



FY 2023 Q3 Financial Results

Third Quarter of the Fiscal Year ending December 31, 2023

Kaizen Platform Inc. Securities Code 4170 / November 13, 2023

1 Company and Service Overview

2 FY 2023 Q3 Business Results

3 Future Growth Strategy and Revision of Full-year Earnings Forecast



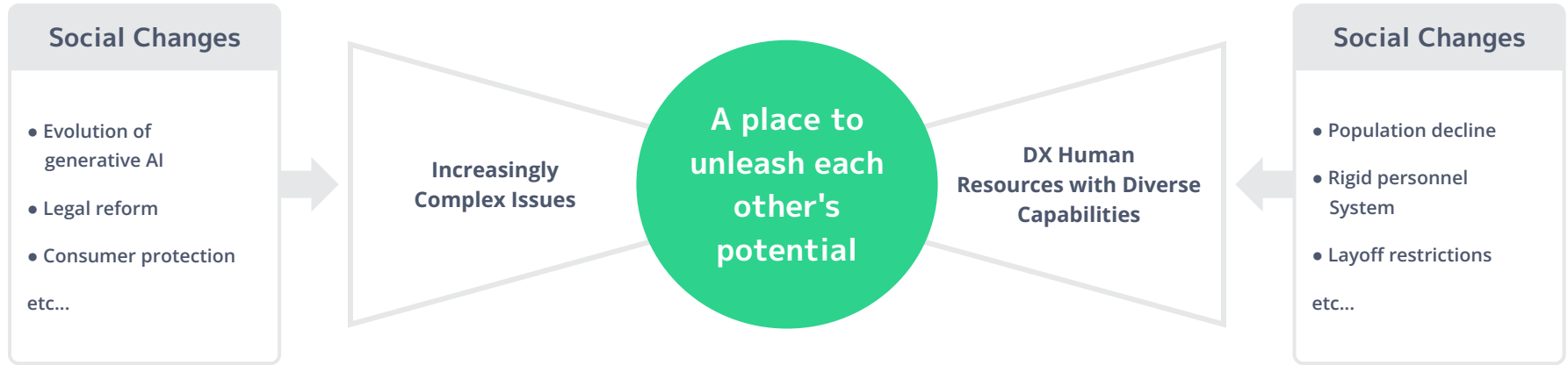
Kaizen Platform is a DX Acceleration Partner that unleashes the challenges of client companies and the potential of DX professionals

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	132 (As of end of September 2023) Kaizen Platform Inc. and Kaizen Platform USA, Inc.: 52 / D-ZERO Inc.: 56 / Hiwell Inc.: 24	
Capital	1,766,960 thousand JPY (As of end of September 2023)	
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
	Shigeo Goho	Audit & Supervisory Board Member
	Eriko Hayashi	Audit & Supervisory Board Member
Subsidiaries	D-ZERO Inc. / Hiwell.Inc. / Kaizen Platform USA, Inc.	

*Previous company KAIZEN platform Inc. was the absorbed company and Kaizen Platform USA, Inc. became the stock company surviving an absorption-the merger. At that time, the investors of KAIZEN platform Inc. was given stock of our current company (Kaizen Platform Inc.) as part of a triangular merger. The Japanese business was transferred from Kaizen USA, Inc. to our current company Kaizen Platform Inc in July 2017

KAIZEN the World

KAIZEN the world with a smooth working style



Customer experience DX

resolving intertwined DX issues in one stop

Although the digital customer experience is important, there are **three barriers** to execution due to changes in the environment Necessary capabilities are also diversifying, and a team and IT platform fitting these are required We provide a combination of **Consulting, Professional Services, and Cloud** to overcome those barriers

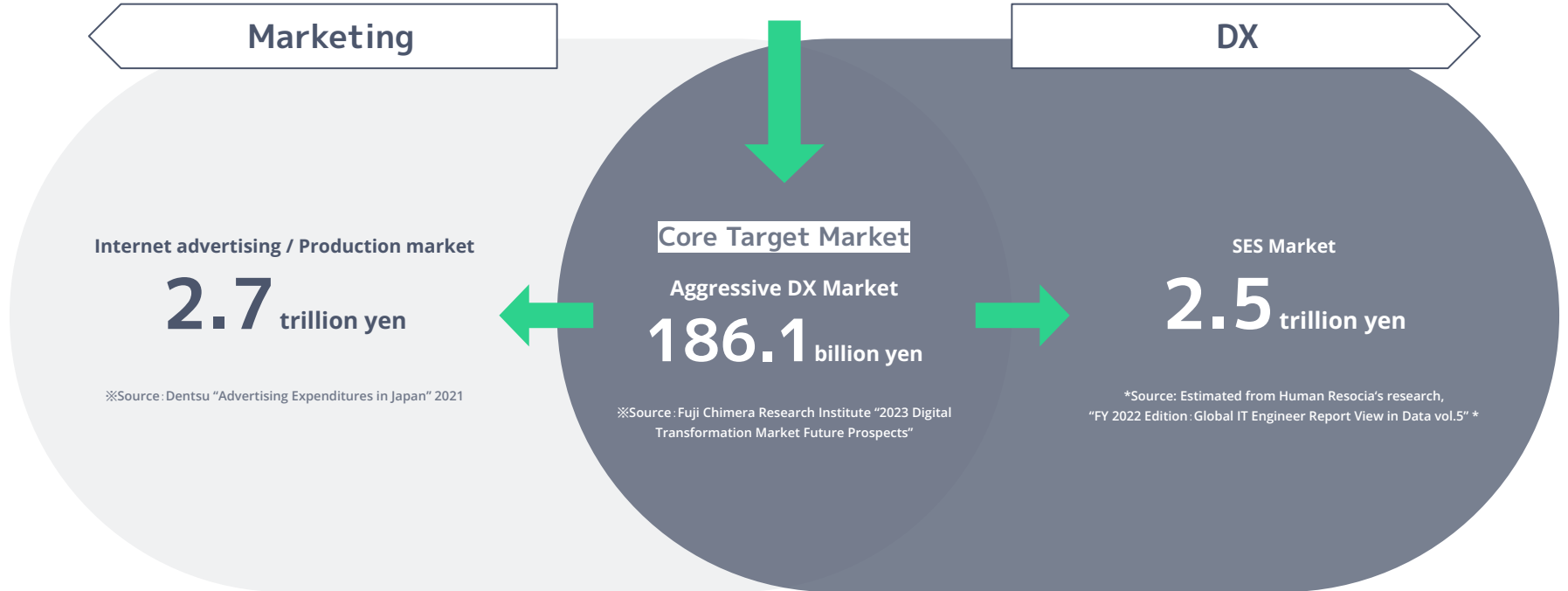


Accompany business divisions, and improve (KAIZEN) the client's digital "customer experience" on digital technology as a marketing & IT partner accelerating DX to support "business growth"



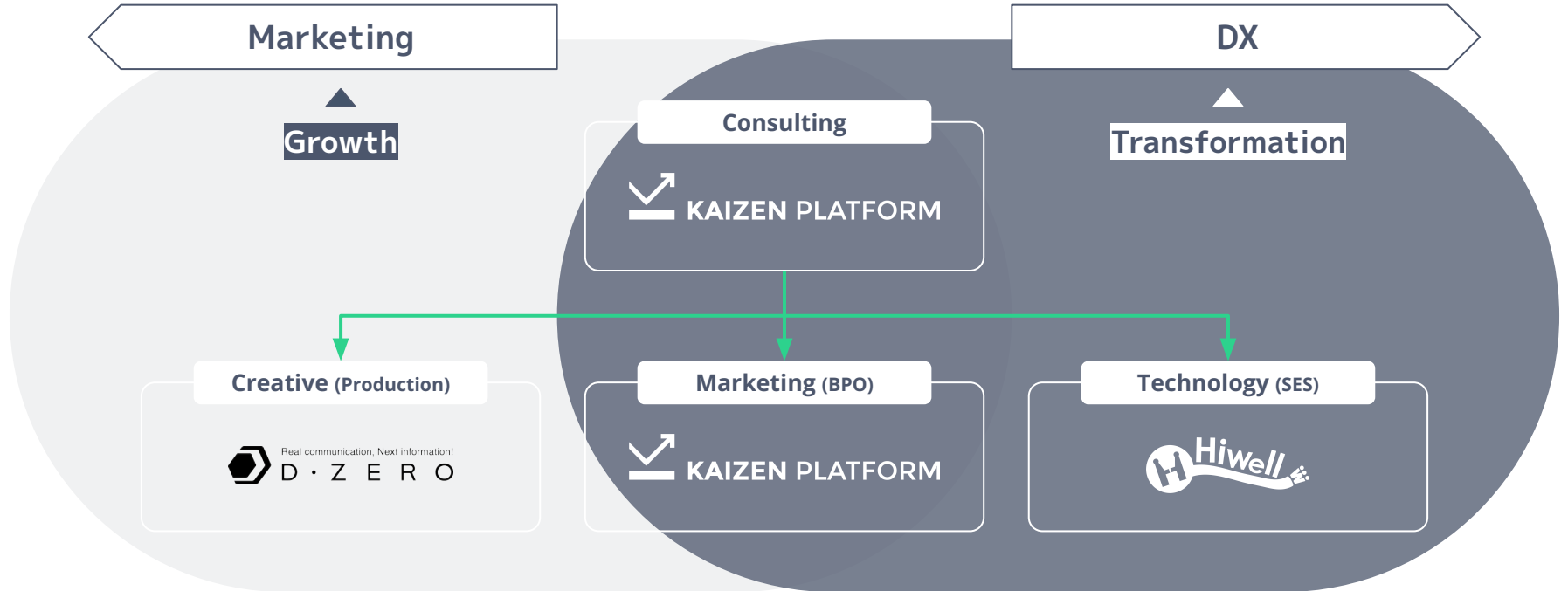
The aggressive DX market will expand significantly, followed by the expansion of the even larger "marketing" and "DX (development)" markets

Both marketing and development needs will increase with customers' DX progress

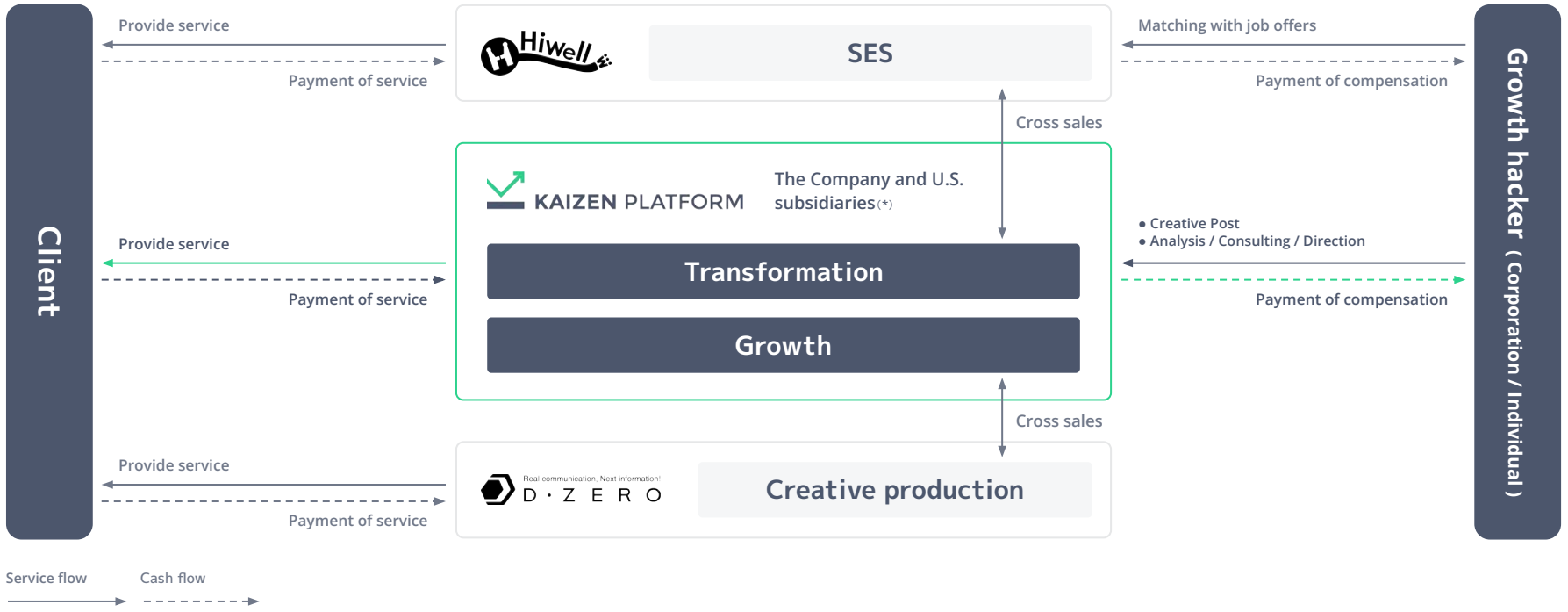


Shift from a "product-based business" to a "structure that responds to customer issues" as a partner that accompanies customers and accelerates aggressive DX.

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. We team up with growth hackers on the platform to **execute DX projects maintaining elasticity of variable costs**



* The U.S. subsidiary provides only video solutions

Speed of execution and knowledge are the advantages Software, Resources, and Data are all on the platform

SaaS

Bypass legacy systems
UX improvement tool



+

Resource

Professional services with over
10,000 digital professionals



+

DATA

Collected performance data of over 1000
companies and ample consulting experience



New UI/UX development by SaaS & provide production environment

Video production cloud

Free SaaS solution enabling seamless video ordering, Production management, and utilization in Advertising/Website/Sales.

UX cloud

Just attach one tag to your site and you can improve the UI without affecting legacy systems.

Video utilization cloud

Support sales/ CRM activities with videos tool.

Build a variable cost team of Abundant DX specialists

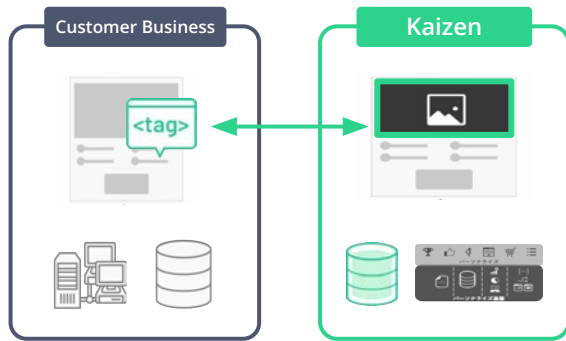
- More than **10,000** digital professionals are registered. A variety of professionals support DX.
- Provide production/BPO/SES to match customers' needs from upstream consulting to the downstream execution phase.
- Production is not only in Japanese and English, also providing **multilingual support** from Asia to Latin America.
- Production Company/Temp Agency/Consulting Services provided on our platform in partnership with **more than 50 corporations.**

Improve productivity and quality using data collected

- Utilize performance data collected to assist in consulting/producing client work. **Utilize data in all work flows.**
- **Link data using API with official partner certification** of major platforms such as Facebook / Instagram / Google / YouTube / Amazon. High quality products and results are also **highly regarded**
- Provide data-driven content for educational institutions. Build a **scheme for registering new grads.**

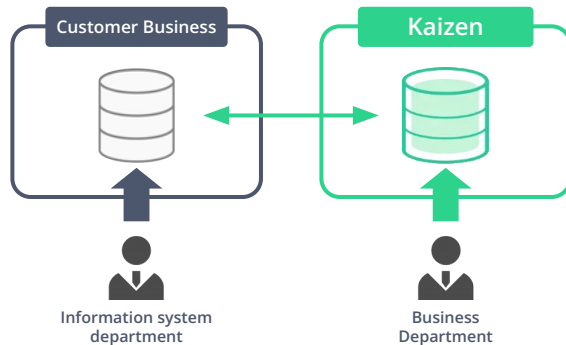
“No impact on existing legacy systems” “Driven by business departments” and “Lower lead time and cost” enabling DX and UX improvements

Bypass Legacy Systems



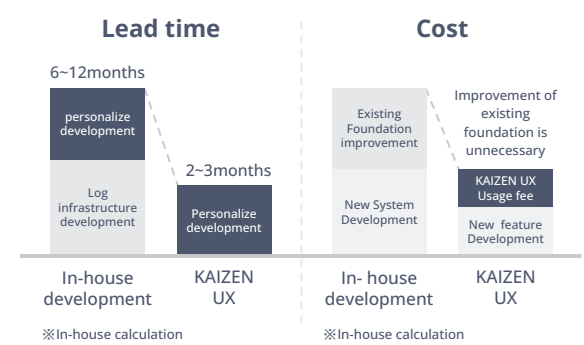
UX improvement and PoC execution with no impact on legacy systems

Business Department Driven



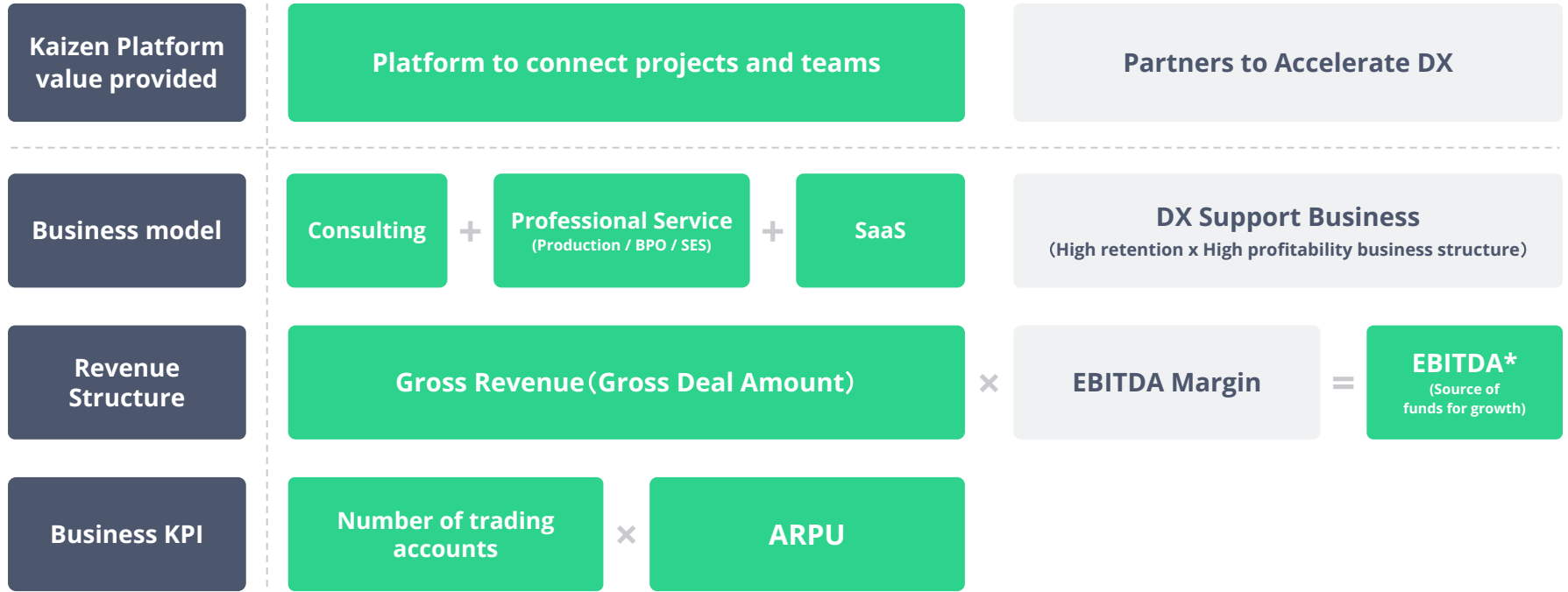
Business department-led speedy implementation of necessary measures

Lead Time / Cost



Enabling significant reductions of lead time and development cost

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



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		<small>あしたを、つなぐ。野村不動産グループ</small> 			 リクルートジョブズ

A platform for Improving Customer Experience with DX

- 1 Targeting the huge outsourcing market for DX
- 2 Enterprise-centric Consulting + Professional Services + SaaS
- 3 Avoid legacy systems, reduce lead times, reduce costs, and promote DX
- 4 Leveraging SaaS and its data to achieve both high productivity and EBITDA Margin.
- 5 Increase ARPU due to rapid evolution of AI and accelerating DX needs associated with 5G



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 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.



Yu Kawabe Executive Officer

2009 joined Ricoh Company Ltd. Engaged in process improvement of production and supply chain.
Joined Kaizen Platform in 2014 as a Product Manager and Head of Development.
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.

1 Company and Service Overview

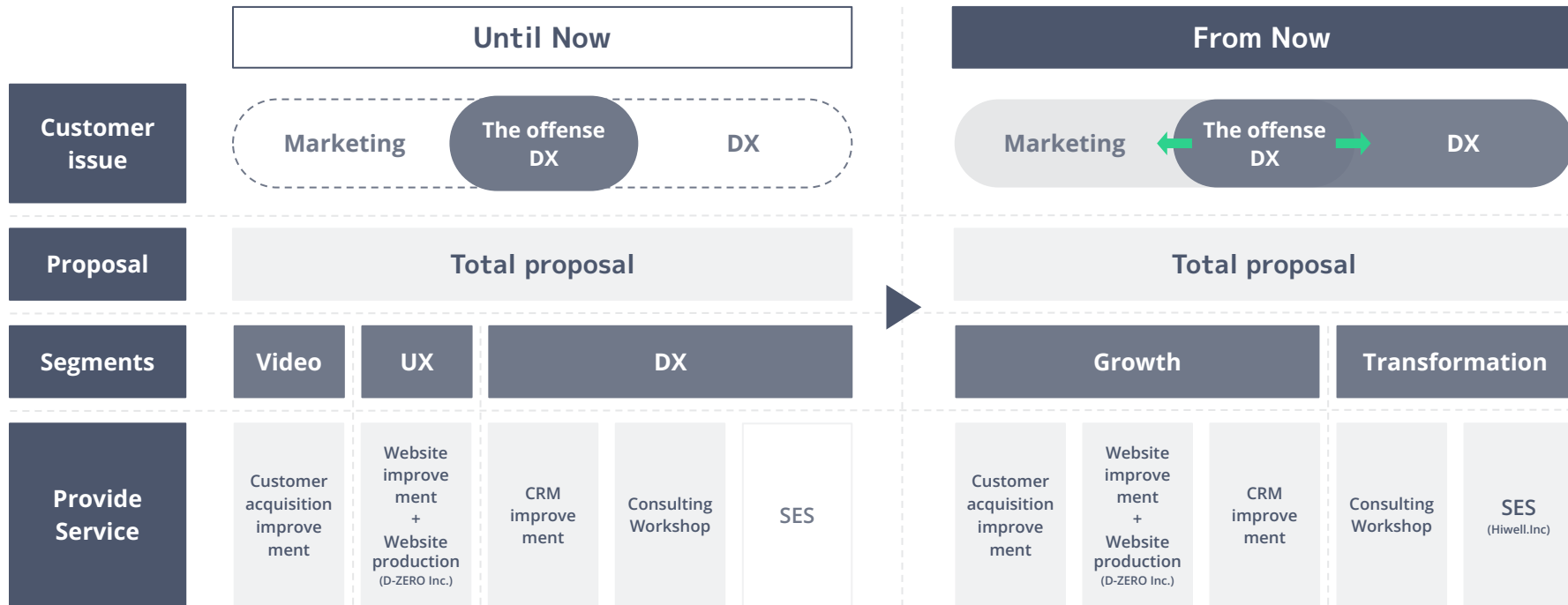
2 FY 2023 Q3 Business Results

3 Future Growth Strategy and Revision of Full-year Earnings Forecast

Net sales were up 56.4% year on year, and the company turned a profit from the third quarter

(million JPY)	FY2023 Q3 (January 2023 - September 2023)			Full-Year Forecast (Announced on February 14, 2023)	
	Actual	Same period of previous year		Earning Forecast	Progress Rate
		Actual	Increase/Decrease Ratio		
Sales	3,188	2,038	+56.4%	4,500	70.9%
EBITDA	121	178	-31.7%	200	61.0%
Operating profit	-74	-14	-%	30	-%
Ordinary profit	-69	-33	-%	3	-%
Net Income	-87	-64	-%	0	-%

Reorganization and consolidation of marketing domains from business units
Provide solutions tailored to marketing and DX issues



Performance Trends (By Segment)

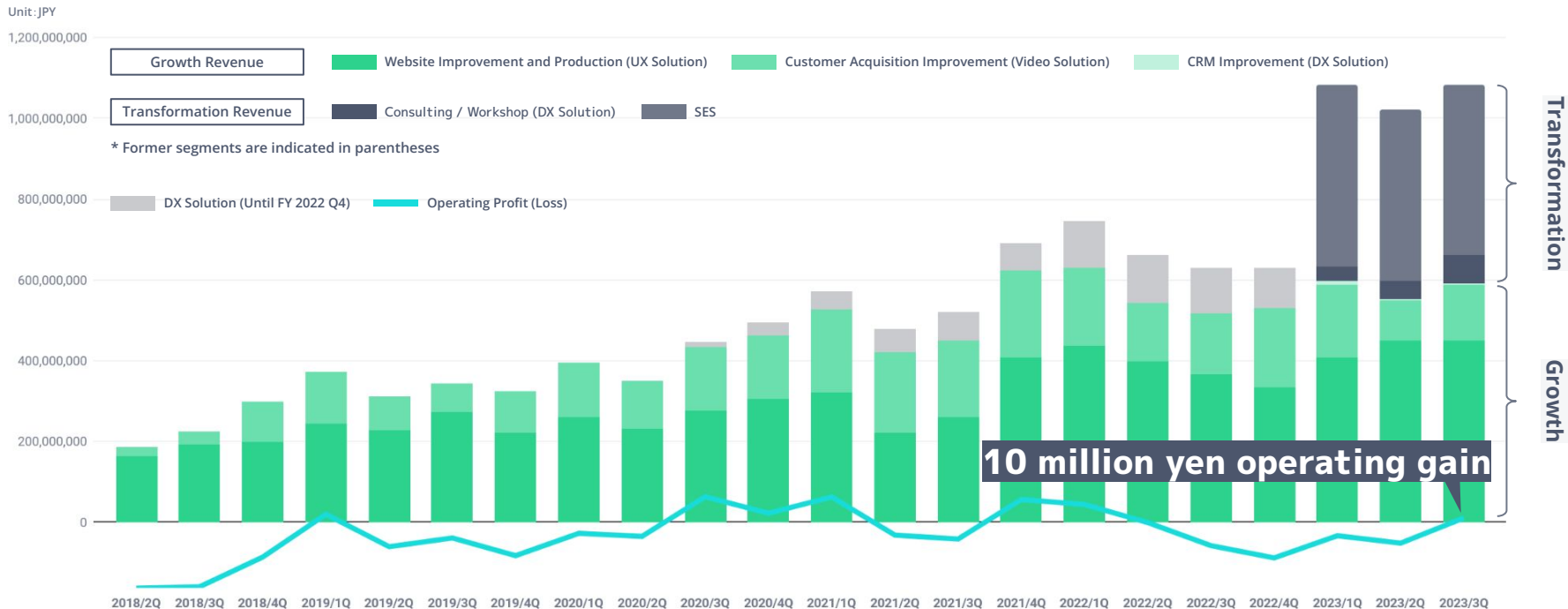
Growth

The turnaround of the former Video segment was completed, returning to growth. Preparations have been made to establish profitability

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

Transformation

Significant increase due to Hiwell coming under the scope of consolidation, seeking to promote cross-sells going forward



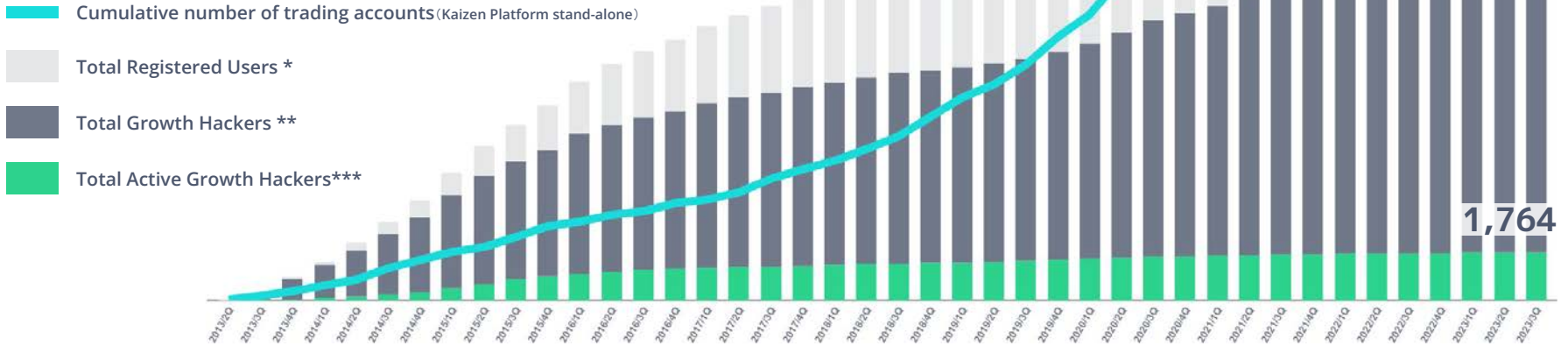
Expanding customer base with a focus on large companies,
growing both in terms of number of companies and users



Number of Accounts
Over 1,200



Number of Registered Users
Over 20K



* Total Number of Clients and Users using the Platform

** Total Number of Growth Hackers using the Platform

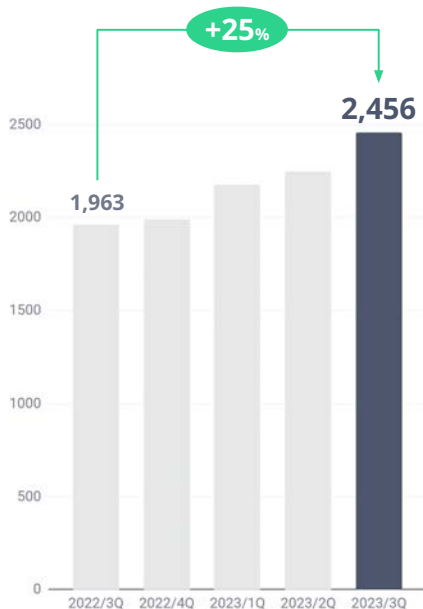
***Cumulative number of growth hackers who have submitted creative improvement ideas in the past

The number of accounts for the Group as a whole increased significantly due to the effect of M&A
The policy of promoting cross-selling proposals leading to increased ARPU is progressing steadily

Number of trading accounts *



ARPU Unit: Thousand JPY



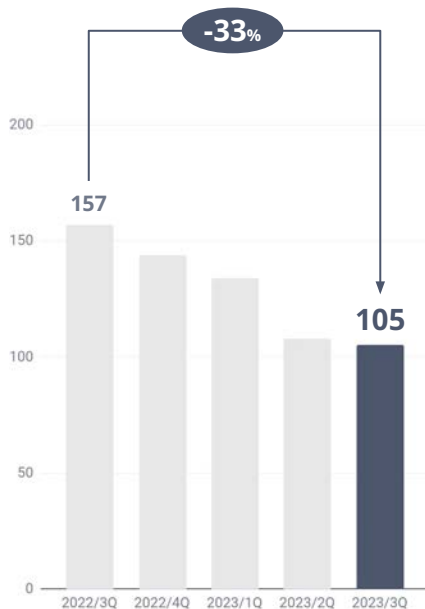
Revenue Unit: Thousand JPY



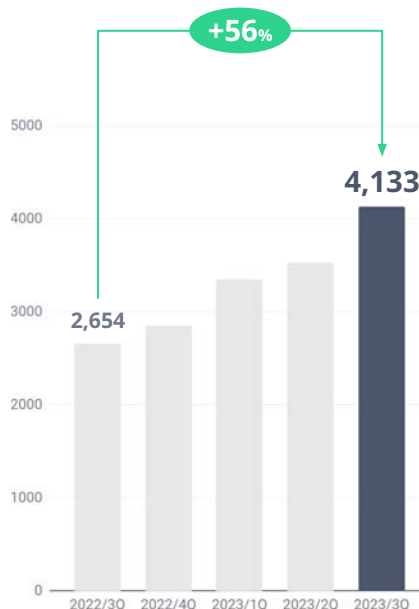
The turnaround of the former Video segment was completed, the number of accounts stopped falling and cross-selling was completed, resulting in net sales turning around with a 56% increase in ARPU

ARPU improvement will continue to be a central strategy this fiscal year

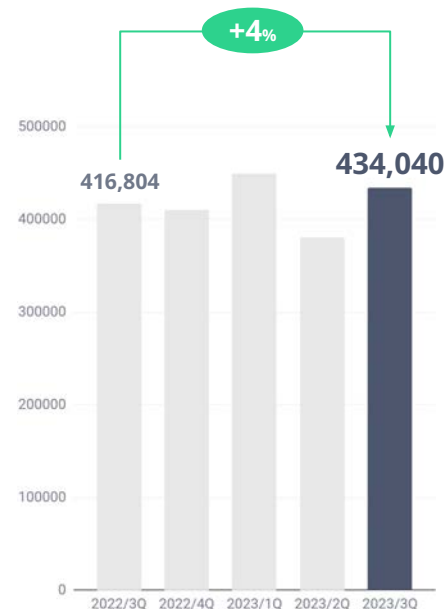
Number of trading accounts *



ARPU Unit: Thousand JPY

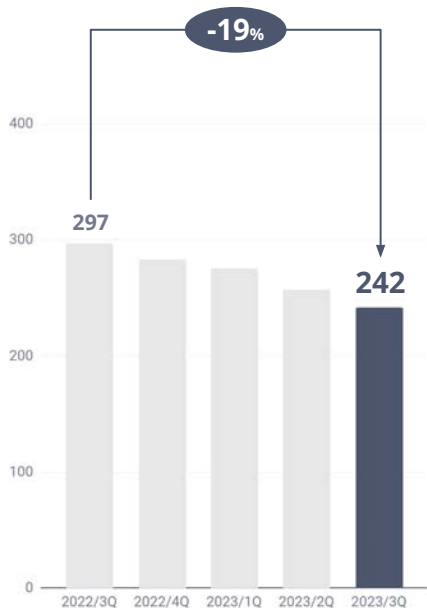


Revenue Unit: Thousand JPY

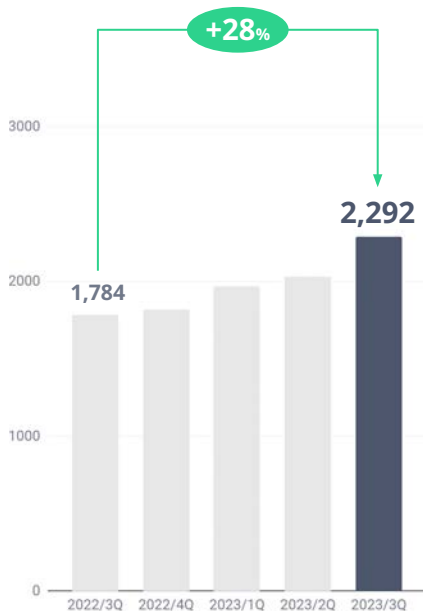


We will unify sales and promote integrated proposals to get back on the growth track for Growth as a whole
ARPU has increased, and net sales have also increased

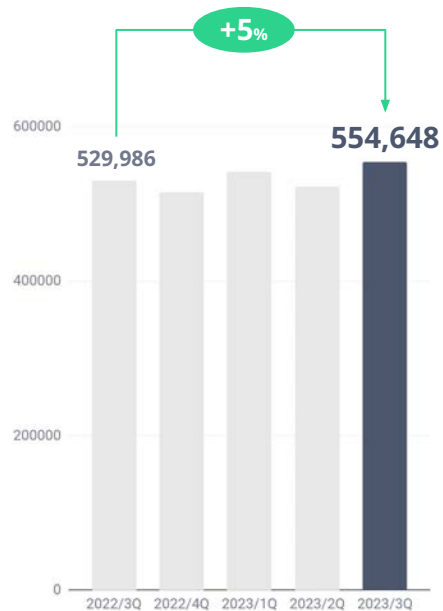
Number of trading accounts



ARPU Unit: Thousand JPY



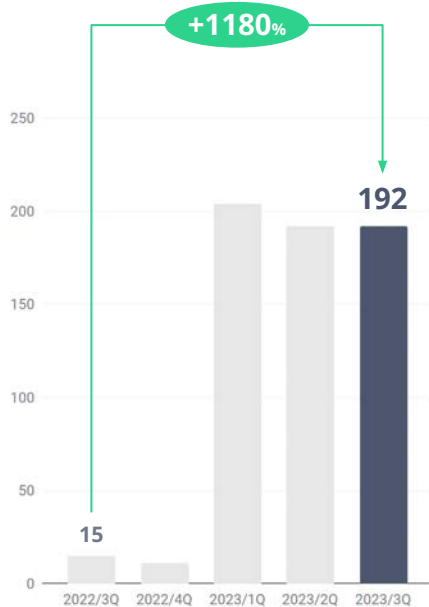
Revenue Unit: Thousand JPY



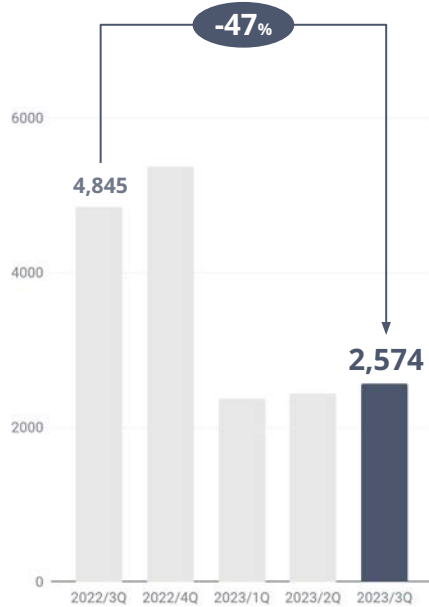
The number of accounts and revenue both increased significantly due to Hiwell being included in the scope of consolidation

Due to Hiwell having large growth potential in unit price, we are acquiring new trading accounts with the newly added SES and also upselling at the same time

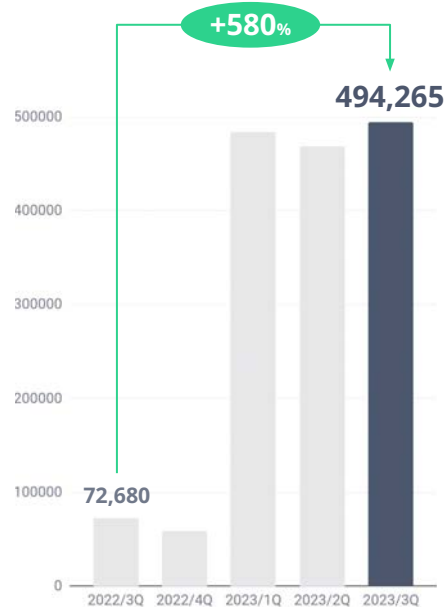
Number of trading accounts



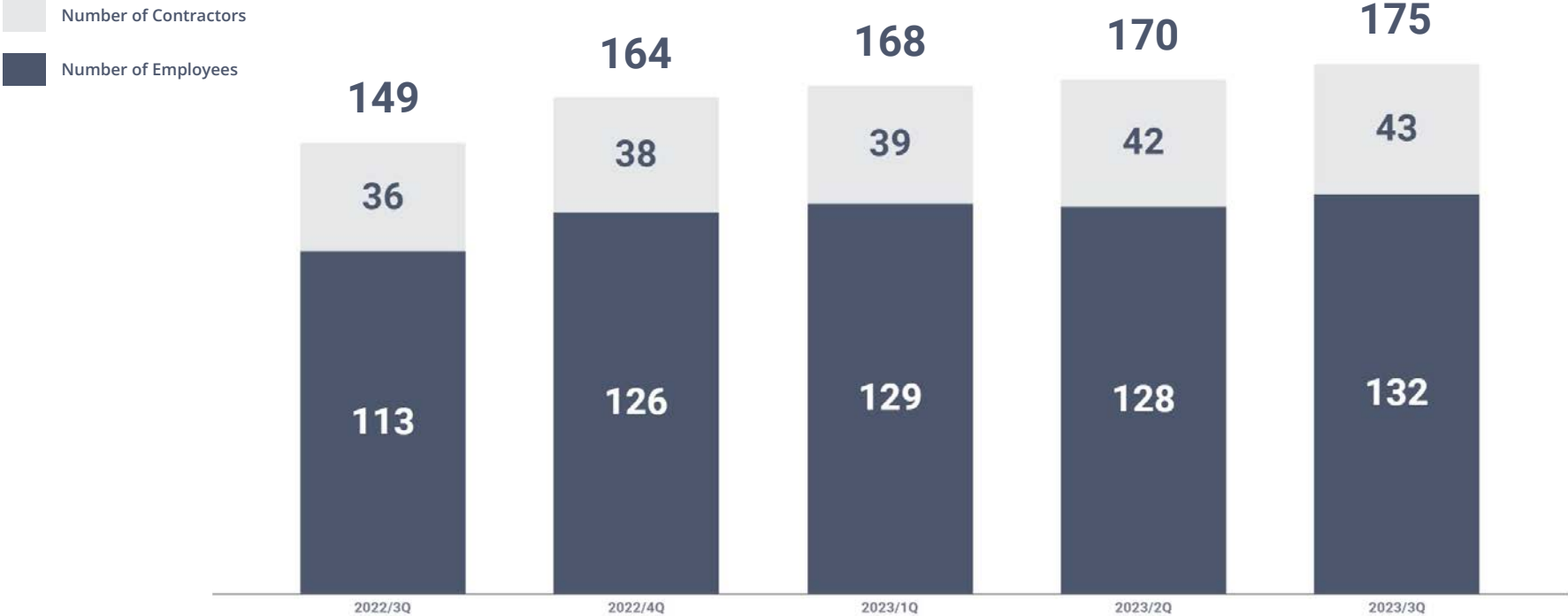
ARPU Unit: Thousand JPY



Revenue Unit: Thousand JPY



We will aim to increase the number of staff members (employees + contractors) with the aim of implementing future strategies



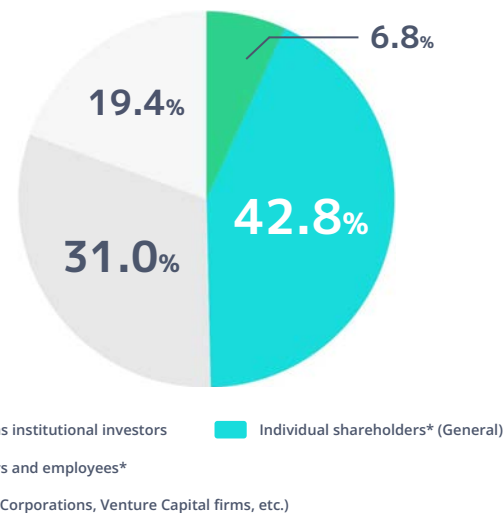
We maintained both cash and deposits and net assets **at adequate levels, and the financial base is stable**

Institutional investors hold 6.8% of the company's shares, while individual shareholders account for 42.8%.

Balance Sheet (Consolidated)			
million JPY	2022/12	2023/9	Increase / Decrease
Cash and Cash Equivalents	3,337	2,720	-617
Current Assets	4,036	3,575	-460
Tangible Fixed Assets	22	19	-2
Intangible Fixed Assets	991	881	-110
Investment and other Assets	185	164	-21
Assets	5,236	4,641	-594
Short-Term Debt	751	340	-410
Long-Term Debt	586	536	-49
Liability	1,955	1,461	-494
Net Worth	3,280	3,179	-100
Liability Net Assets	5,236	4,641	-594

Stock distribution

(As June 30, 2023)



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

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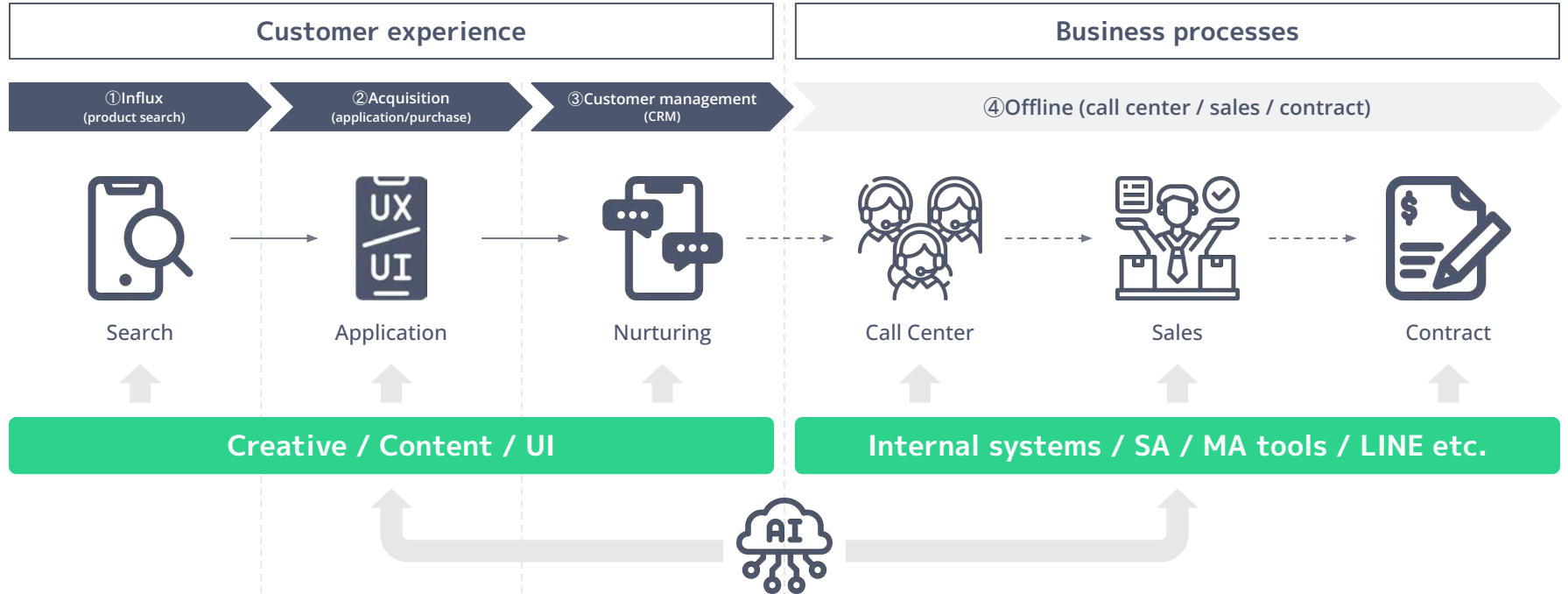
3 Future Growth Strategy and Revision of Full-year Earnings Forecast

AI has been acquiring human skills one after another since last year, and over 100 new AI tools are emerging every day

The democratization of AI that anyone can use even without being an expert has begun

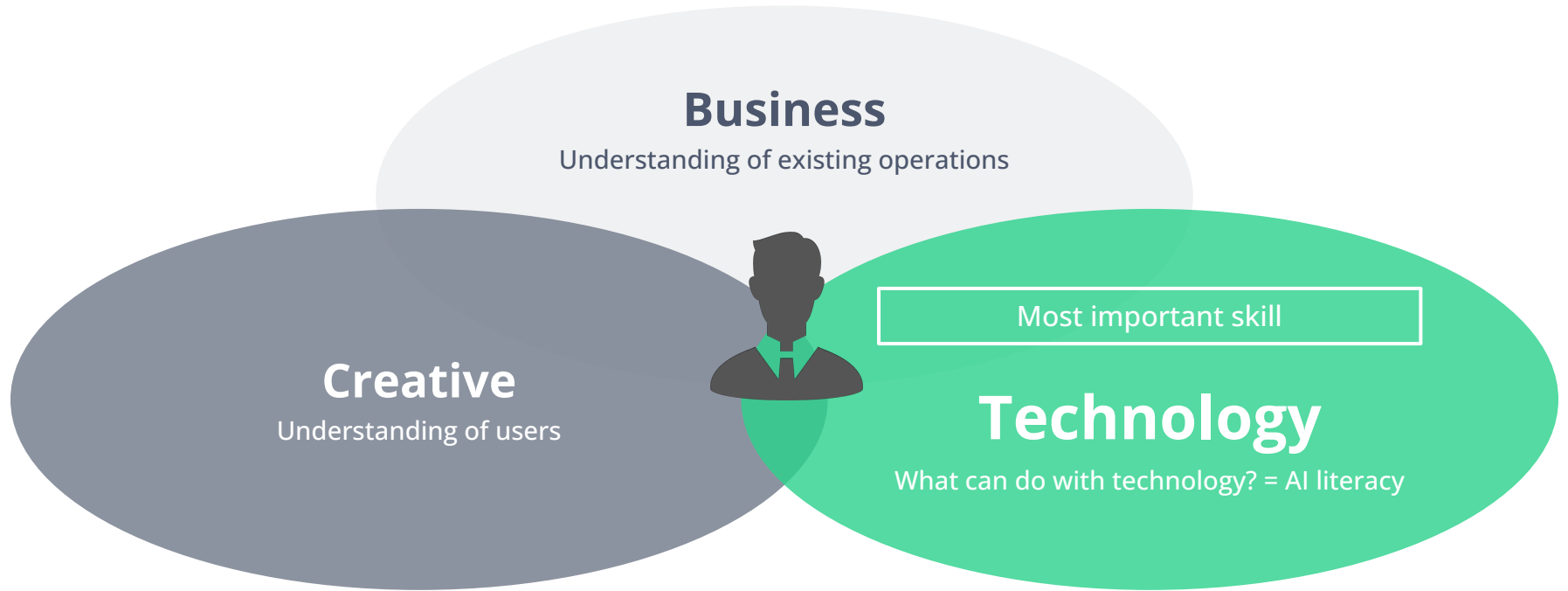
Eyes	Text recognition / Image recognition / Video recognition
Ears	Voice recognition
Mouth	Speaking / Moving mouth to match speech
Understanding	Summarizing / Understanding situations
Emotion	Emotional recognition / Emotional expression
Creation	Draw pictures / Create video / Create UI / Produce ideas
Knowledge	Answer questions / Code programs
Operation	Operate UI

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

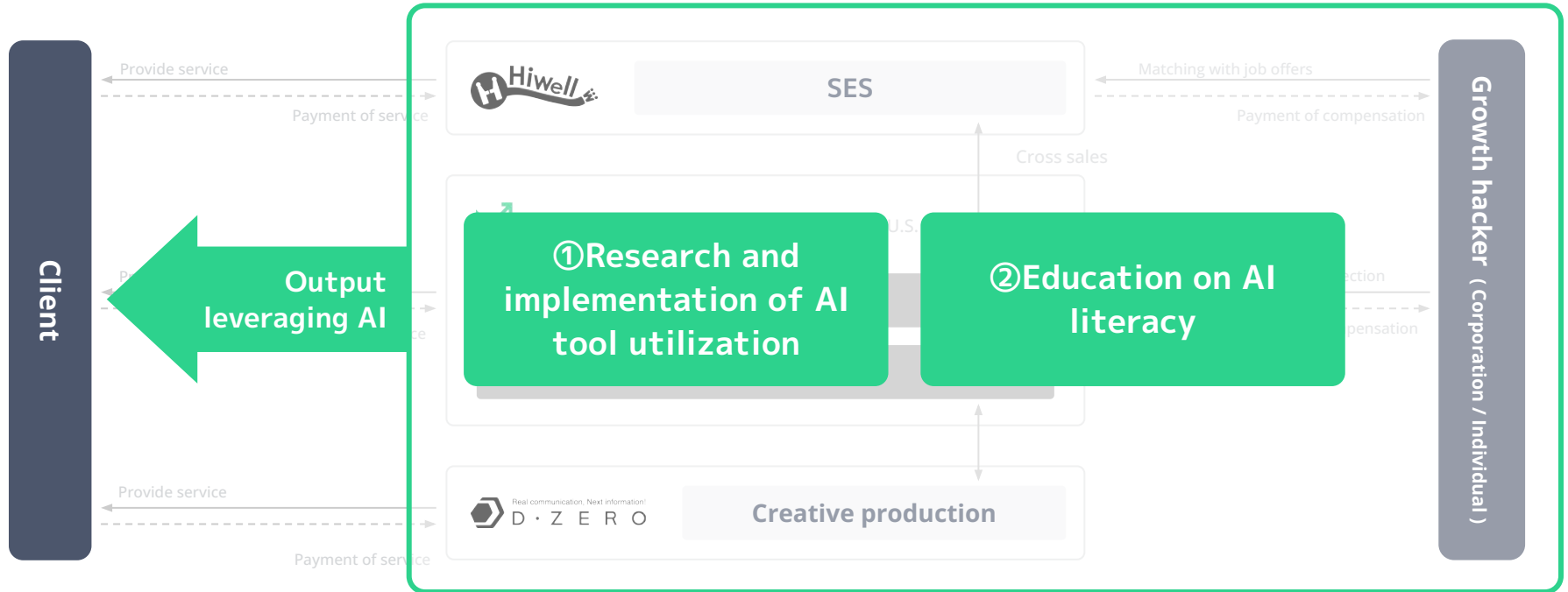


Can correctly determining what AI can do and what the risks are in previously existing DX Human Resources requirements

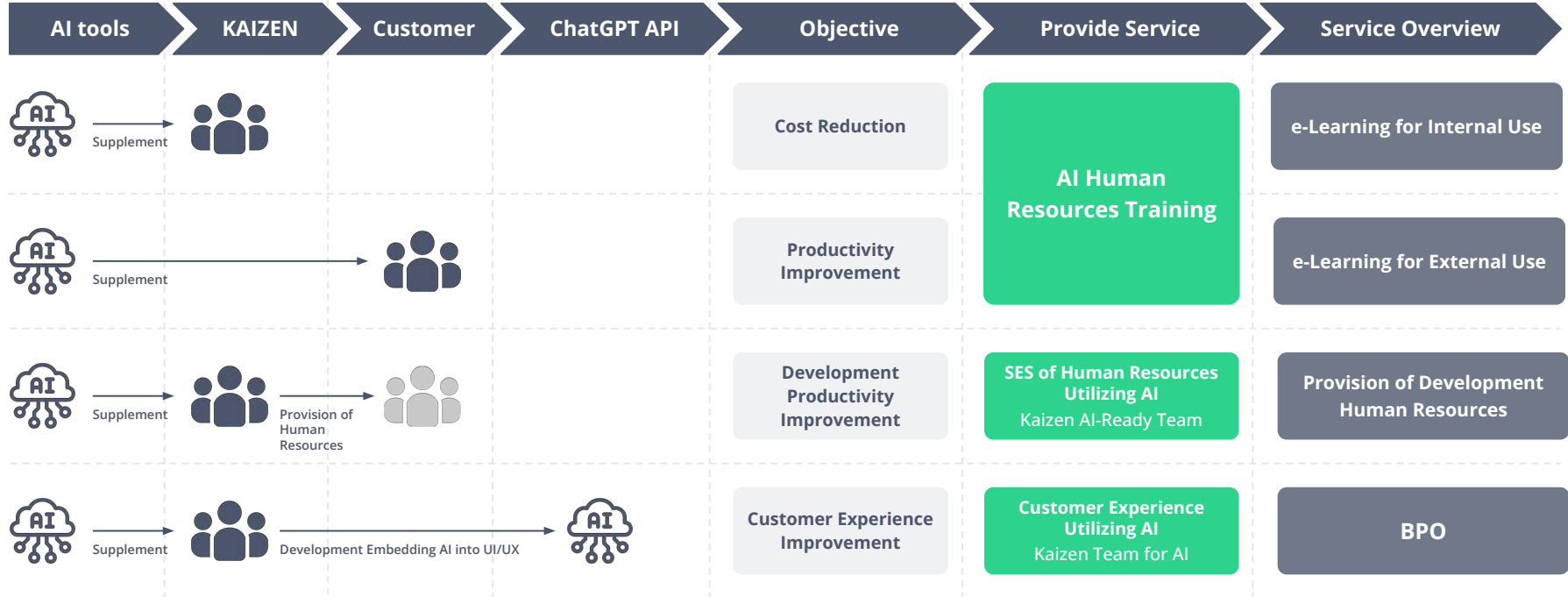
It is necessary to increase AI literacy, and this was determined to be **the most important skill for accelerating DX**



Toward a policy of actively considering the utilization of AI in all businesses throughout the entire Kaizen Platform Group
Develop an AI human resource development program that can be used immediately in operations for engineers, designers and business
 It is anticipated to start with development for in-house use and later be sold externally

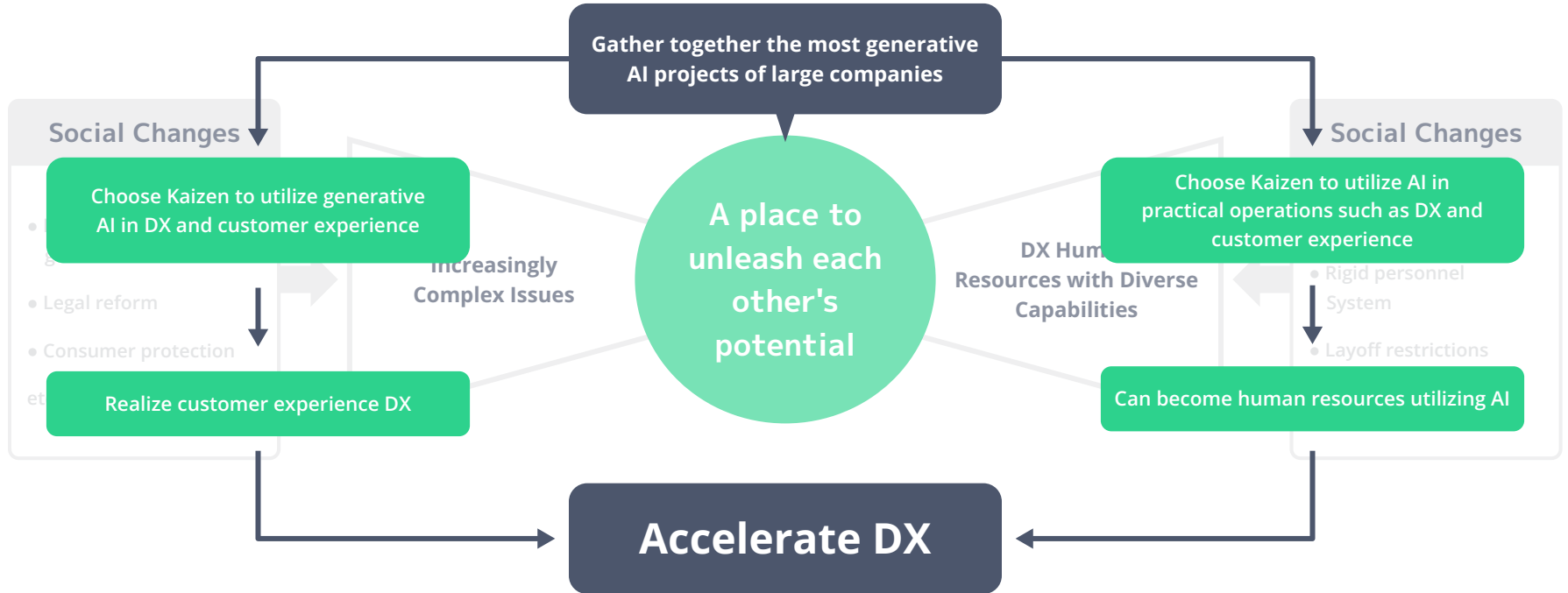


Develop human resources able to utilize generative AI, and provide existing customer experience DX while seeking to evolve into BPO embedding AI

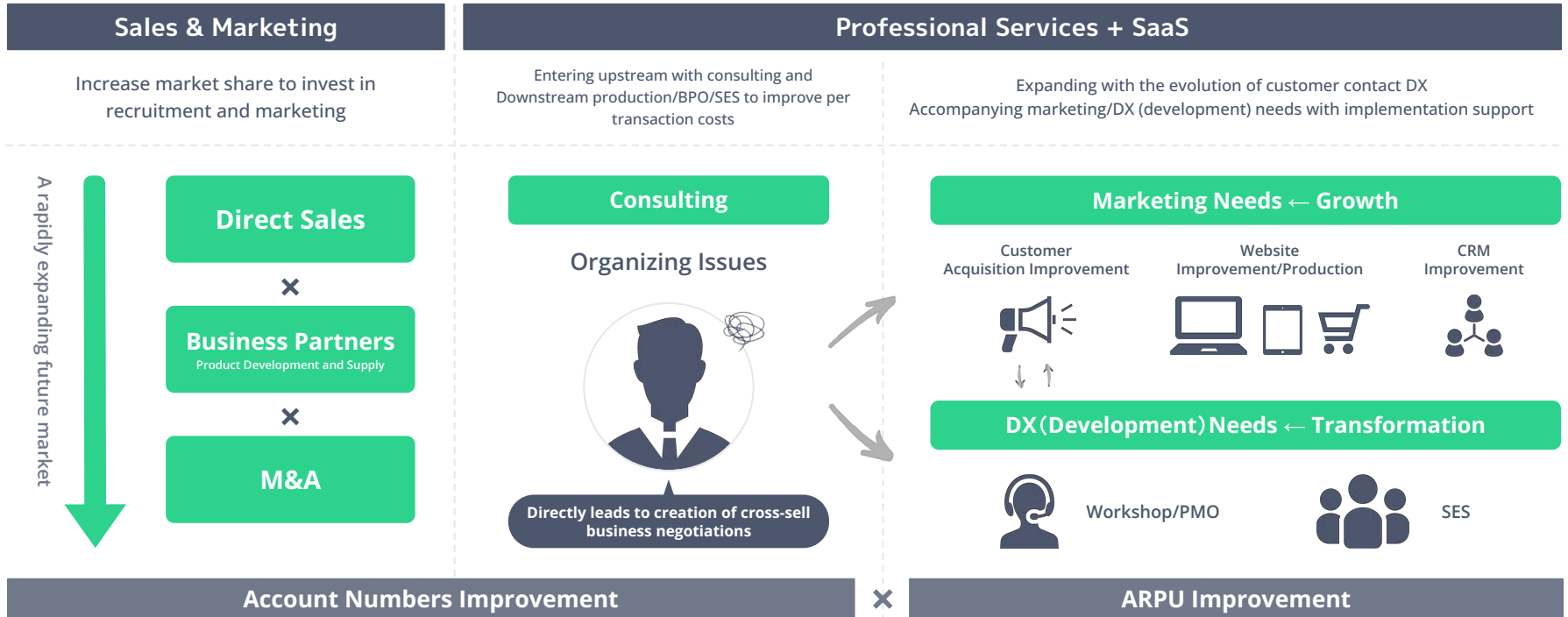


It is important to create a place for DX projects by generative AI to be gathered to accelerate DX

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*

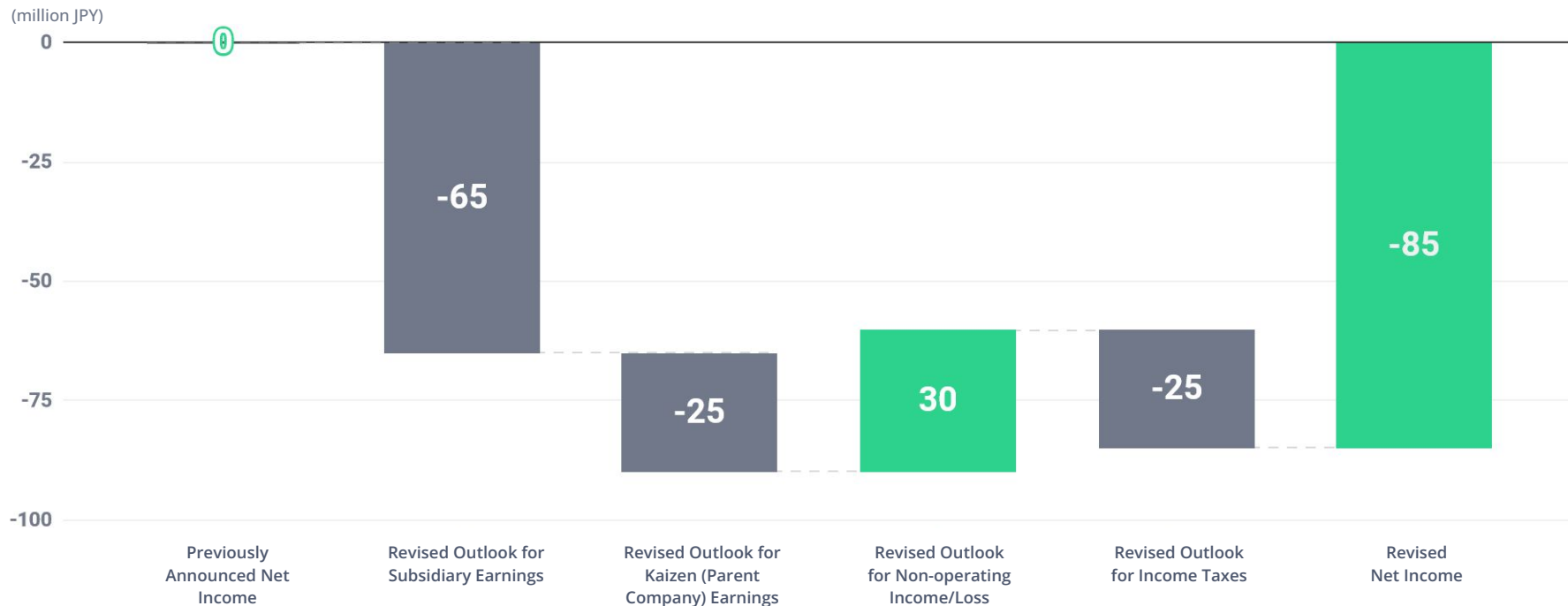


Revised earnings forecasts mainly due to a change in the outlook for subsidiary performance
The company turned a profit (10 million yen) from the third quarter, and we aim to further increase earnings from next fiscal year

(million JPY)	FY 2022 Full Year	FY 2023 Full Year			
	Actual	Previous announcement	Current Revision	Increase/Decrease	Increase/Decrease Ratio
Sales	2,667	4,500	4,200	-300	-6.7%
EBITDA	158	200	200	0	0.0%
Operating profit	-102	30	-60	-90	-
Ordinary profit	-127	3	-60	-63	-
Net Income	-285	0	-85	-85	-

Earnings of subsidiaries dipped, and profit decreased, with the parent company turning a profit being delayed by around one and a half months

We will establish the profitability of the Group as a whole from next fiscal year, and aim to increase earnings





Appendix

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

Growth

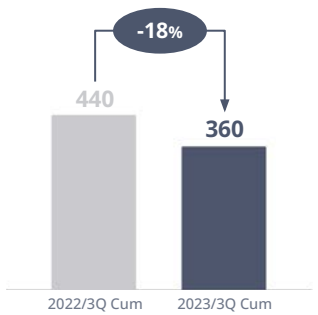
In the turnaround of the former Video segment, it is anticipated to bounce back in around the second half

Transformation

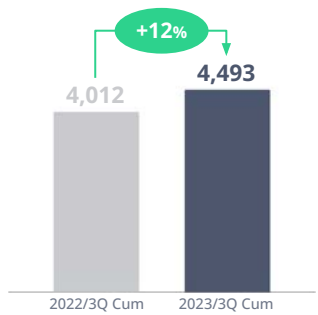
Significant increase due to Hiwell coming under the scope of consolidation, seeking to promote cross-sells at the same time as acquiring new trading accounts

Growth

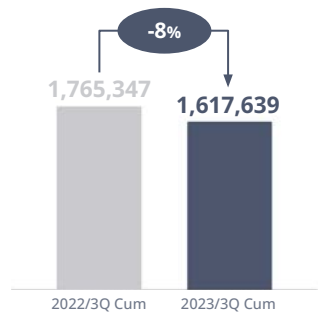
Number of trading accounts



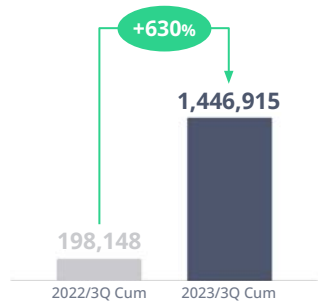
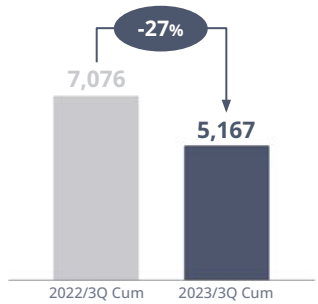
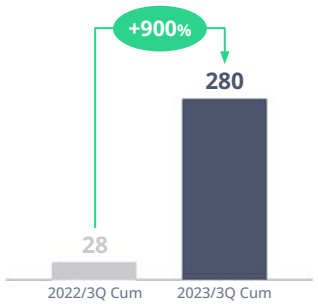
ARPU (Q3 Cum) Unit: Thousand JPY



Revenue (Q3 Cum) Unit: Thousand JPY



Transformation



The strategy of concentrating on major customers has succeeded in raising ARPU Fewer trading accounts by narrowing the target for new small-lot trading accounts

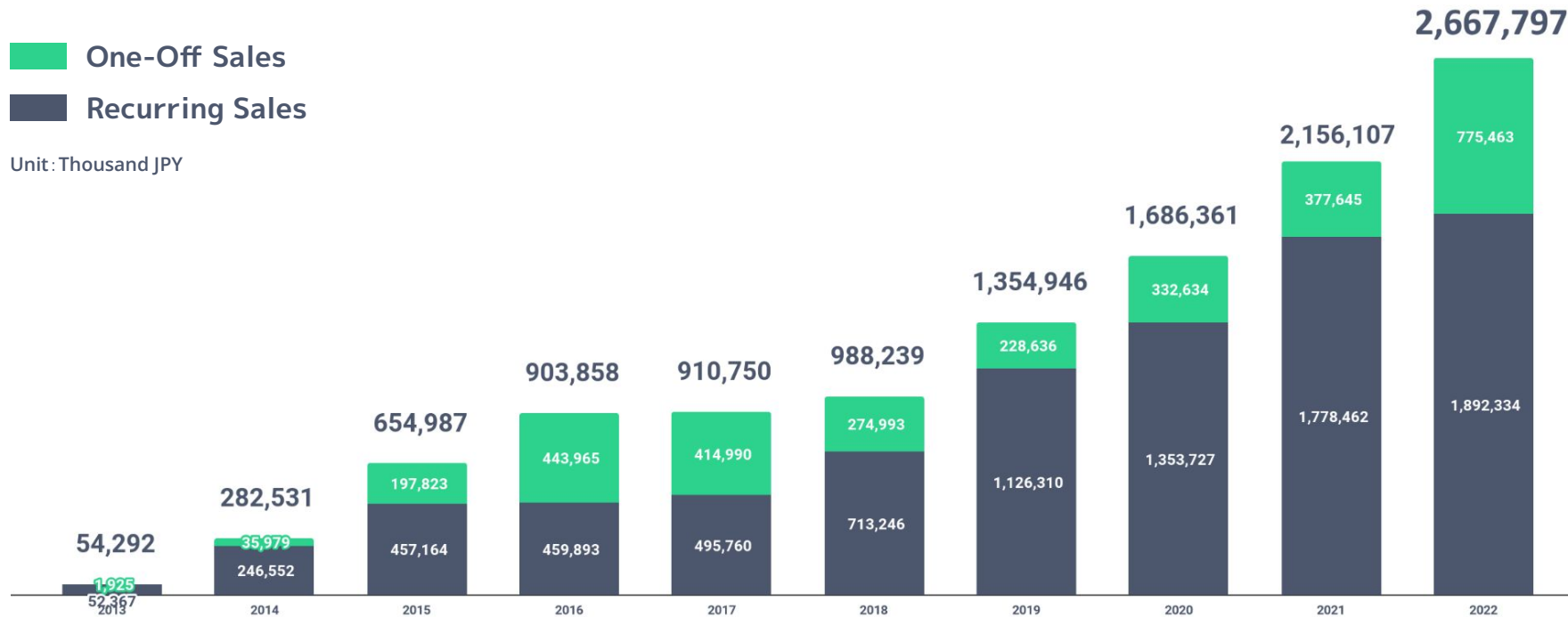


A change in strategy to narrow the focus to customer targets that are easier to cross-sell to has resulted in a rearrangement of the customer portfolio

Improvement in the recurring ratio due to the shift from one-off sales to recurring sales will be carried over to FY2023

■ One-Off Sales
■ Recurring Sales

Unit: Thousand JPY



Profit and Loss (Consolidated)

Thousand JPY	2021/12	2022/12	2023/9
Sales revenue	2,260,042	2,667,797	3,188,542
Gross Profit	934,202	955,062	946,771
Selling, General and Administrative Expenses	888,481	1,057,902	1,021,156
Salary and Allowance	250,906	294,818	309,676
Outsourcing Cost	152,012	127,805	106,482
Operating Profit (Loss)	45,720	(102,839)	(74,385)
Ordinary Profit (Loss)	(25,627)	(127,314)	(69,849)
Profit (loss) attributable to Parent	(101,657)	(285,792)	(87,764)

Growth

Thousand JPY	2021/12	2022/12	2023/9
JP			
Sales Revenue	-	2,280,972	1,617,639
Operating Profit (Loss)	-	(191,298)	(113,515)
US			
Sales Revenue	105,794	129,576	123,986
Operating Profit (Loss)	(42,248)	(32,148)	(7,824)
Total			
Sales Revenue	-	2,410,549	1,741,626
Operating Profit (Loss)	-	(223,447)	(121,340)

Transformation

Thousand JPY	2021/12	2022/12	2023/9
Sales Revenue	-	257,248	1,446,915
Operating Profit (Loss)	-	120,607	46,955

Balance Sheet (Consolidated)

Thousand JPY	2021/12	2022/12	2023/9
Cash and Cash Equivalents	3,006,148	3,337,836	2,720,628
Current Assets	3,438,310	4,036,258	3,575,334
Tangible Fixed Assets	13,748	22,472	19,865
Intangible Fixed Assets	699,349	991,918	881,754
Investment and Other Assets	205,949	185,861	164,623
Assets	4,357,357	5,236,512	4,641,578
Short-Term Debt	—	751,452	340,516
Long-Term Debt	671,000	586,303	536,614
Liability	1,009,025	1,955,753	1,461,726
Net Worth	3,348,332	3,280,758	3,179,851
Liability Net Assets	4,357,357	5,236,512	4,641,578

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

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