



KAIZEN PLATFORM

FY 2023 Full Year Financial Results (Matters related to business plans and growth potential)

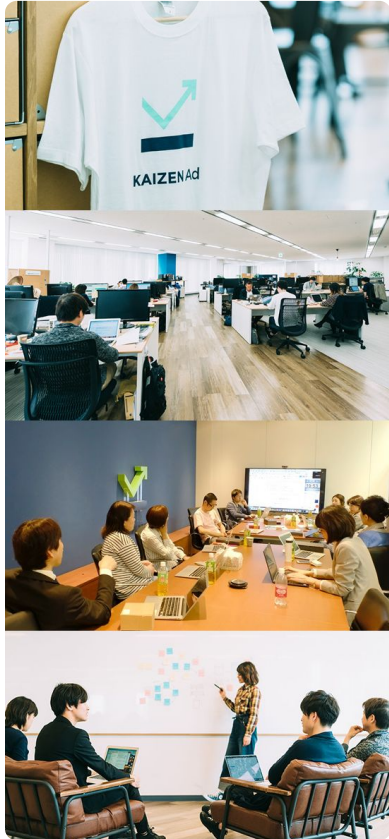
Fiscal year ending December 31, 2023

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

1 Company and Service Overview

2 FY 2023 Full Year Business Result

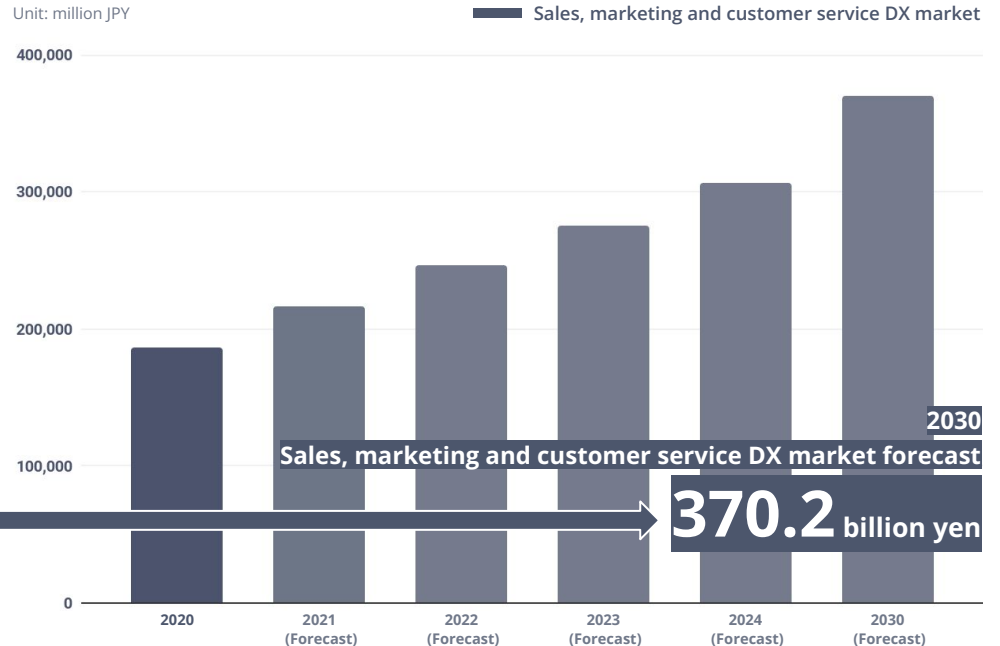
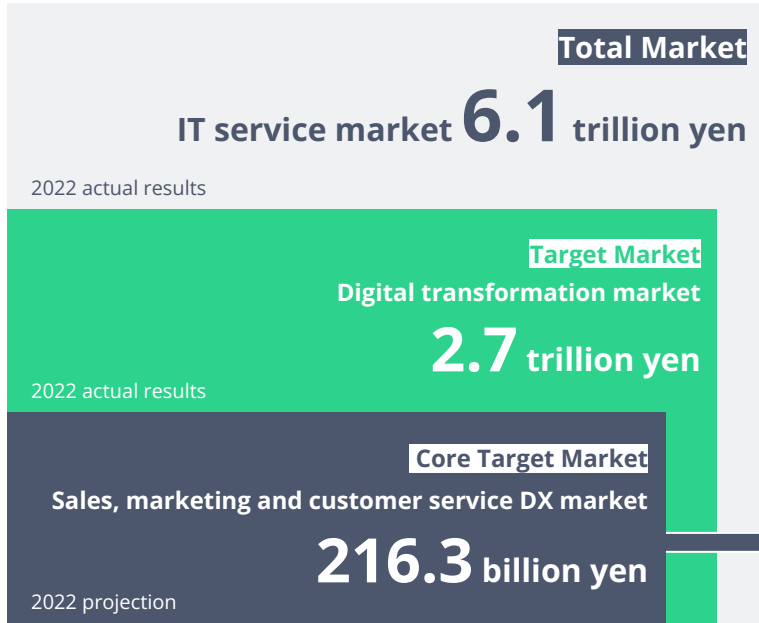
3 Earnings Forecast for the Current Fiscal Year and Future Growth Strategy



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	
Employees	132 (As of end of December 2023) Kaizen Platform Inc. and Kaizen Platform USA, Inc.: 49 / D-ZERO Inc.: 58 / Hiwell Inc. : 25	
Capital	1,766,983 thousand JPY (As of end of December 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.	

The aggressive DX market such as sales, marketing and customer service is still less than 10%
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.

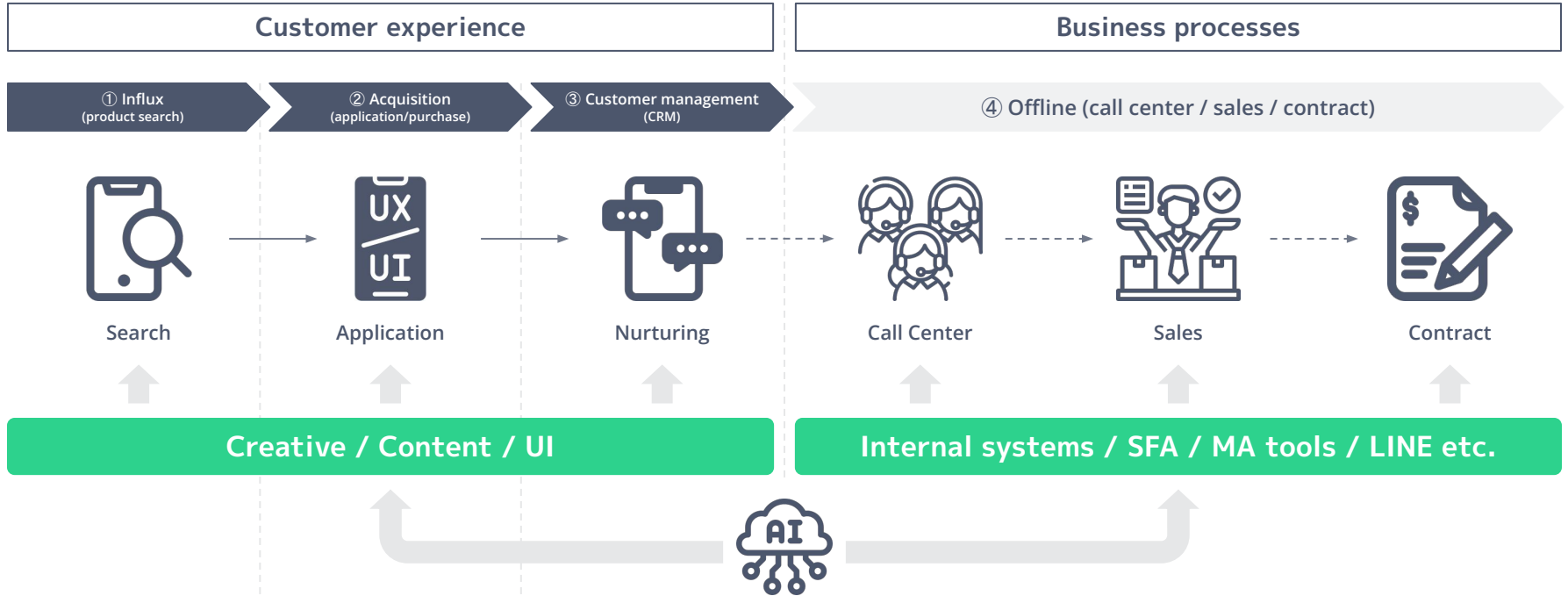
The most talented people in DX are the first to leave

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 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**

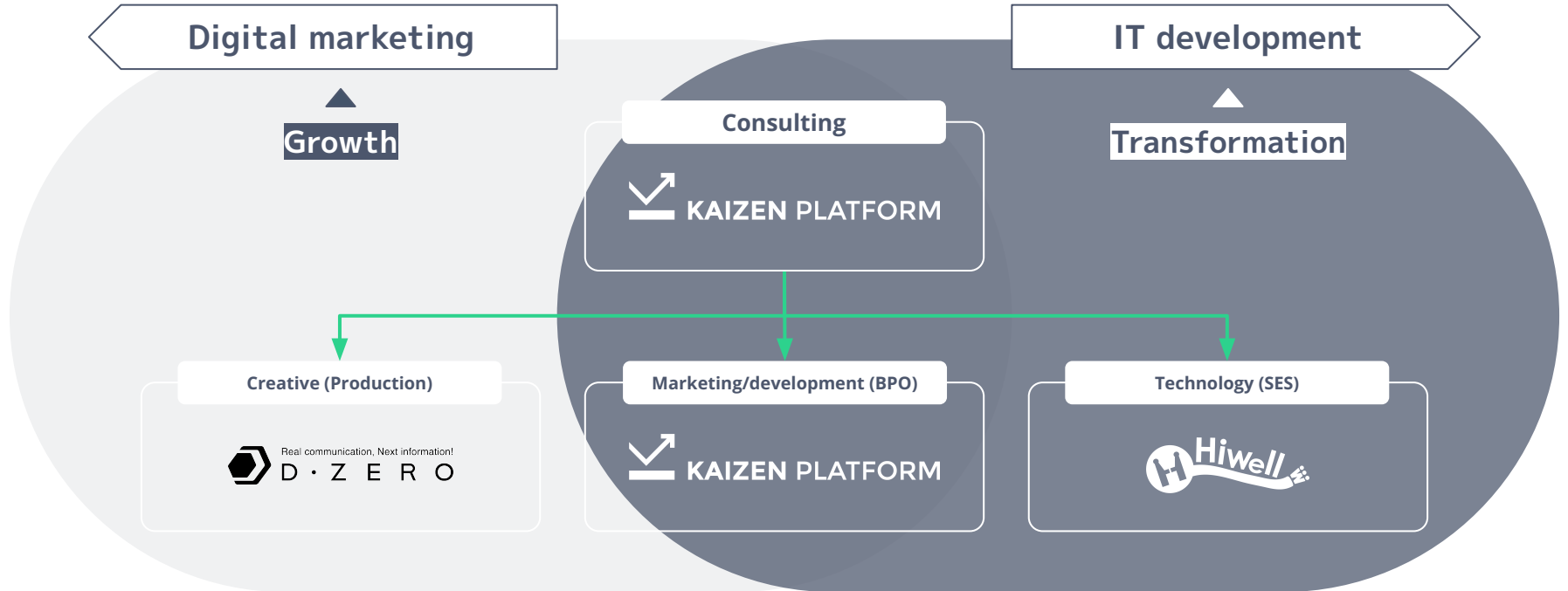


Accompany business divisions, and **improve (KAIZEN) the client's digital "customer experience"** on digital technology as a marketing & IT partner accelerating DX to support **"business growth"**

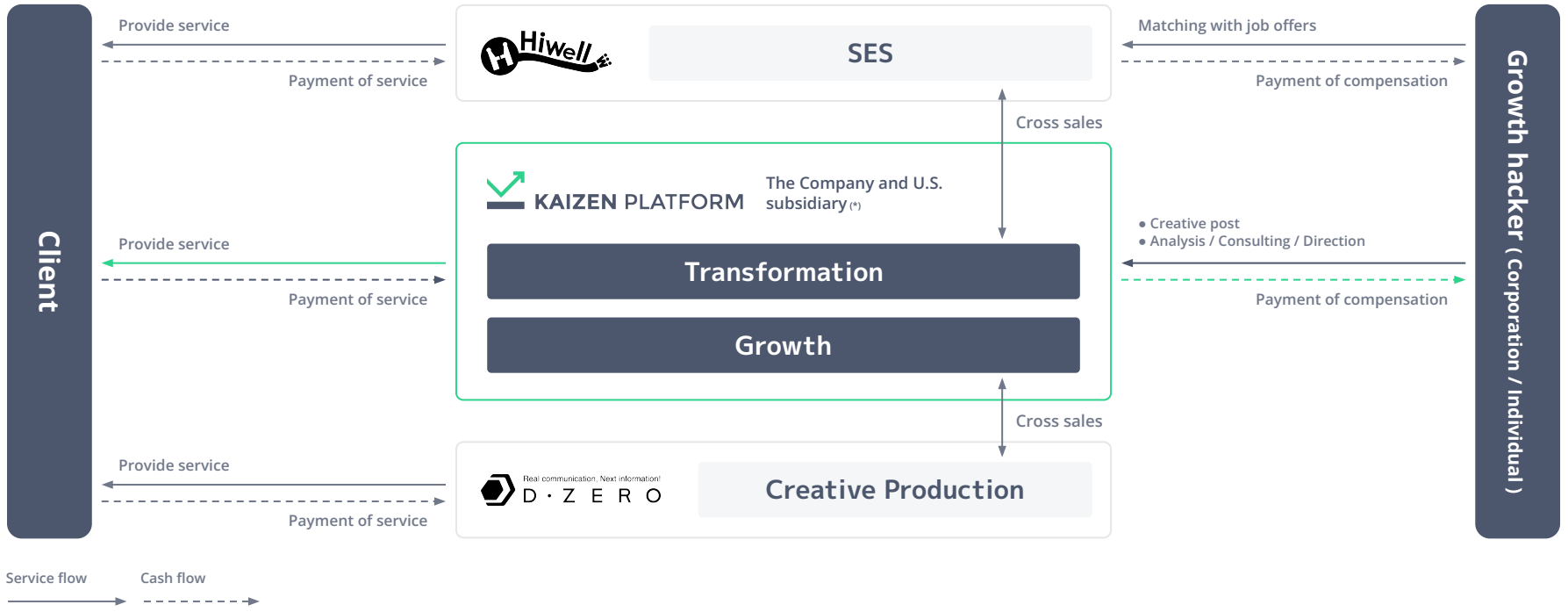


Shift from a "product-based business" to a "structure that responds to customer issues" as a partner that accompanies customers and accelerates aggressive DX.

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 15,000 or more growth hackers on the platform to execute DX projects maintaining elasticity of variable costs.

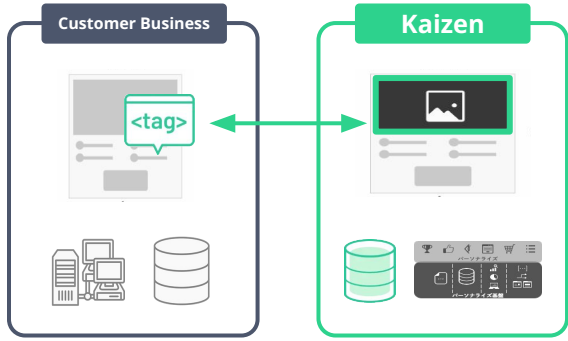


Data, cloud and resources for increasing DX ROI are accumulated on the platform
Overwhelming advantage in “know-how,” “speed,” and “cost” by providing everything as a one-stop service.



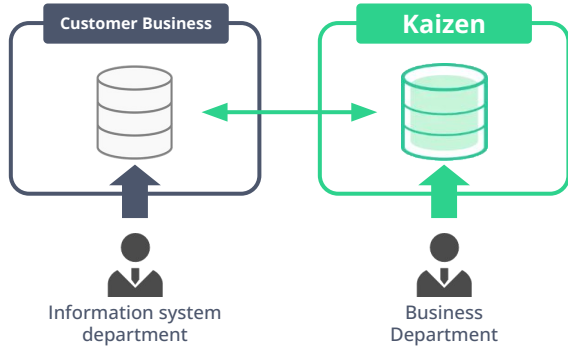
“No impact on existing legacy systems” “Driven by business departments” and
“Lower lead time and cost” enabling promotion of DX

Bypass Legacy Systems



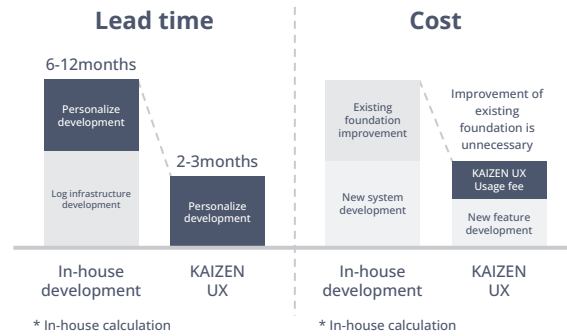
UX improvement and PoC execution with no impact on legacy systems

Business Department Driven



Business department-led speedy implementation of necessary measures

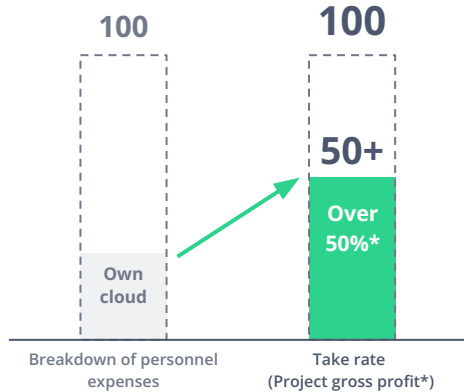
Lead Time / Cost



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

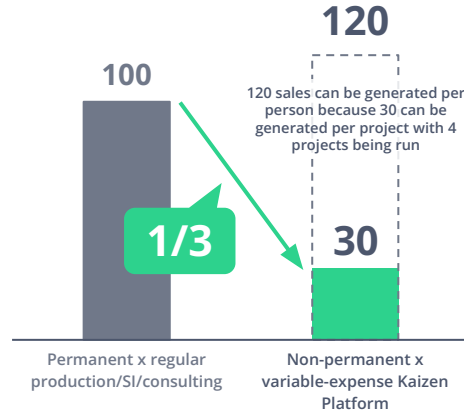
Improved profitability through the use of own cloud



* 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

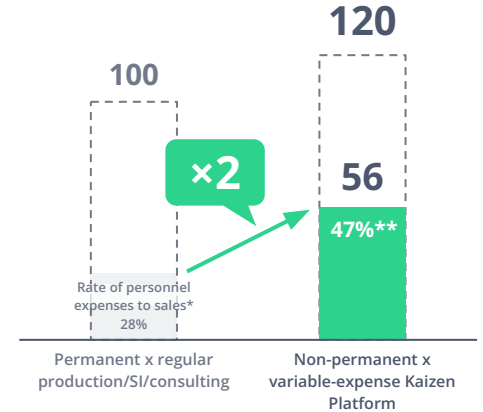
Profitable own cloud increases project productivity

Cost reduction through flexible assignments



Flexible operation such as only 2 days per week

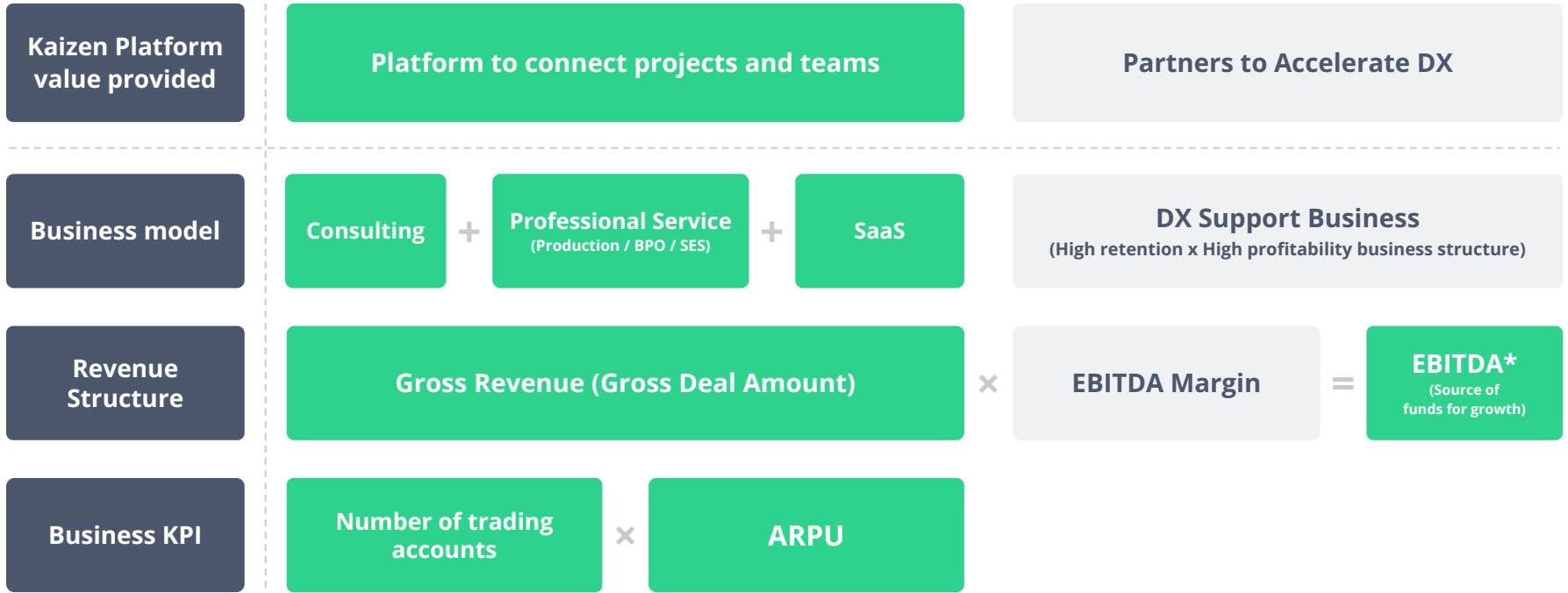
Variable costs and high compensation through the utilization of freelancers



* 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

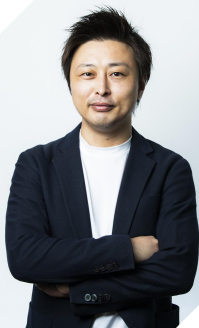


Our Valued Clients

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 assignments
- 5** Aims for sustainable ARPU improvement through aggressive DX market expansion by 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 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 Suginojara
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.

1 Company and Service Overview

2 FY 2023 Full Year Business Result

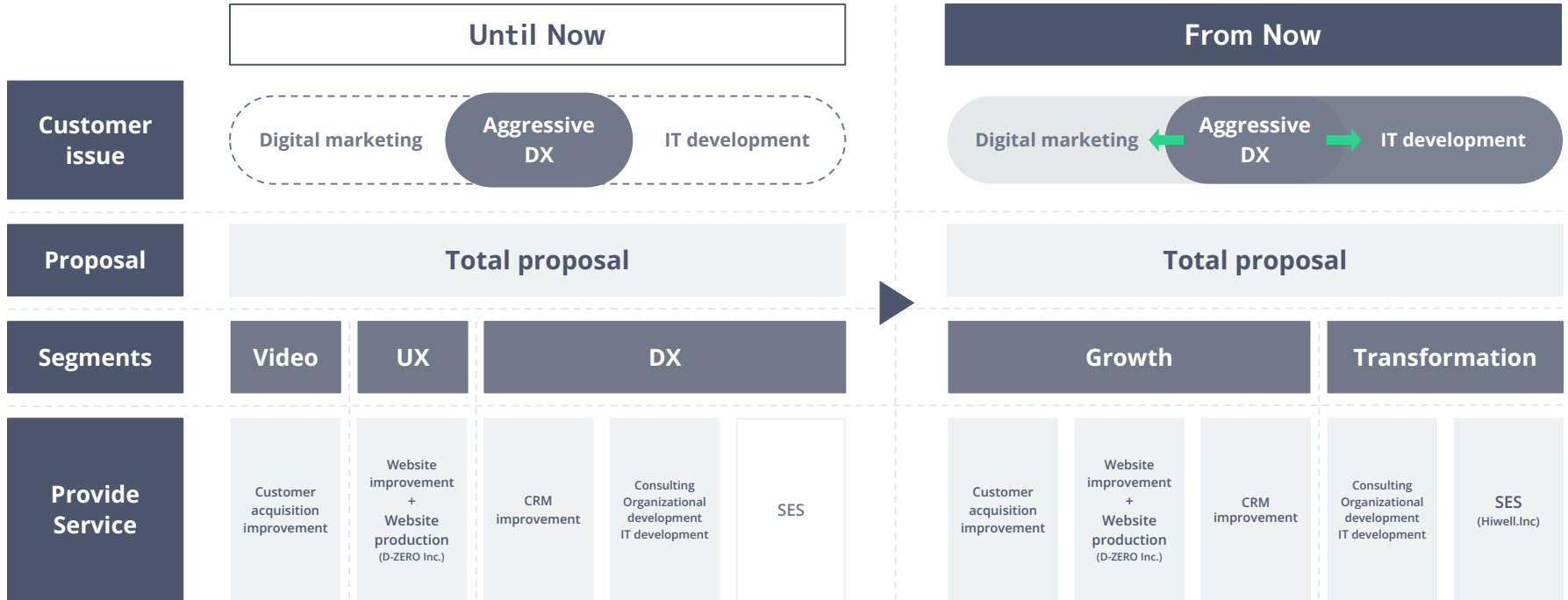
3 Earnings Forecast for the Current Fiscal Year and Future Growth Strategy

Net sales were **up 62.8% year on year** and profit improved significantly from the previous year

Both net sales and profit exceeded the revised forecasts / Ordinary profit was positive due to recording one-time non-operating income
(Surrender value of insurance policies at the subsidiary D-ZERO Inc.)

(Million JPY)	FY 2023 Q4 (January 2023 - December 2023)				Full Year Forecast (Announced on November 13, 2023)		
	Actual	Year-on Year			Earning forecast	Increase/Decrease	Progress rate
		Actual	Increase/Decrease	% Change			
Sales	4,343	2,667	+1,675	+62.8%	4,200	+143	103.4%
EBITDA	239	158	+81	+51.3%	200	+39	119.6%
Operating Profit	-25	-102	+77	-%	-60	+34	-%
Ordinary Profit	11	-127	+138	-%	-60	+71	-%
Net Income	-21	-285	+264	-%	-85	+63	-%

Reorganization and consolidation of marketing domains from business units. Provide solutions tailored to digital marketing and IT development issues



Performance Trends (By Segment)

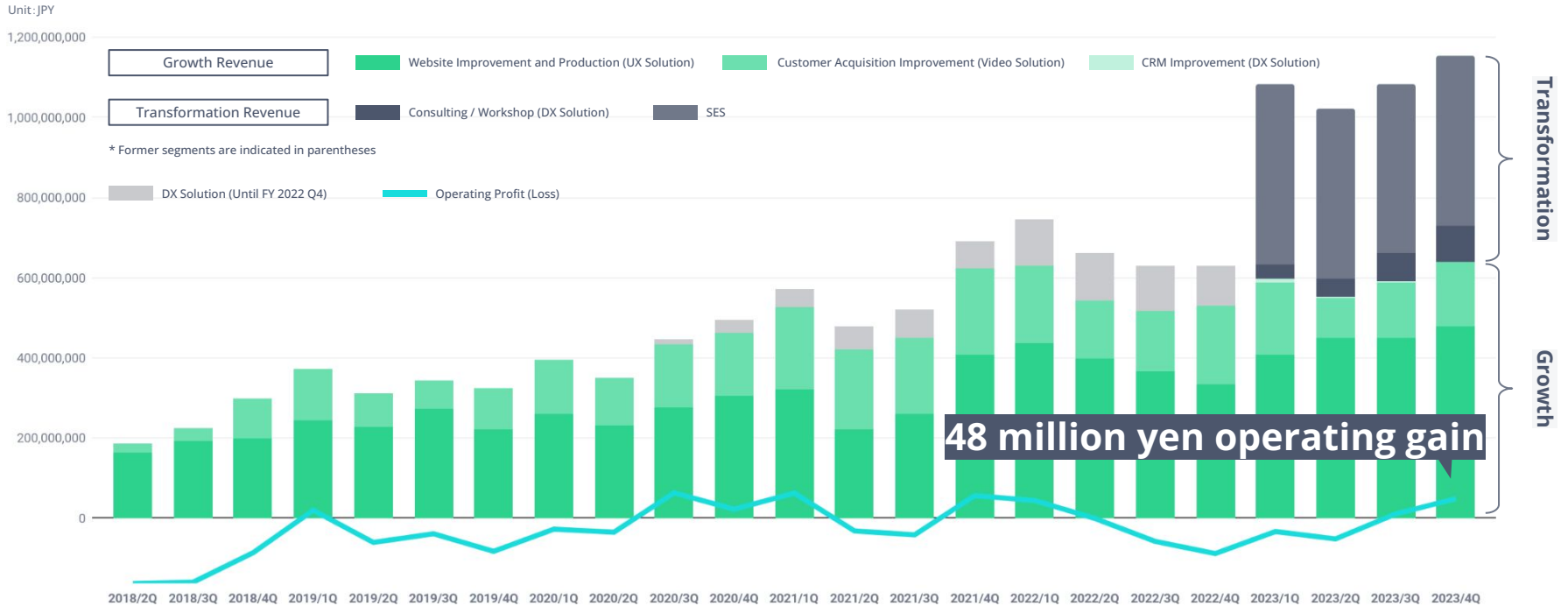
Growth

The turnaround of the former Video segment was completed, returning to a growth trajectory. Started strengthening hiring 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

Significantly increased due to the start of consolidation of Hiwell, and grew IT development projects from consulting.



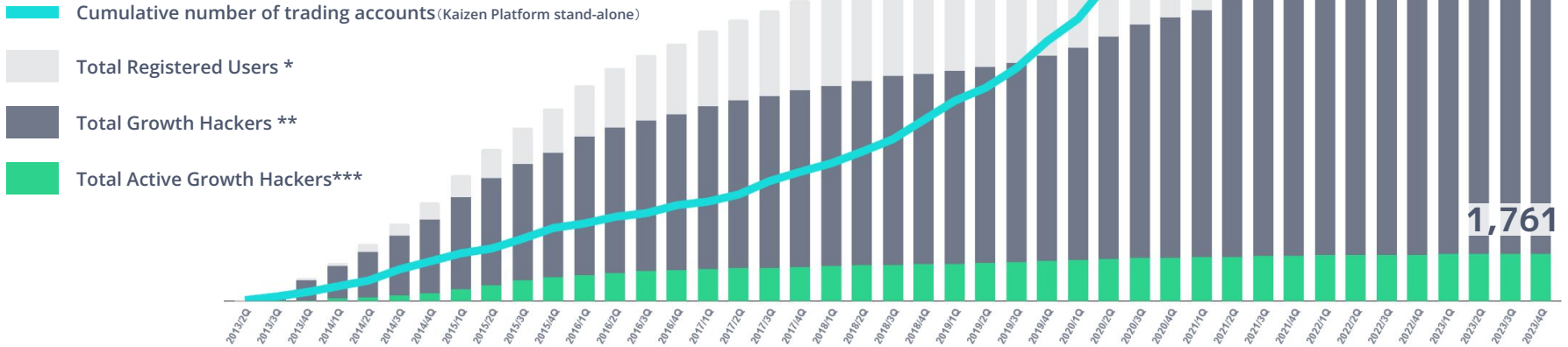
Expanding customer base with a focus on large companies,
growing both in terms of number of companies and users



Number of Accounts
Over 1,200



Number of Registered Users
Over 20K



1,272

20,527

12,432

1,761

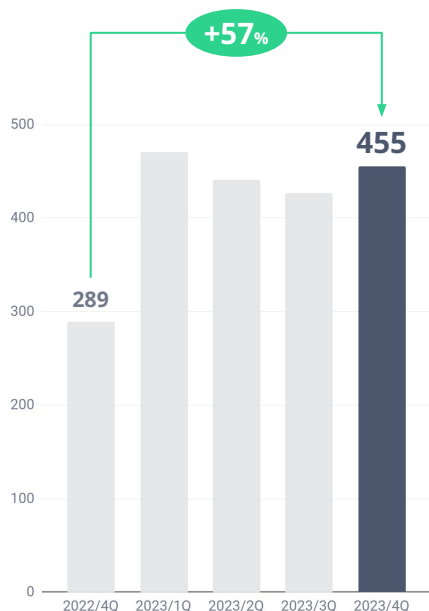
* Total Number of Clients and Users using the Platform

** Total Number of Growth Hackers using the Platform

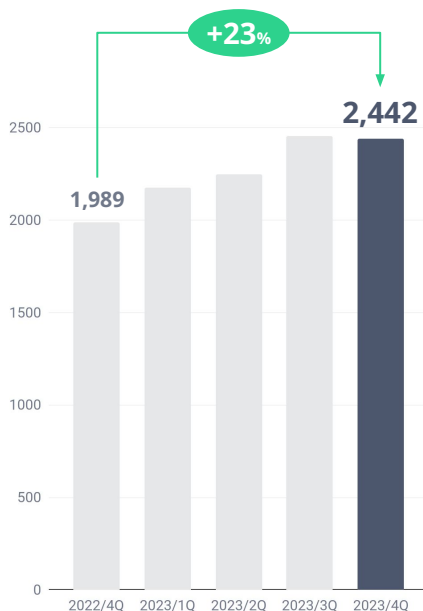
***Cumulative number of growth hackers who have submitted creative improvement ideas in the past

The number of accounts for the Group as a whole **increased significantly** due to the effect of M&A
ARPU also increased steadily through cross-selling, and net sales increased **93% year on year**

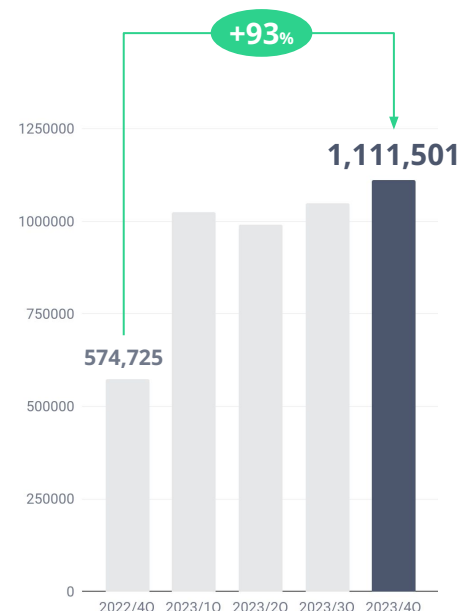
Number of trading accounts*



ARPU Unit: Thousand JPY



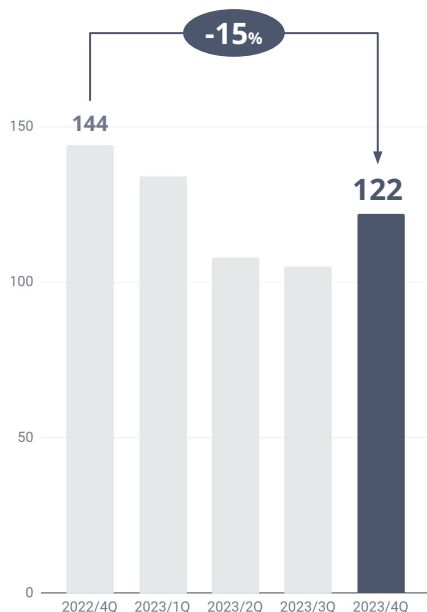
Revenue Unit: Thousand JPY



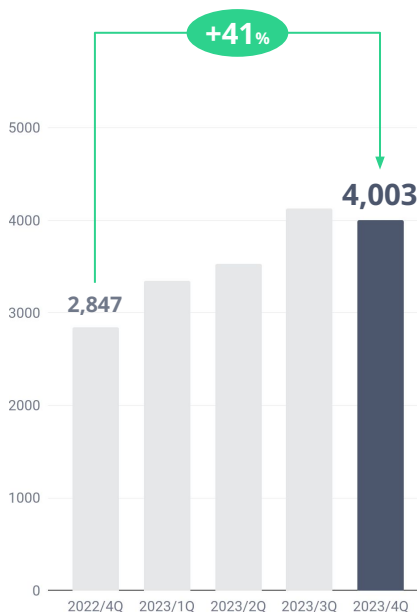
The turnaround of the former Video segment was completed, and the number of new accounts increased quarter-on-quarter, with strengthened cross-selling resulting in net sales increasing by 19% with a 41% increase in ARPU

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

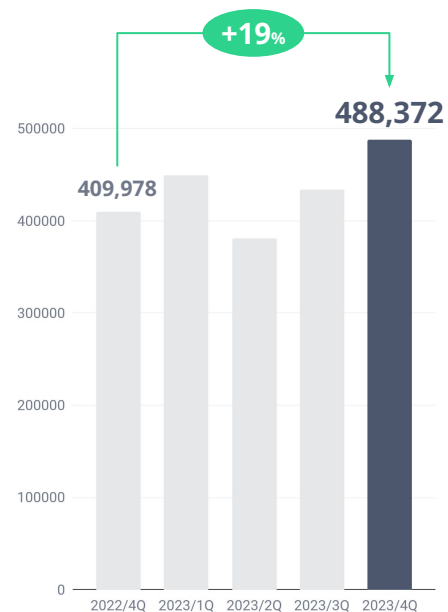
Number of trading accounts*



ARPU Unit: Thousand JPY



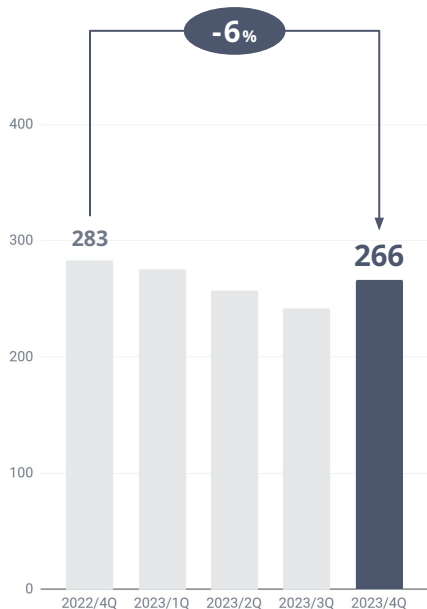
Revenue Unit: Thousand JPY



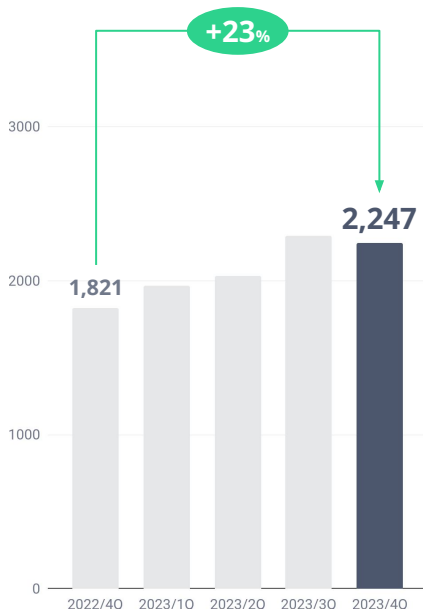
We will unify sales and promote integrated proposals to get back on the growth track for Growth as a whole

The number of trading accounts also turned around from the previous quarter, with ARPU increasing and net sales increasing

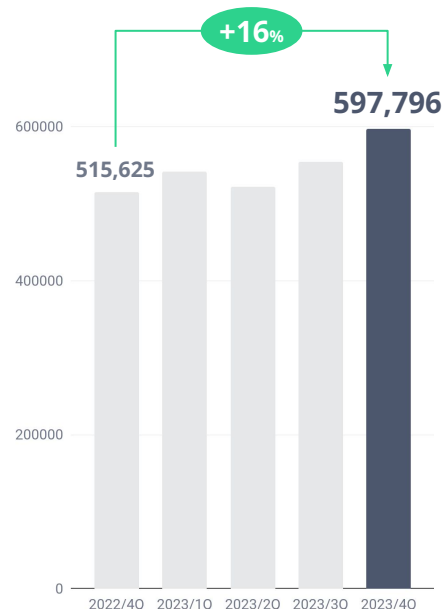
Number of trading accounts



ARPU Unit: Thousand JPY



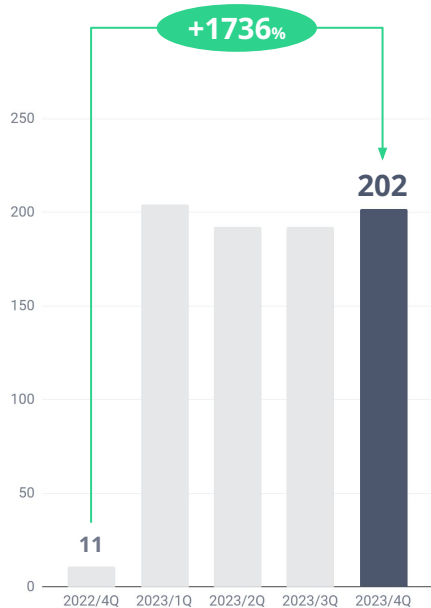
Revenue Unit: Thousand JPY



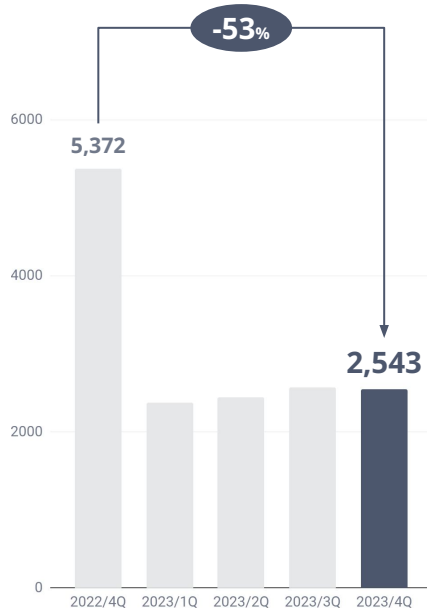
The number of accounts and revenue both increased significantly due to Hiwell being included in the scope of consolidation

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

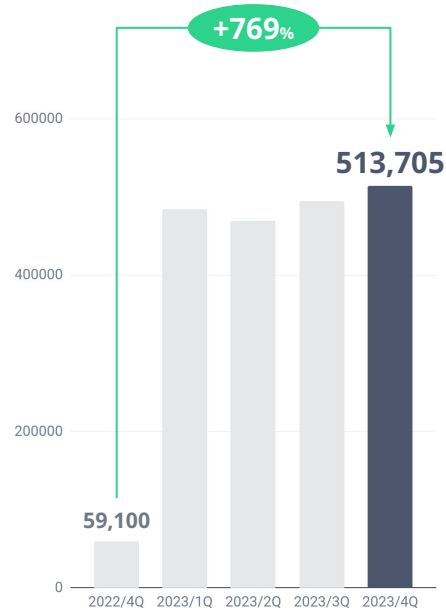
Number of trading accounts



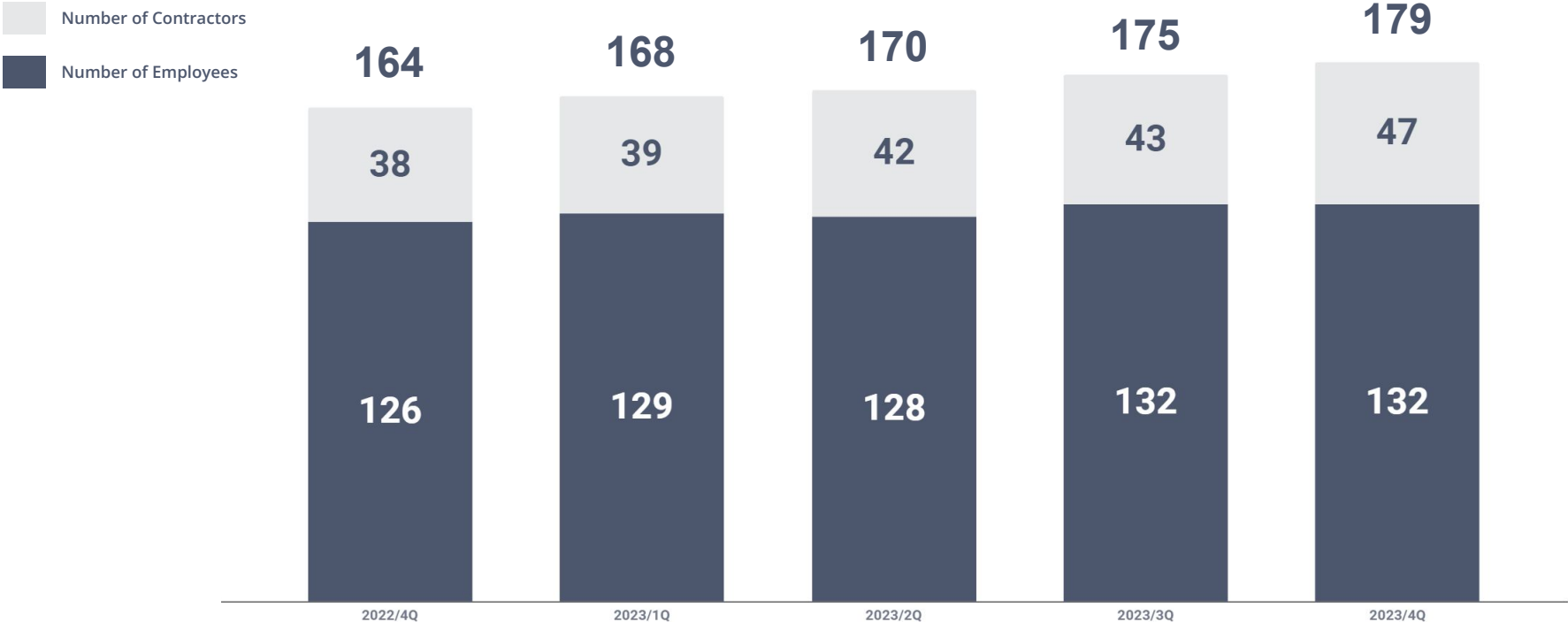
ARPU Unit: Thousand JPY



Revenue Unit: Thousand JPY



We aim to significantly expand the number of staff (employees + contractors) to meet the current increase in demand



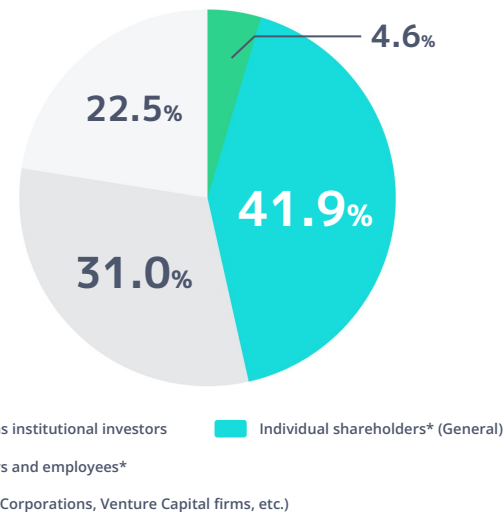
We maintained both cash and deposits and net assets at adequate levels, and the financial base is stable

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

Balance Sheet (Consolidated)			
million JPY	2022/12	2023/12	Increase / Decrease
Cash and Cash Equivalents	3,337	2,544	-793
Current Assets	4,036	3,358	-677
Tangible Fixed Assets	22	21	-1
Intangible Fixed Assets	993	832	-161
Investment and Other Assets	184	157	-26
Assets	5,236	4,369	-867
Short-Term Debt	751	281	-470
Long-Term Debt	586	317	-268
Liability	1,955	1,178	-776
Net Worth	3,280	3,190	-90
Liability Net Assets	5,236	4,369	-867

Stock distribution

(As December 31, 2023)



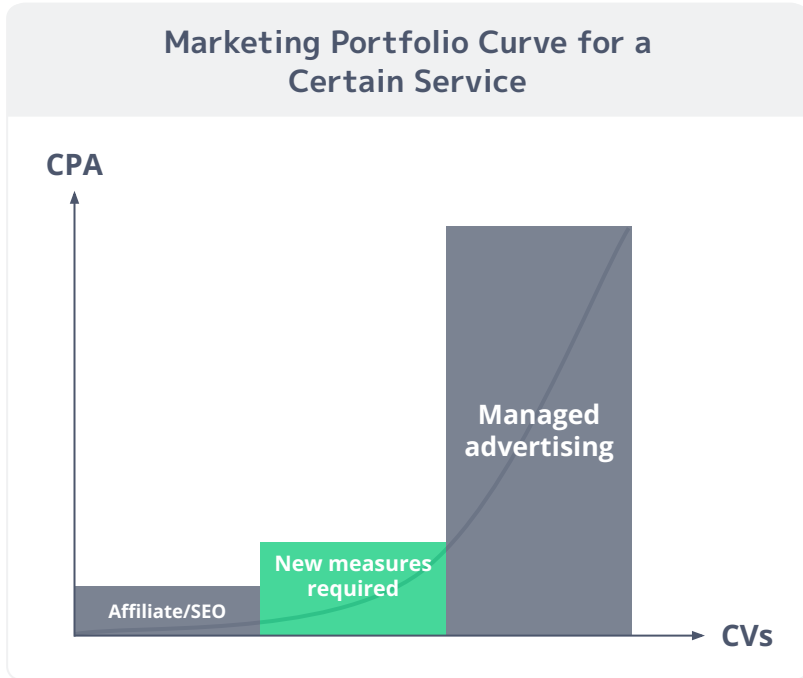
*Number of shares held by individual shareholders and directors and employees is an estimate.

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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

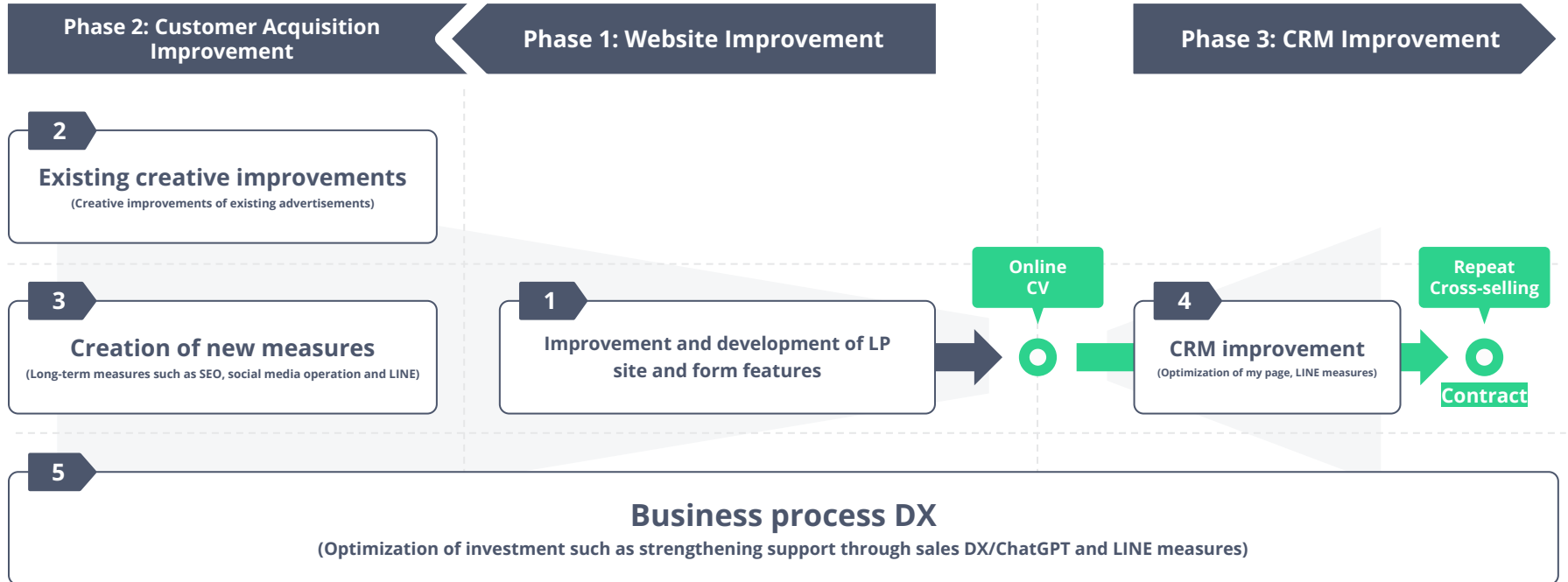
Strengthening of privacy

Decreased precision of targeting
of display ads

Strengthening of consumer protections

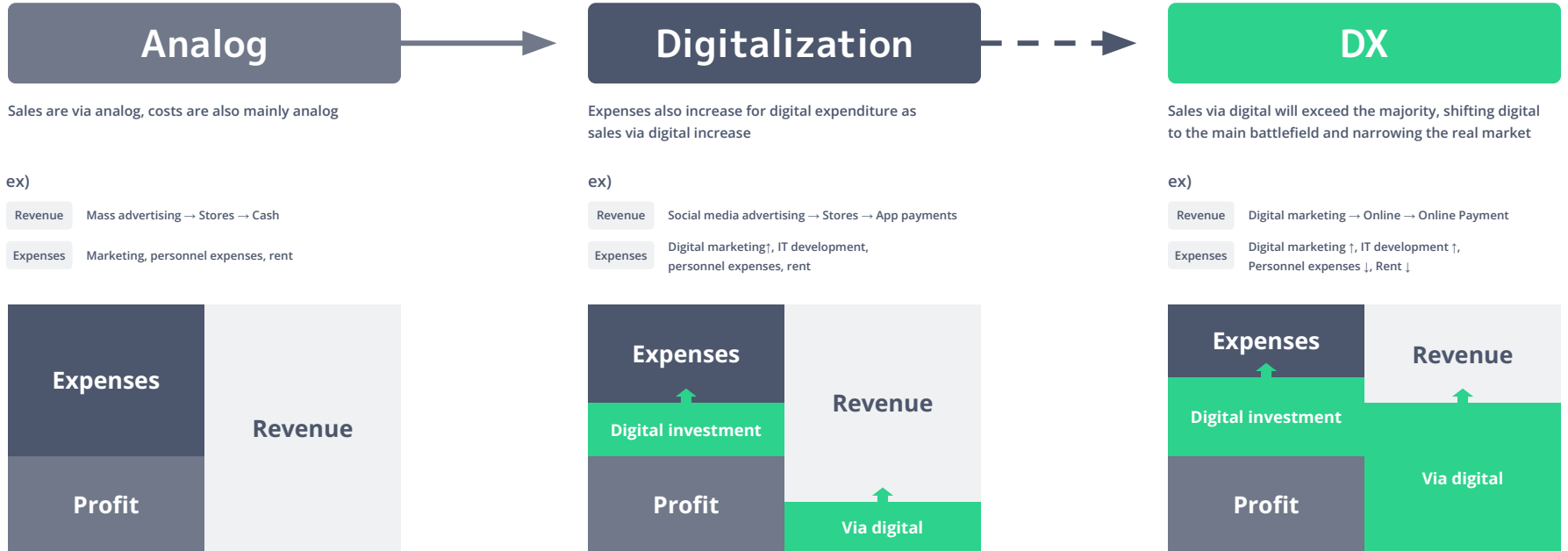
Tighter regulation of expression
in affiliate advertising

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



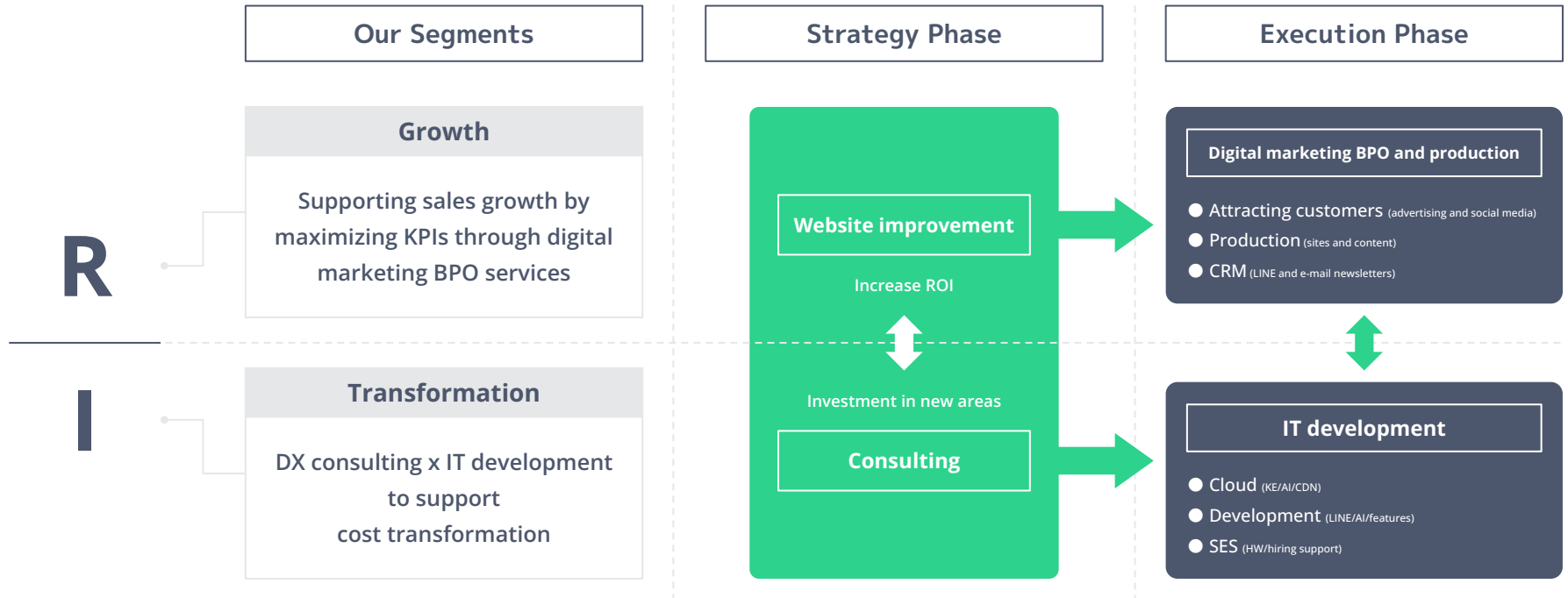
Matching return on investment to aggressive DX investment will result in acceleration of investment and progress of DX
 As DX progresses, the P/L structure will transform significantly

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



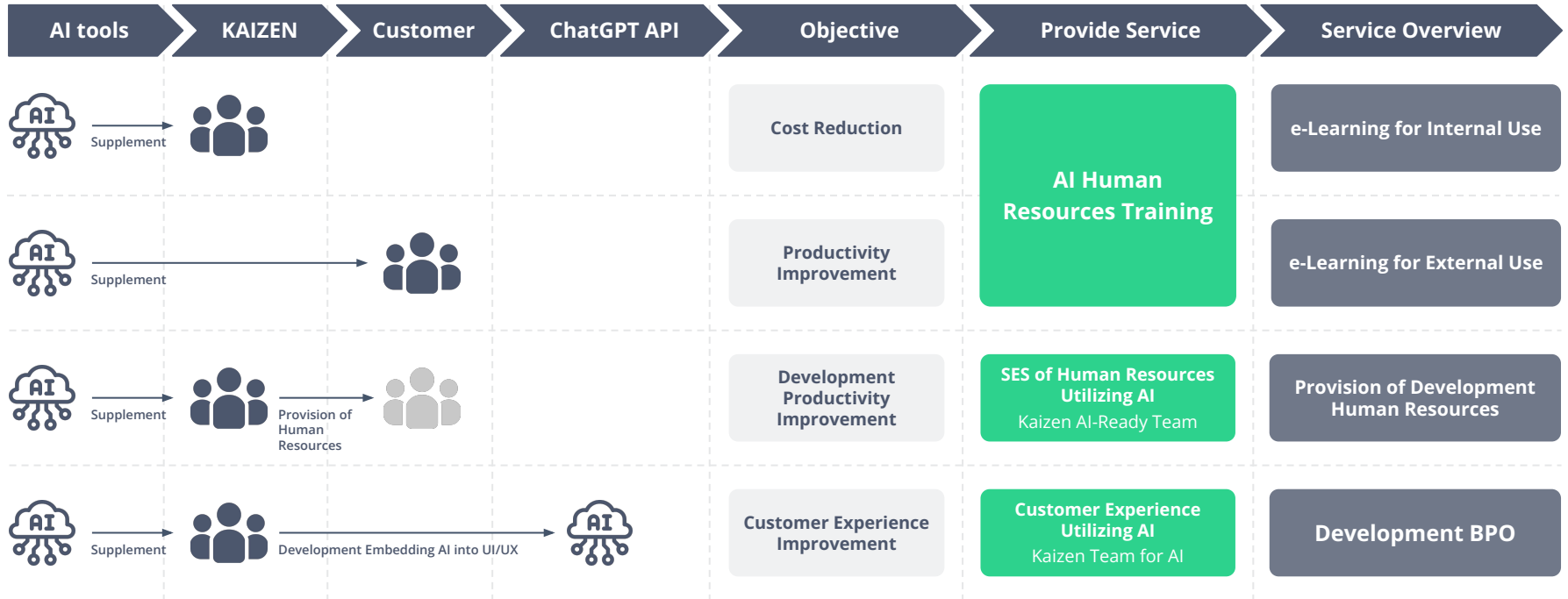
The starting point of our proposals is consulting, where we are able to differentiate ourselves through site improvements that have an overwhelming ROI and extensive data and results.

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



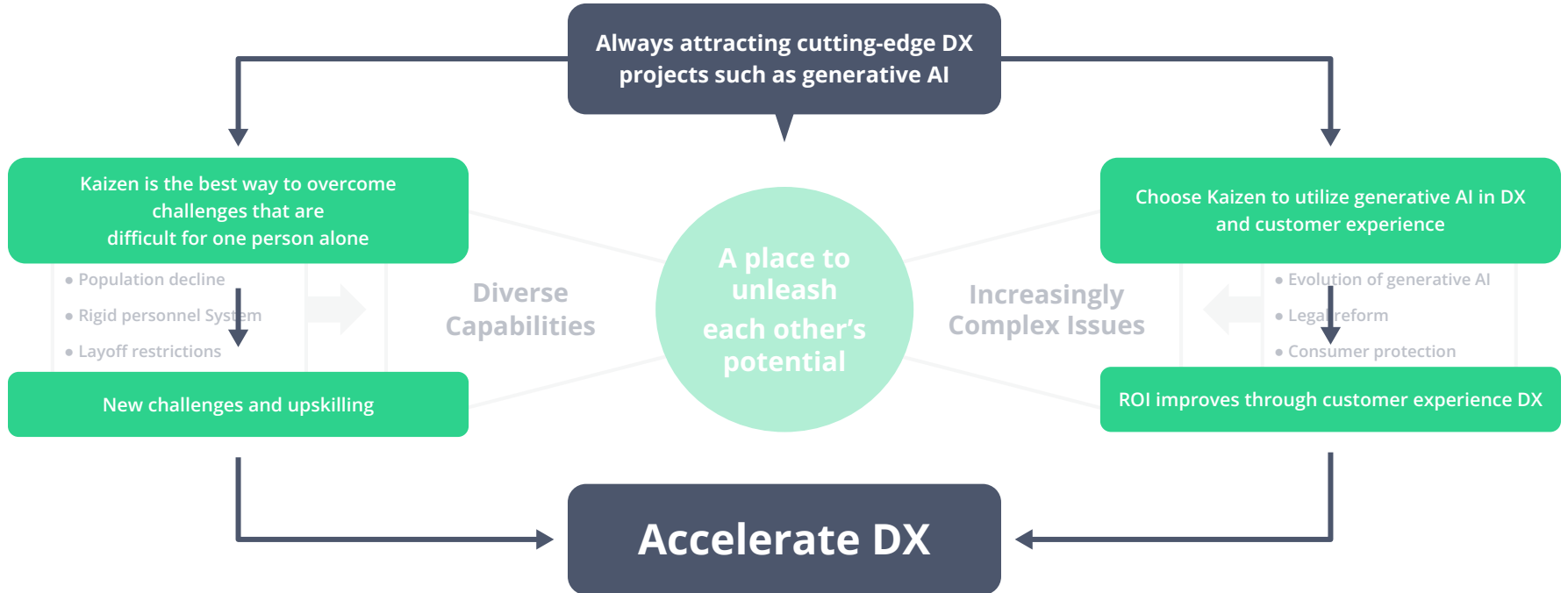
Develop human resources able to utilize generative AI

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

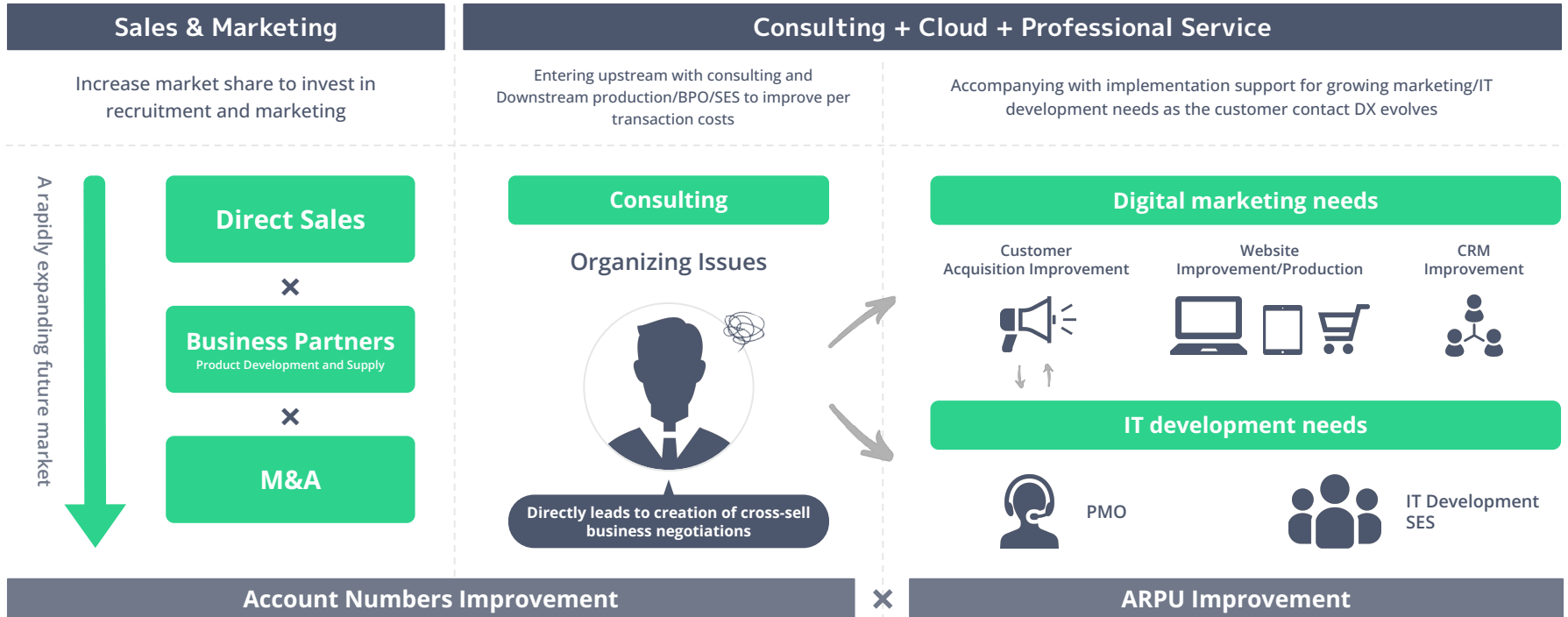


Aggressive DX projects and the creation of a place for diverse talent to be gathered are important

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*



In FY 2024, we will strengthen the organization such as hiring personnel in the first half of the year. Meanwhile, our estimates are conservative for Hywell, which was consolidated in FY 2023, because PMI is taking longer than expected.

We will steadily prepare the business foundation to ensure profit generation, which is showing signs of emerging.

(Million JPY)	FY 2023 Full Year	FY 2024 Full Year		
	Actual	Earning Forecast	Increase/Decrease	Increase/Decrease Ratio
Sales	4,343	4,500	+156	3.6%
EBITDA	239	250	+10	4.5%
Operating Profit	-25	10	+35	-
Ordinary Profit	11	0	-11	-
Net Income	-21	-30	-8	-

The following is a list of risks that, if they were to materialize, could significantly impede the execution of the Group's business plan and the measures to be taken to address them.

The countermeasures are as follows. The likelihood of these risks materializing is low at this point in time.

Competitors Trend

Competition may intensify due to existing operators and new entrants (time of manifestation: mid- to long-term).

The Group will strengthen its competitiveness through service expansion, growth hacker network expansion, and aggressive marketing activities.

Responding to technological innovation

If there is a delay in responding to technological innovation, there is a possibility that the Group's competitiveness will decline (time of materialization: medium- to long-term).

The Group has been hiring and training engineers and improving the development environment.

System Trouble

The occurrence of a large-scale system failure could affect the Group's business and earnings.

In order to ensure stable service operations, the Group is strengthening server facilities and other equipment and building internal systems.



Appendix

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

Growth

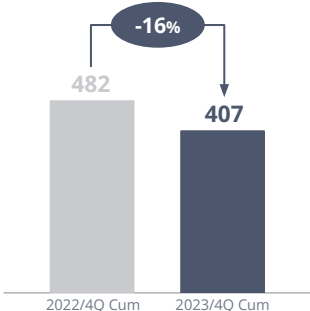
Slight decrease for the full year. Turned around in the second half and is on a growth trajectory for FY 2024 and onwards.

Transformation

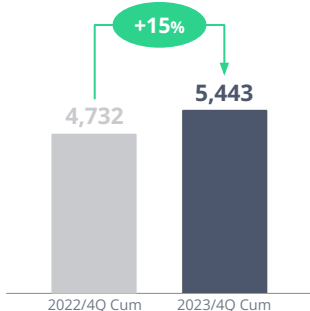
Increase due to Hiwell coming under the scope of consolidation. We will aim to increase IT development projects in future.

Growth

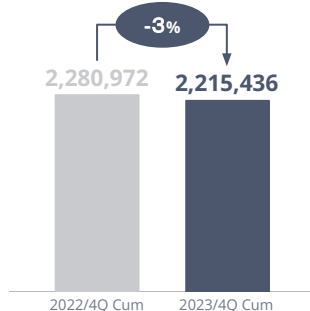
Number of trading accounts



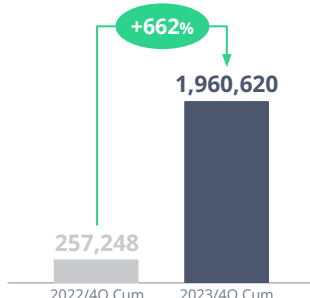
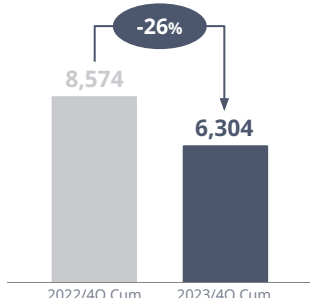
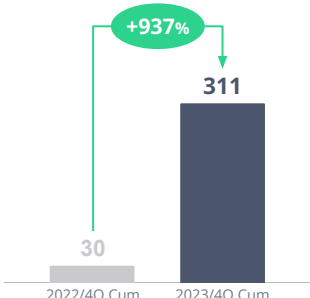
ARPU (Q4 Cum) Unit: Thousand JPY



Revenue (Q4 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%



Profit and Loss (Consolidated)

Thousand JPY	2021/12	2022/12	2023/12
Sales revenue	2,260,042	2,667,797	4,343,141
Gross Profit	934,202	955,062	1,334,608
Selling, General and Administrative Expenses	888,481	1,057,902	1,360,270
Salary and Allowance	250,906	294,818	412,380
Outsourcing Cost	152,012	127,805	140,818
Operating Profit (Loss)	45,720	(102,839)	(25,661)
Ordinary Profit (Loss)	(25,627)	(127,314)	11,603
Profit (Loss) attributable to Parent	(101,657)	(285,792)	(21,696)

Growth

Thousand JPY	2021/12	2022/12	2023/12
JP			
Sales Revenue	-	2,280,972	2,215,436
Operating Profit (Loss)	-	(191,298)	(109,477)
US			
Sales Revenue	105,794	129,576	167,084
Operating Profit (Loss)	(42,248)	(32,148)	(1,838)
Total			
Sales Revenue	-	2,410,549	2,382,521
Operating Profit (Loss)	-	(223,447)	(111,316)

Transformation

Thousand JPY	2021/12	2022/12	2023/12
Sales Revenue	-	257,248	1,960,620
Operating Profit (Loss)	-	120,607	85,804

Balance Sheet (Consolidated)

Thousand JPY	2021/12	2022/12	2023/12
Cash and Cash Equivalents	3,006,148	3,337,836	2,544,457
Current Assets	3,438,310	4,036,258	3,358,833
Tangible Fixed Assets	13,748	22,472	21,105
Intangible Fixed Assets	699,349	993,449	832,138
Investment and Other Assets	205,949	184,330	157,410
Assets	4,357,357	5,236,512	4,369,488
Short-Term Debt	—	751,452	281,234
Long-Term Debt	671,000	586,303	317,552
Liability	1,009,025	1,955,753	1,178,964
Net Worth	3,348,332	3,280,758	3,190,523
Liability Net Assets	4,357,357	5,236,512	4,369,488

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.

Accordingly, you should not place undue reliance on forward-looking statements.

Information in this presentation material relating to companies other than ours and information prepared by third parties are quoted from public information, etc. We have not independently verified the accuracy or appropriateness of such data, indicators, etc., and do not guarantee their accuracy or appropriateness.

The next disclosure of "Business Plan and Growth Potential" is scheduled to be made around the time of the announcement of these financial results (February 2025).



End