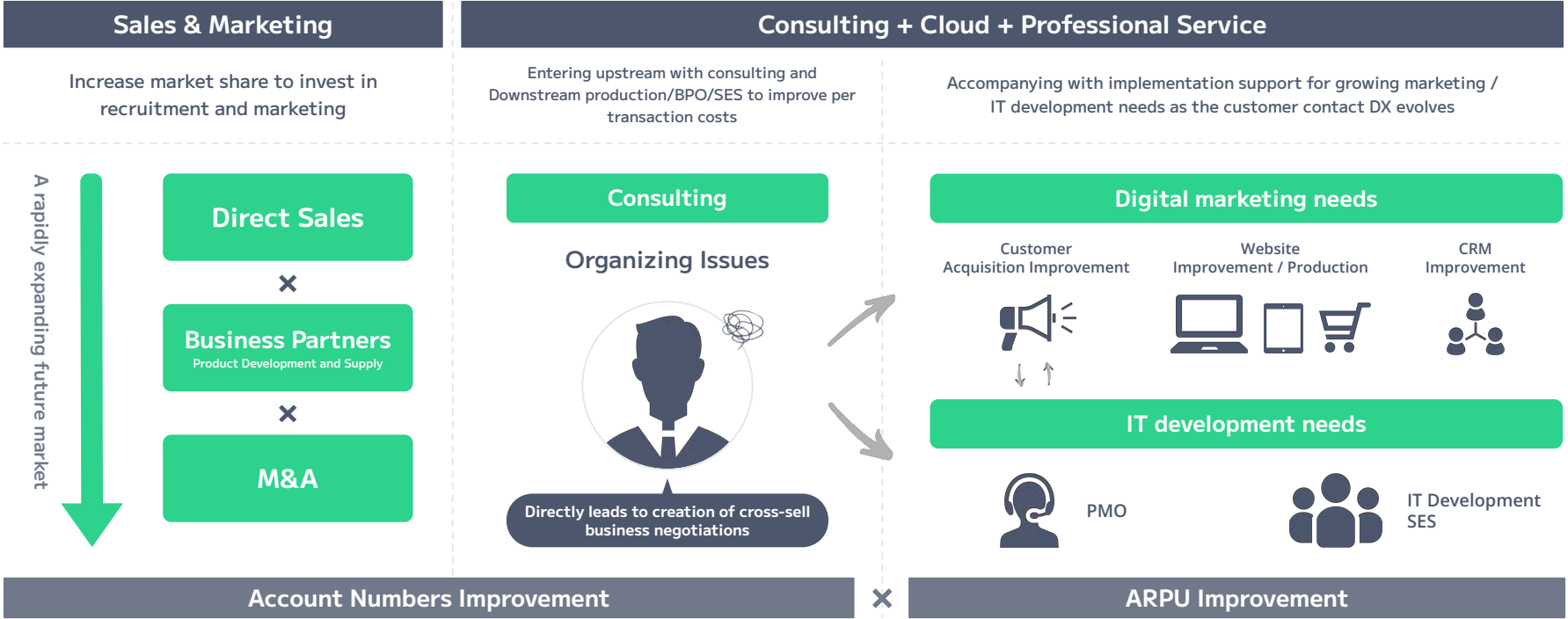


Aggressive DX projects and the creation of a place for diverse talent to be gathered are important

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

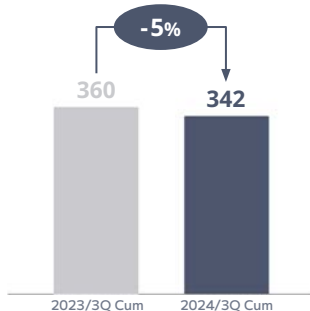
Got back on a growth trajectory from Q2, and increased the number of employees to capture the increase in demand

Transformation

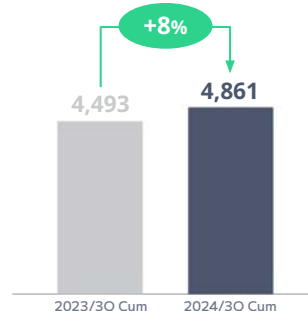
ARPU increased significantly due to strong performance of consulting. We will aim to increase IT development projects in future

Growth

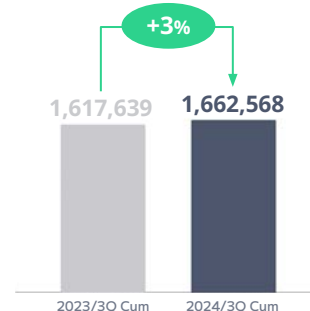
Number of trading accounts



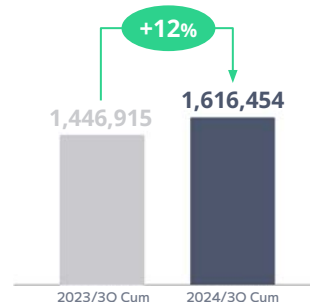
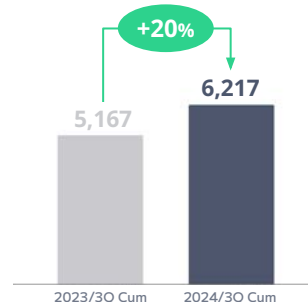
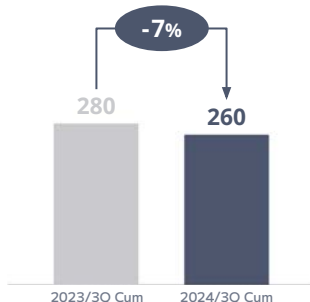
ARPU (Q3 Cum) Unit : Thousand JPY



Revenue (Q3 Cum) Unit : Thousand JPY



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.

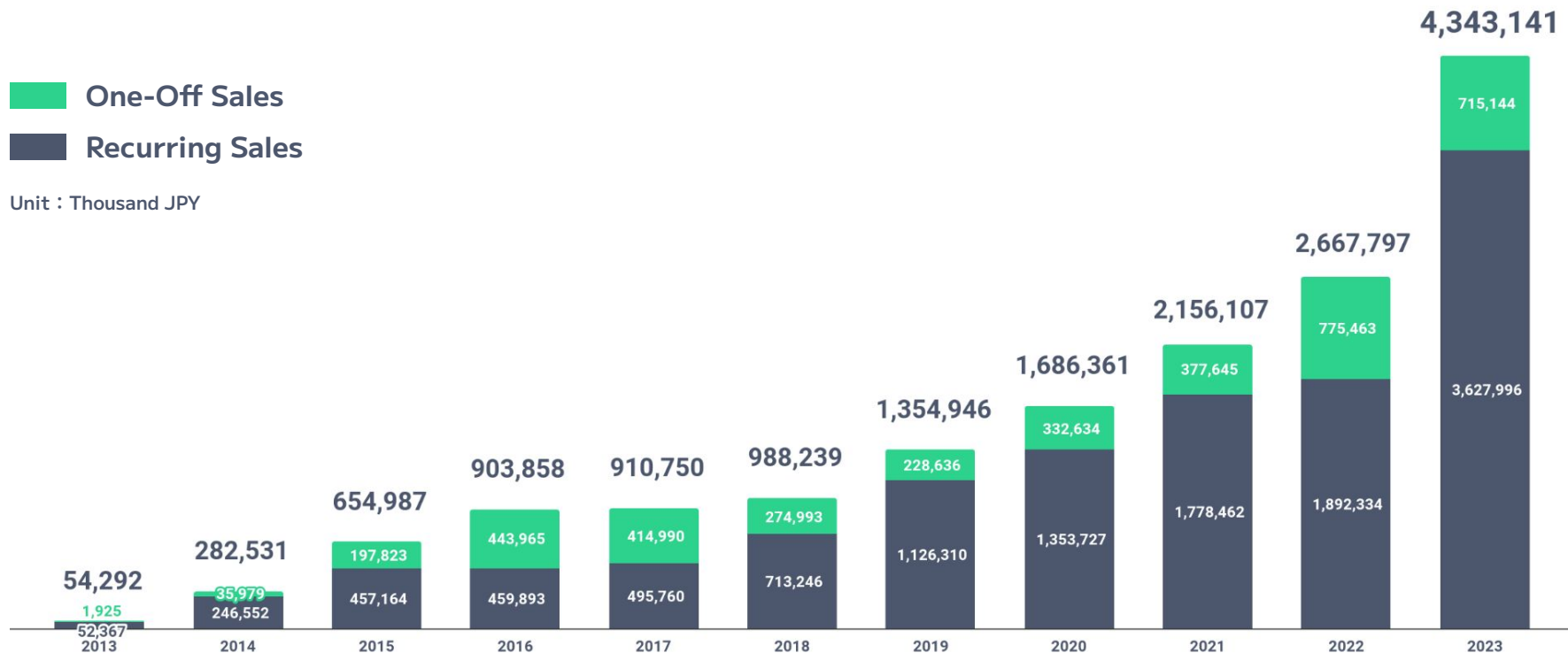
[Annual Net Sales]		2022		2023	
100 million yen or more	Number of accounts	3	→	4	Cross-selling promotion
	Net sales	500 million yen	→	700 million yen	
50 million yen or more	Number of accounts	8	→	9	
	Net sales	590 million yen	→	630 million yen	
30 million yen or more	Number of accounts	5	→	13	
	Net 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	

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

The recurring ratio is **over 80%**

■ One-Off Sales
■ Recurring Sales

Unit : Thousand JPY



Profit and Loss (Consolidated)

Thousand JPY	2022/12	2023/12	2024/9
Sales Revenue	2,667,797	4,343,141	3,385,075
Gross Profit	955,062	1,334,608	1,013,258
Selling, General and Administrative Expenses	1,057,902	1,360,270	1,043,950
Salary and Allowance	294,818	412,380	319,912
Outsourcing Cost	127,805	140,818	106,819
Operating Profit (Loss)	(102,839)	(25,661)	(30,692)
Ordinary Profit (Loss)	(127,314)	11,603	(21,090)
Profit (Loss) attributable to Parent	(285,792)	(21,696)	(51,240)

Growth

Thousand JPY	2022/12	2023/12	2024/9
JP			
Sales Revenue	2,280,972	2,215,436	1,662,568
Operating Profit (Loss)	(191,298)	(109,477)	(50,822)
US			
Sales Revenue	129,576	167,084	106,052
Operating Profit (Loss)	(32,148)	(1,838)	(25,866)
Total			
Sales Revenue	2,410,549	2,382,521	1,768,621
Operating Profit (Loss)	(223,447)	(111,316)	(76,688)

Transformation

Thousand JPY	2022/12	2023/12	2024/9
Sales Revenue	257,248	1,960,620	1,616,454
Operating Profit (Loss)	120,607	85,654	45,996

Balance Sheet (Consolidated)

Thousand JPY	2022/12	2023/12	2024/9
Cash and Cash Equivalents	3,337,836	2,544,457	2,506,384
Current Assets	4,036,258	3,358,833	3,289,806
Tangible Fixed Assets	22,472	21,105	26,234
Intangible Fixed Assets	993,449	832,138	692,015
Investment and Other Assets	184,330	157,410	207,685
Assets	5,236,512	4,369,488	4,215,742
Short-Term Debt	751,452	281,234	276,248
Long-Term Debt	586,303	317,552	260,366
Liability	1,955,753	1,178,964	1,047,060
Net Worth	3,280,758	3,190,523	3,168,681
Liability Net Assets	5,236,512	4,369,488	4,215,742

The information contained in this presentation material is subject to change without notice.

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.

These forward-looking statements are therefore subject to various risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

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