



FY 2024 Q2 Financial Results

Second Quarter of the Fiscal Year ending December 31, 2024

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

1 Company and Service Overview

2 FY 2024 Q2 Business Results

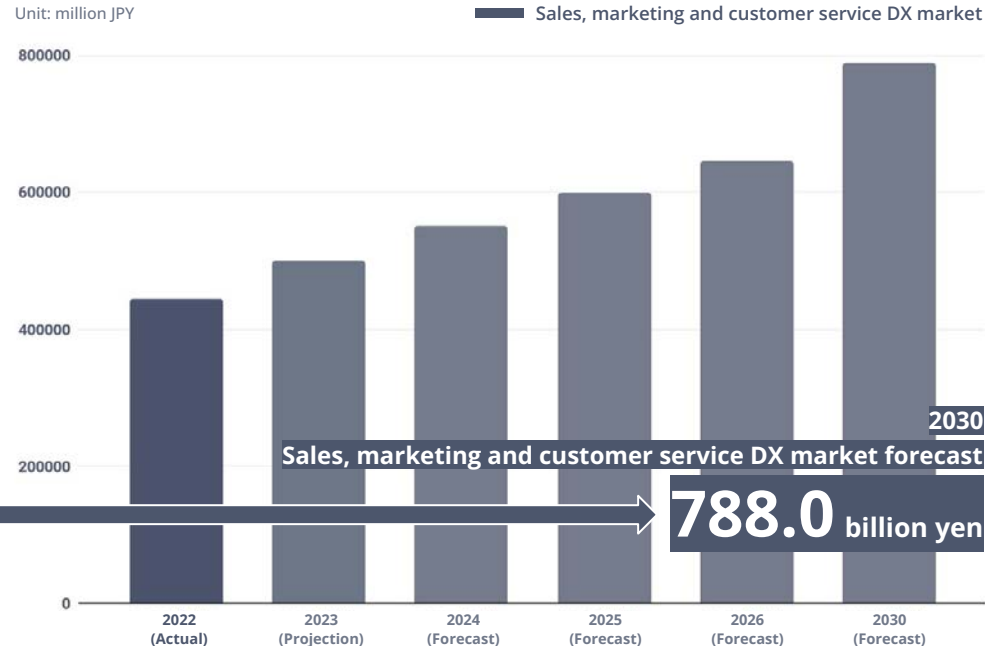
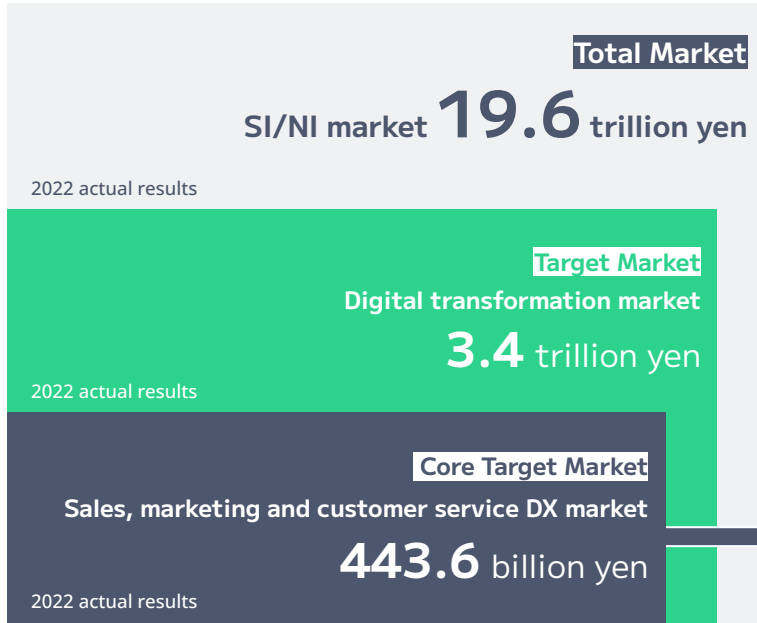
3 Future Growth Strategy



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	134 (As of end of June 2024) Kaizen Platform Inc. and Kaizen Platform USA, Inc. : 52 / D-ZERO Inc. : 62 / Hiwell Inc. : 20	
Capital	1,773,273 thousand JPY (As of end of June 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
	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.

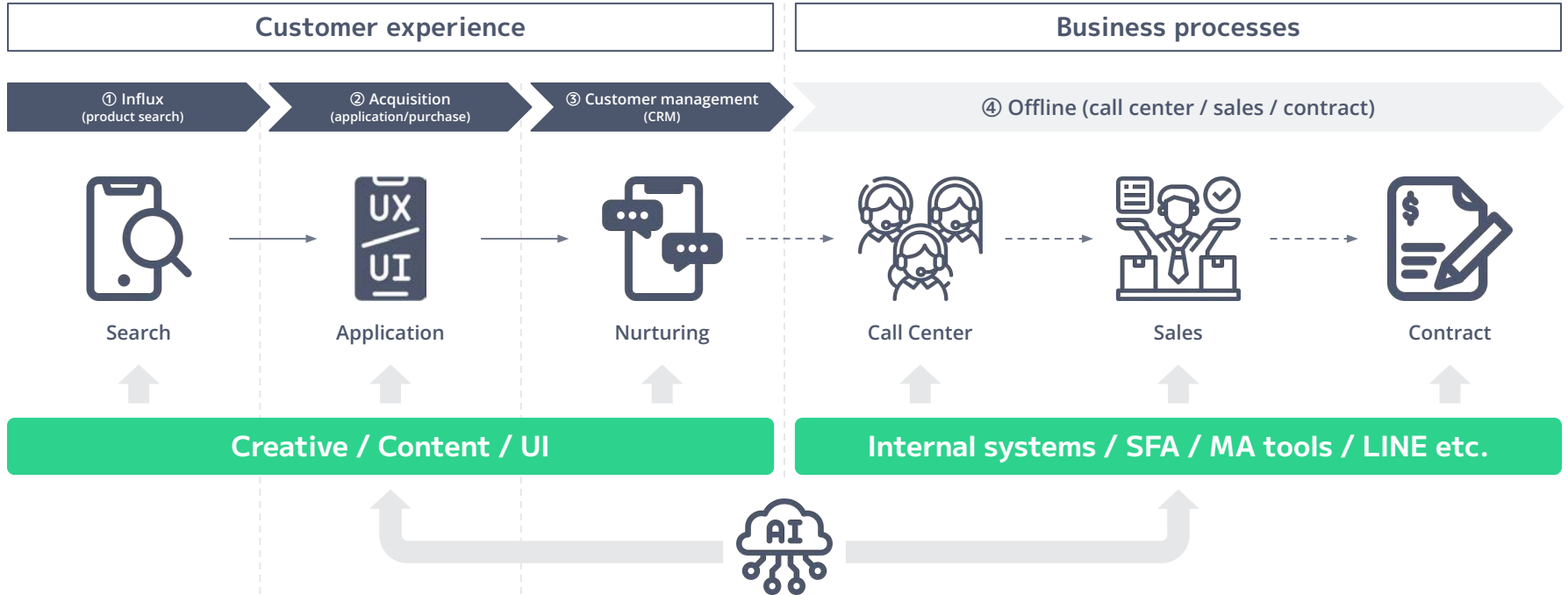
The most talented people in DX are the first to leave

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**

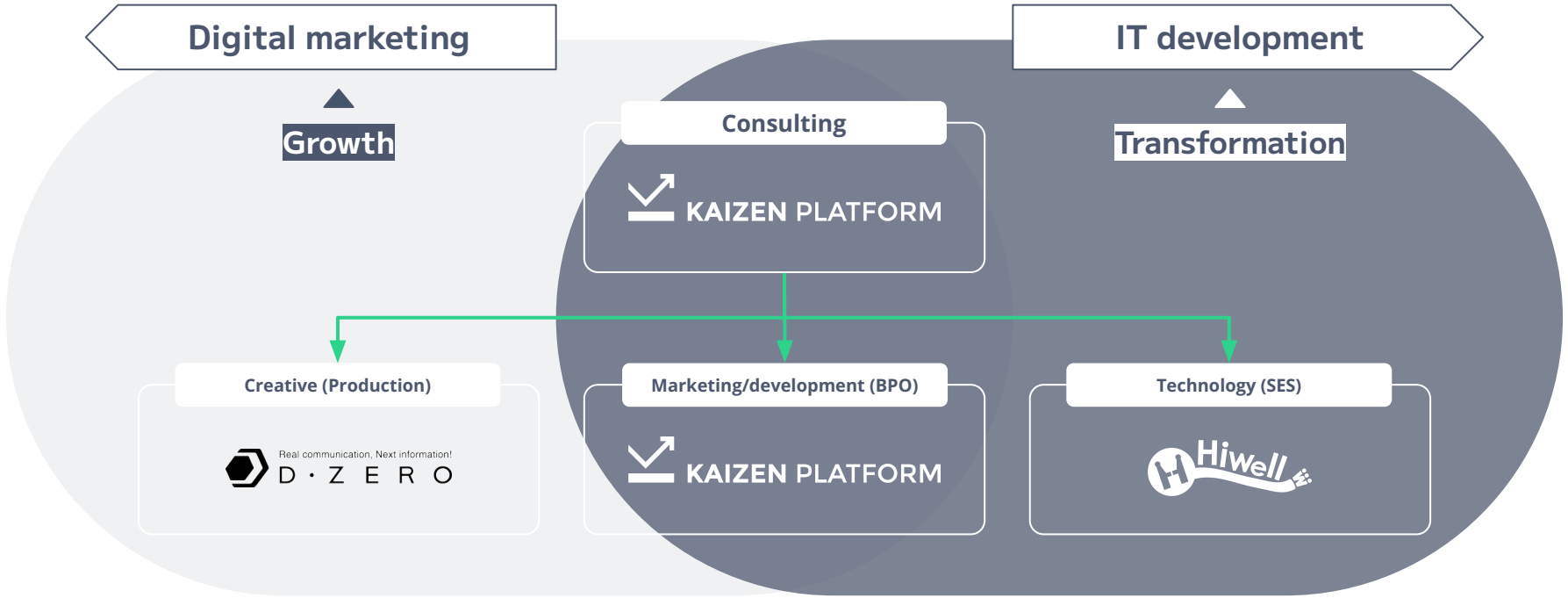


Accompany business divisions, and improve (KAIZEN) the client's digital "customer experience" on digital technology as a marketing & IT partner accelerating DX to support "business growth"

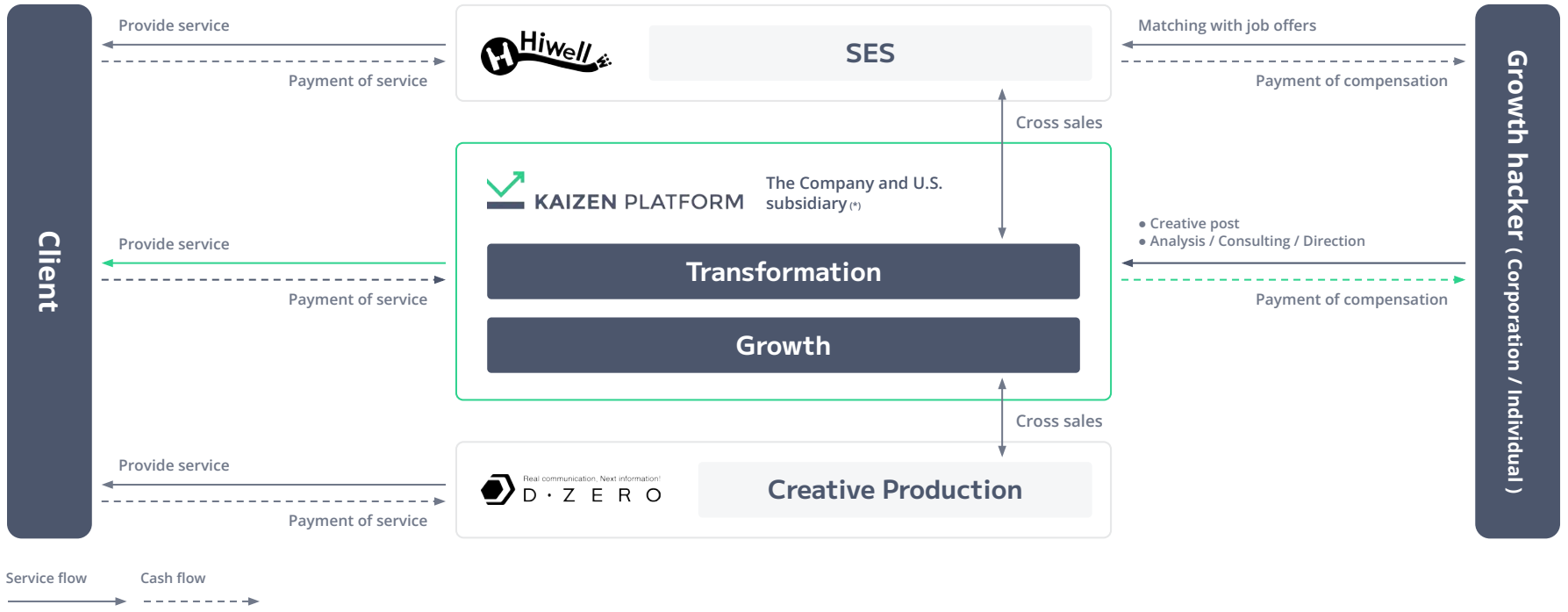


Shift from a "product-based business" to a "structure that responds to customer issues" as a partner that accompanies customers and accelerates aggressive DX.

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.**



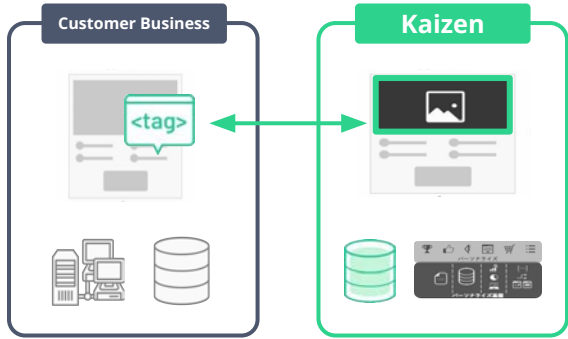
* The U.S. subsidiary provides only video solutions

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.



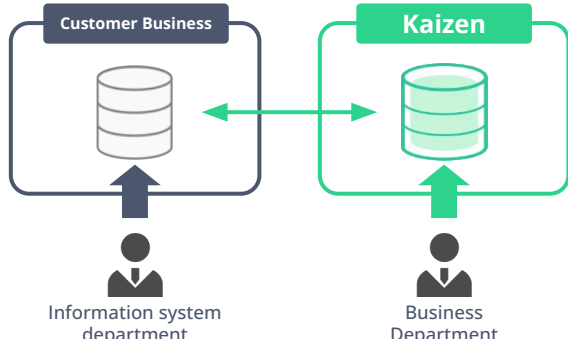
“No impact on existing legacy systems” “Driven by business departments” and
“Lower lead time and cost” enabling promotion of DX

Bypass Legacy Systems



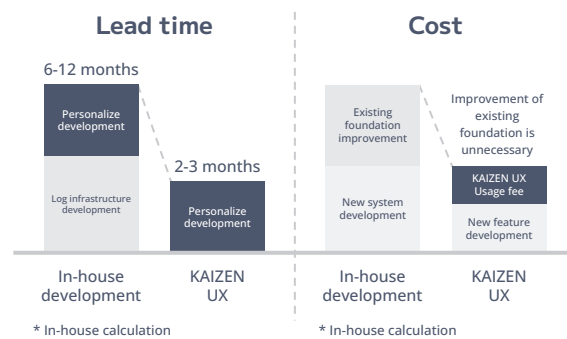
UX improvement and PoC execution with no impact on legacy systems

Business Department Driven



Business department-led speedy implementation of necessary measures

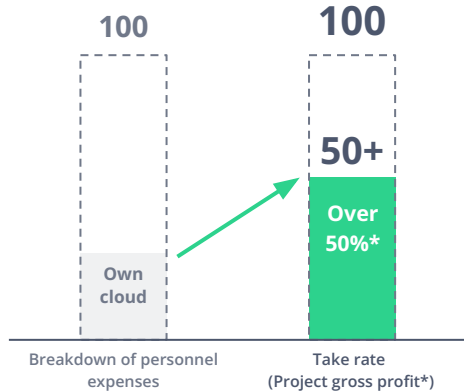
Lead Time / Cost



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

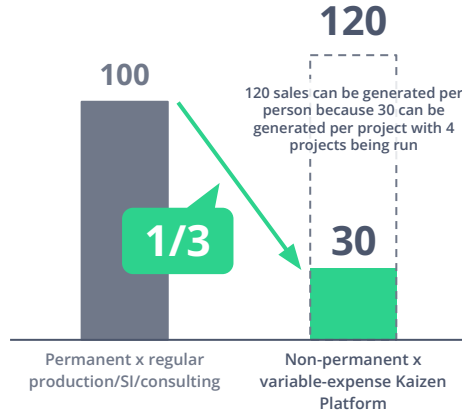
Improved profitability through the use of own cloud



* 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

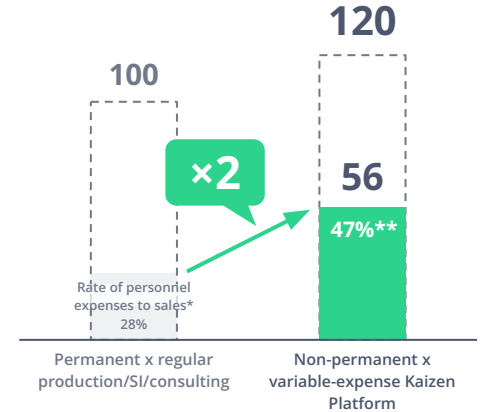
Profitable own cloud increases project productivity

Cost reduction through flexible assignments



Flexible operation such as only 2 days per week

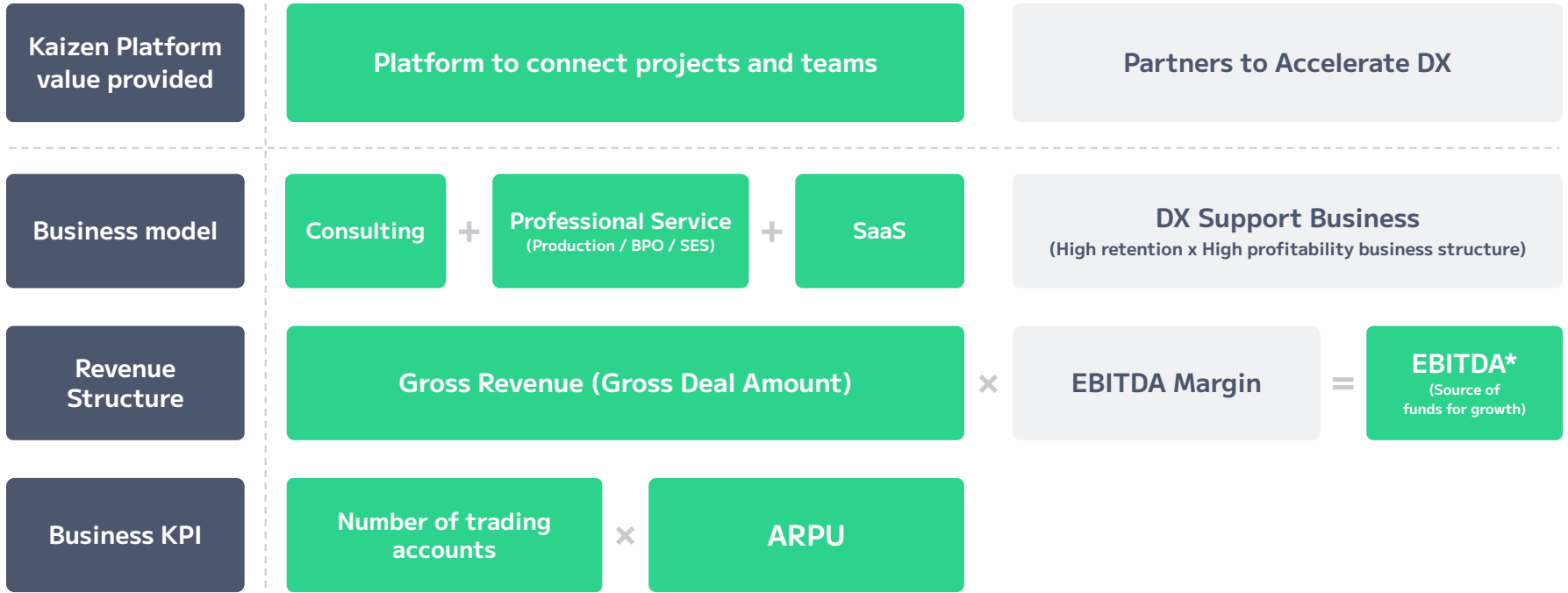
Variable costs and high compensation through the utilization of freelancers



* 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 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 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.



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 **6.9%** year on year, and EBITDA was up **78.9%** year on year
 Made steady progress while continuing to strengthen recruitment to meet strong demand

(Million JPY)	FY2024 Q2 Business Results (January 2024 - June 2024)				Full Year Forecast (Announced on February 14, 2024)	
	Actual	Year on Year			Earning Forecast	Progress Rate
		Actual	Increase / Decrease	Increase / Decrease Ratio		
Sales	2,249	2,103	+146	+6.9%	4,500	50.0%
EBITDA	76	42	+33	+78.9%	250	30.4%
Operating Profit	-45	-86	+40	-%	10	-%
Ordinary Profit	-26	-87	+61	-%	0	-%
Net Income	-52	-105	+52	-%	-30	-%

Our unique strengths match the needs of companies affected by legacy systems, other companies' systems, etc.
We generated a high level of results for client companies in UX improvement initiatives

Takara Leben Co., Ltd.

Realized CVR improvement of up to 167%.
Why was it possible to improve forms that had been given up on in the old system?

URL <https://kaizenplatform.com/case/takara-leben>



The Ashikaga Bank, Ltd.

The application rate increased by up to 173% with the form improvements. We serve as a hub for consensus-building between related parties and to ensure smooth progress of projects

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



We strengthened our presence in the industry by further enhancing our accessibility efforts
Group company D-ZERO published “Coding Guidelines” for producers and launched “Porta11y,” a portal for producers working on accessibility

Coding Guidelines



URL <https://guidelines.d-zero.co.jp>

Porta11y



URL <https://porta11y.d-zero.co.jp>

2024/7/29

Kaizen Platform、BtoB企業のセールス&マーケティングの高度化の支援に向けてenSXと協業を開始

従来のデジタル上のKPI改善に加えて、セールス領域の支援が可能に。セールスとマーケティングを連動させた支援により事業成長に貢献。

株式会社Kaizen Platform（本社：東京都港区、代表取締役：渡邊 重典、以下「Kaizen Platform」）は、enSX（以下「enSX」）と協業し、BtoB企業向けにセールス&マーケティングの高度化の支援を開始します。

BtoB企業のセールス&マーケティングの高度化の支援に向けて協業を開始

Kaizen Platformは、デジタルマーケティングのROIをベースにKPIを最大化による売上成長を支援するクロスソリューション、DXコンサルティングの付随でDXの推進や効果の改善を支援するトランスフォーメーションソリューションを提供しています。これらのソリューションの提供を通じて、企業とのリアルタイム連携、DXを加速するマーケティングのサポートを実現し、これまで以上にデジタルマーケティング上の高度化の支援を実現し、成長を促します。

デジタルマーケティングの改善を支援する中、特にBtoB企業においては、セールスとマーケティングの連携について下記のような課題を抱える企業も少なくありません。

- マーケティングによってリードは獲得できる一方で、商談や受注には繋がらない
- 顧客とリードに対して効果的にセールスアプローチが出来るよう改善してしまっている
- ビールと顧客がリードに対してマーケティングの効果が定量的に計測できていない

これらの課題解決に向けて、Kaizen PlatformとenSXは、BtoB企業向けにセールス&マーケティングの高度化を支援することを目的に協業を開始します。

enSXは、2024年7月の事業開始以降、enSXサービスの保有するセールス及びマーケティングのノウハウ・リソースを活用し、営業生産性向上による企業の業績向上を支援していきます。営業領域・顧客エンゲージメント、セールス部門のデジタル化、デジタルマーケティング領域など、企業の実績や課題に合わせた（セールス・トランスフォーメーション）の支援に専念し、DXを加速し、経営体制DXによるデジタル上のROI向上とデジタルマーケティングの強化を両立し、Kaizen Platform、それぞれの強みを生かしたセールス&マーケティングの高度化によって、企業の事業成長を促進していきます。

enSX株式会社について

会社名	enSX株式会社
設立	2024年4月
代表者	代表取締役社長 岩間 良典
URL	https://en.sx.com/
所在地	東京都港区日本橋區 6-5-1 新設アイランドタワー
事業内容	セールスツールの提供による業務向上支援事業

株式会社Kaizen Platformについて

会社名	株式会社Kaizen Platform
設立	2017年4月（2019年8月創業の株式会社Kaizen Platform, Inc. から事業譲渡）
代表者	代表取締役 渡邊重典
URL	https://kaizenplatform.co.jp/
所在地	東京都港区六本木6-1-1 住友不動産アパルトメントビル 10F

KAIZEN PLATFORM

会社情報 | [Kaizen Platform](#) | enSX | 検索 | お問い合わせ



Started cooperation aimed at support for enhancement of sales & marketing for BtoB companies

While supporting the improvement of digital marketing, some companies, especially BtoB companies, are facing challenges in sales

Through collaboration with en SX, it will be possible to provide support in the sales area in addition to conventional digital KPI improvements, and to provide BtoB companies with a total support system for enhancement of sales and marketing

URL <https://kaizenplatform.co.jp/news/2024-0729-en-sx>

Performance Trends (By Segment)

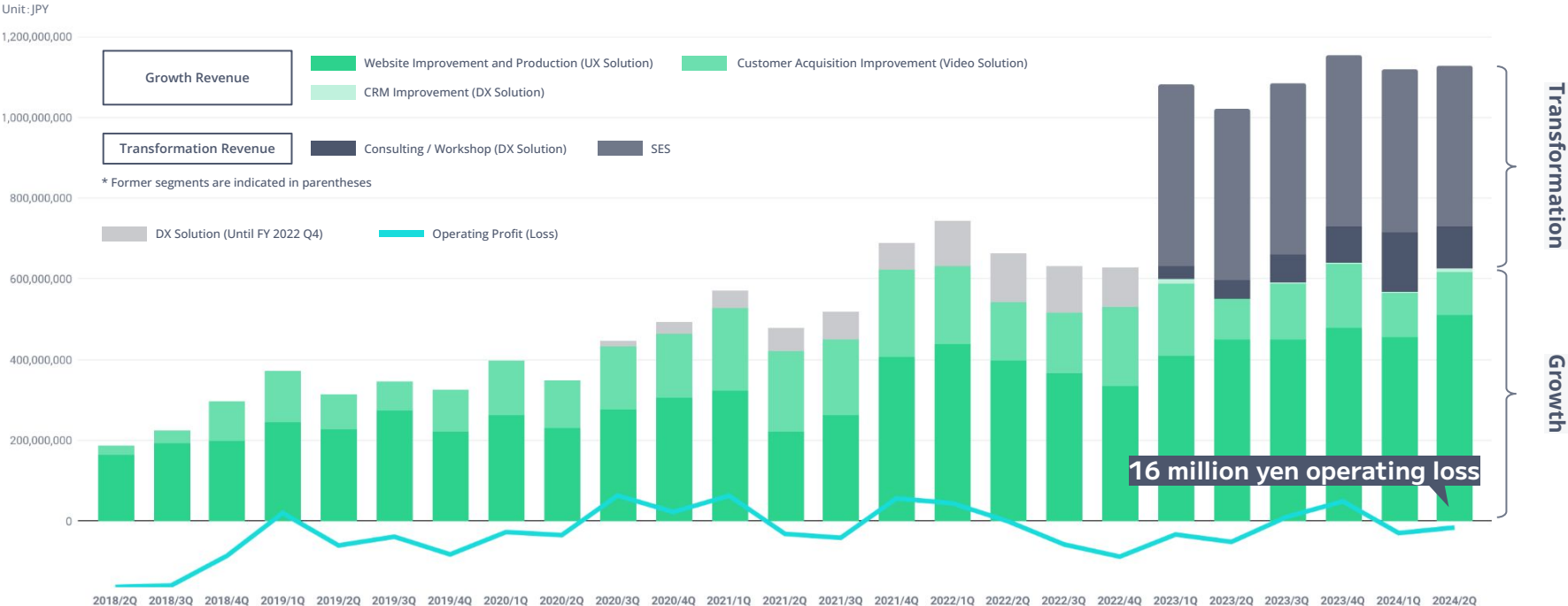
Growth

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

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

Transformation

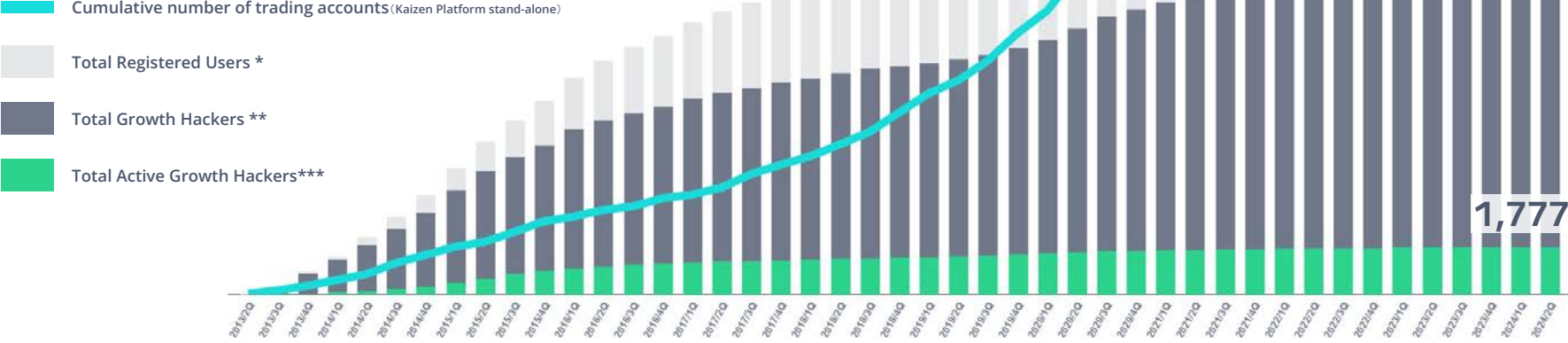
Consulting projects performed well. We are aiming to increase connections from consulting projects to IT development projects.



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



1,284

20,798

12,547

1,777

* Total Number of Clients and Users using the Platform

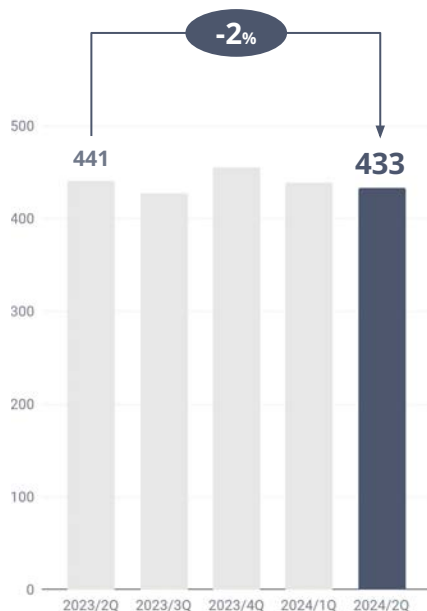
** Total Number of Growth Hackers using the Platform

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

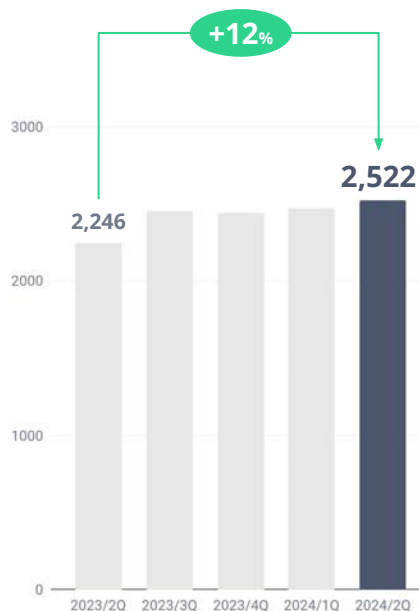
ARPU increased steadily through cross-selling

Revenue increased by 10% (+6% in Q1), with the speed of growth accelerating compared to previous quarter

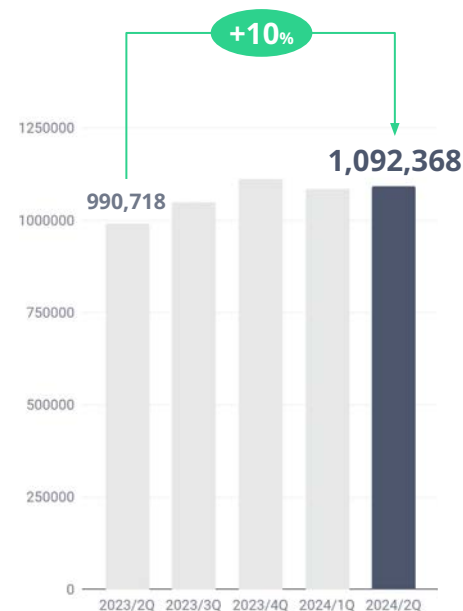
Number of trading accounts*



ARPU Unit : Thousand JPY

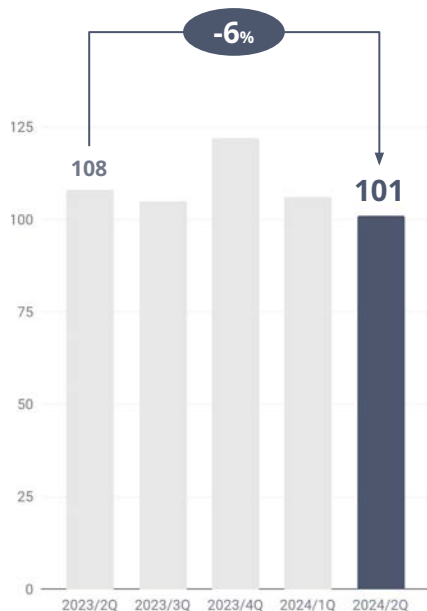


Revenue Unit : Thousand JPY

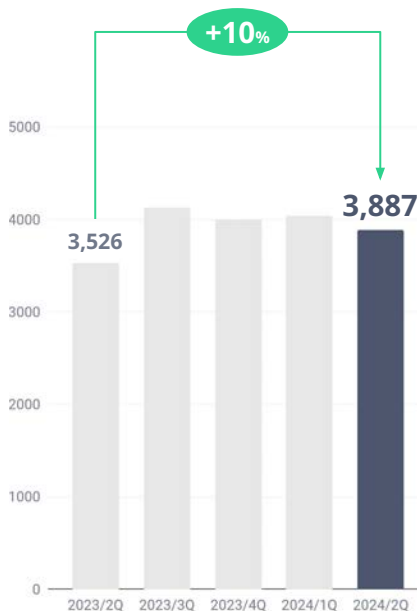


The number of trading accounts decreased slightly, but ARPU increased by 10% due to strengthened cross-selling
Revenue grew by 3% (down 5% in Q1) and we returned to a growth trajectory

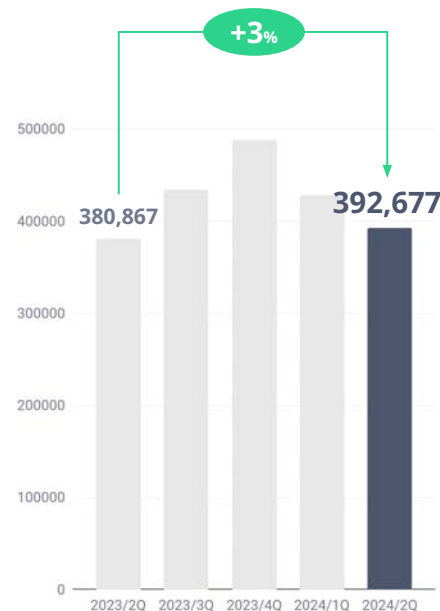
Number of trading accounts*



ARPU Unit : Thousand JPY



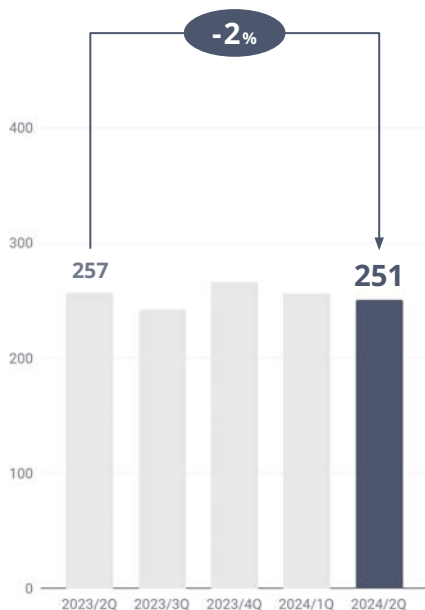
Revenue Unit : Thousand JPY



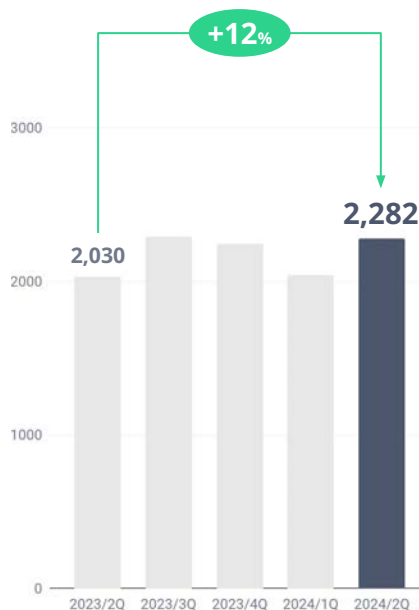
ARPU increased by 12% due to improvement measures

Revenue increased by 10% (-3% in Q1) and the segment as a whole began to grow again

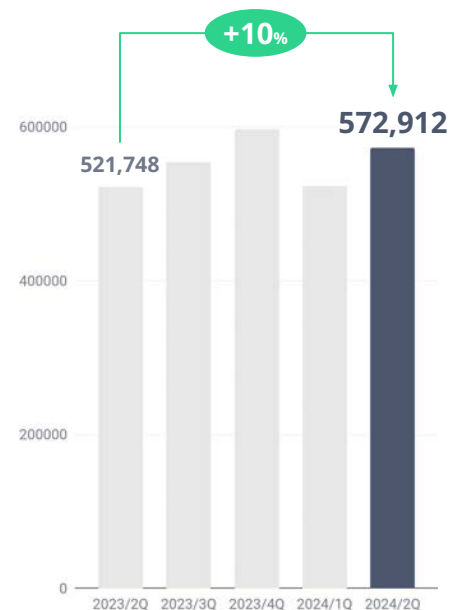
Number of trading accounts



ARPU Unit : Thousand JPY

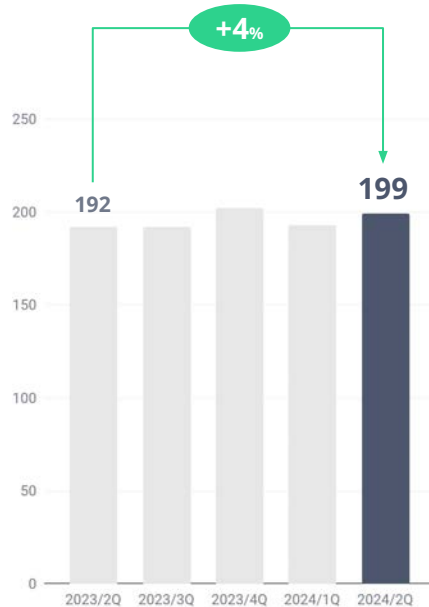


Revenue Unit : Thousand JPY

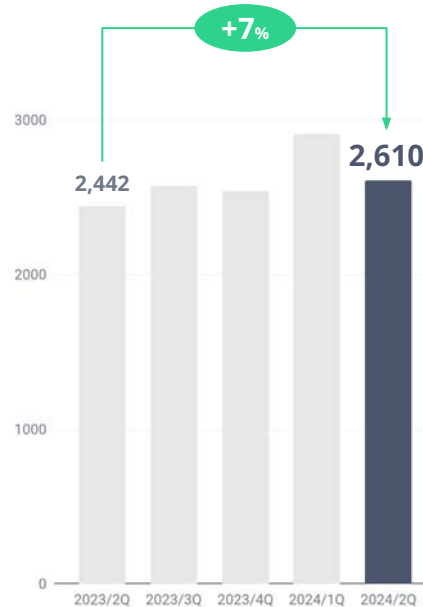


Consulting projects grew steadily, excluding the impact of year-end deliveries, and revenue increased by 11%
We will continue to increase ARPU by growing IT development projects through cross-selling

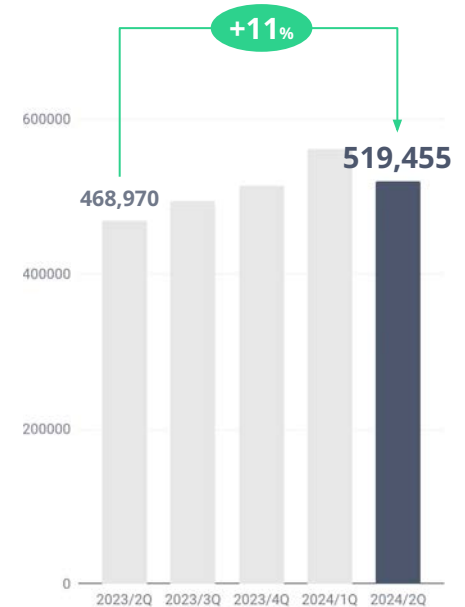
Number of trading accounts



ARPU Unit : Thousand JPY

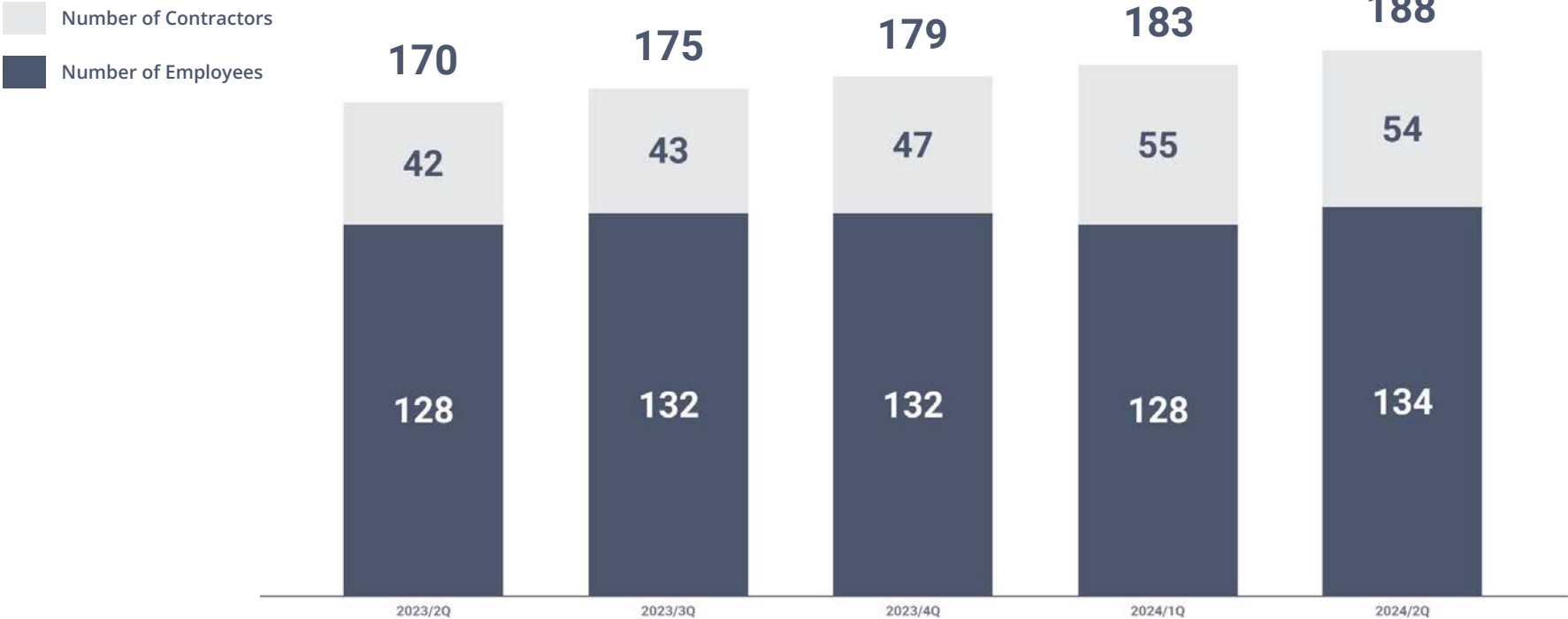


Revenue Unit : Thousand JPY



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



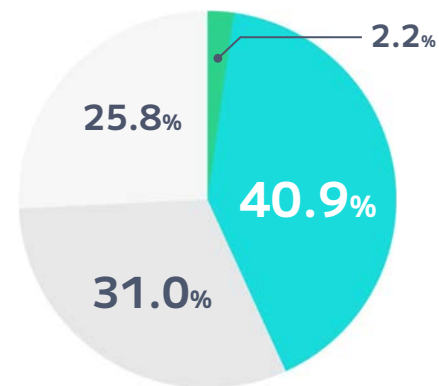
We maintained both cash and deposits and net assets at adequate levels, and the financial base is stable

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

Balance Sheet (Consolidated)			
million JPY	2023/12	2024/6	Increase / Decrease
Cash and Cash Equivalents	2,544	2,804	260
Current Assets	3,358	3,530	171
Tangible Fixed Assets	21	27	6
Intangible Fixed Assets	832	732	-99
Investment and Other Assets	157	213	55
Assets	4,369	4,503	134
Short-Term Debt	281	280	-0
Long-Term Debt	317	279	-38
Liability	1,178	1,198	19
Net Worth	3,190	3,304	114
Liability Net Assets	4,369	4,503	134

Stock distribution

(As of June 30, 2024)



- Overseas institutional investors
- Individual shareholders* (General)
- Directors and employees*
- Others (Corporations, Venture Capital firms, etc.)

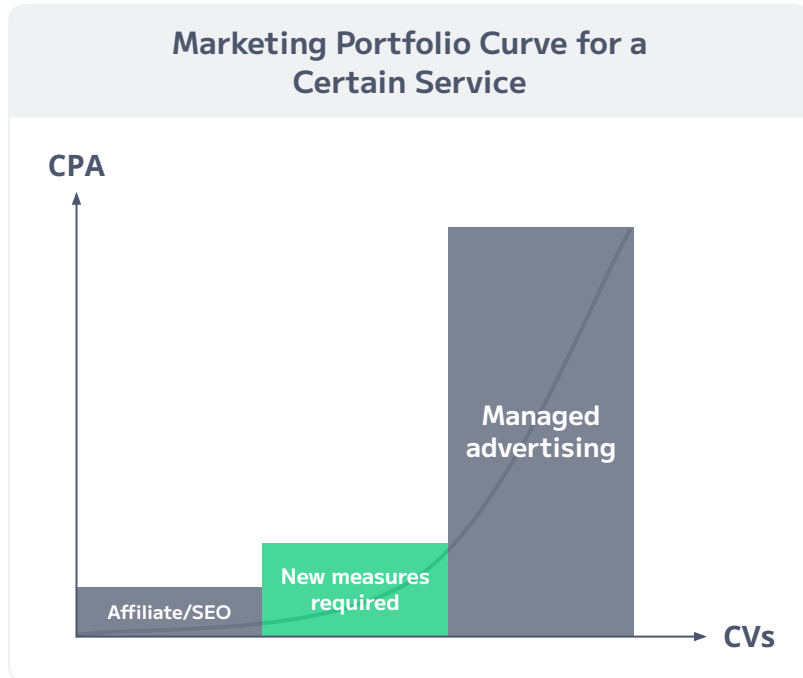
*Number of shares held by individual shareholders and directors and employees is an estimate.

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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

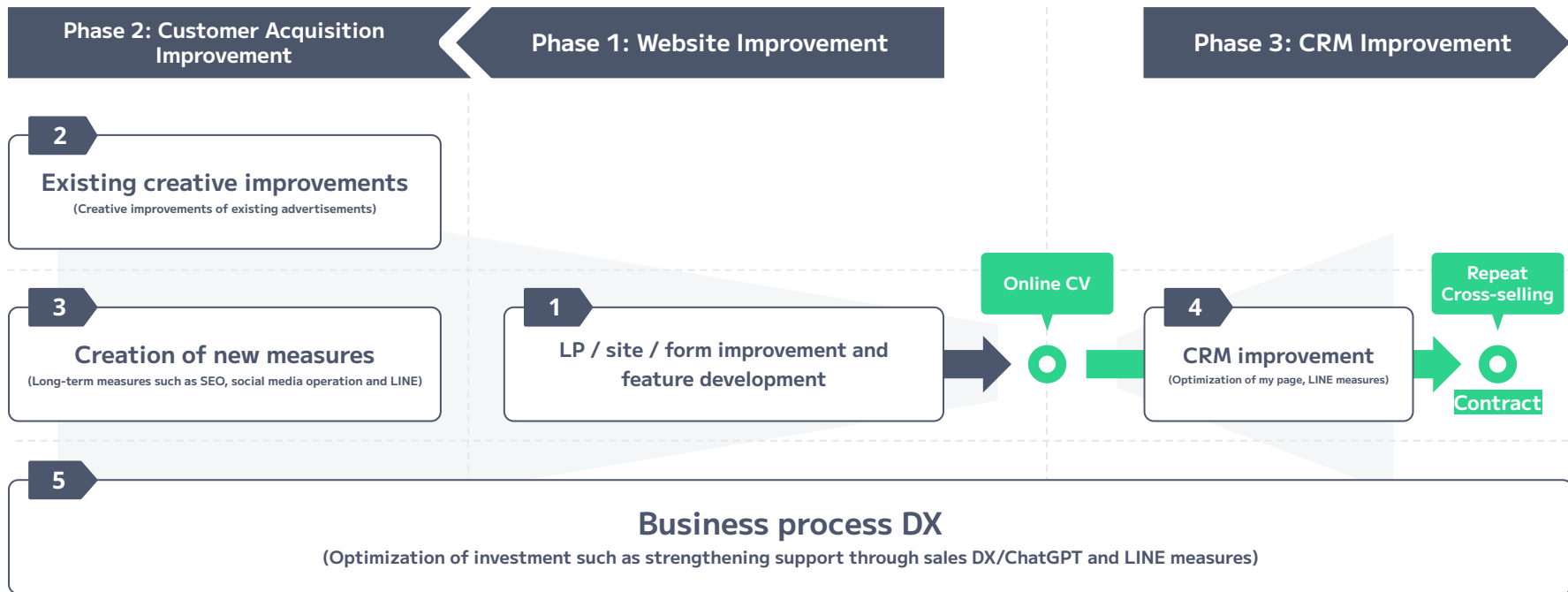
Strengthening of privacy

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



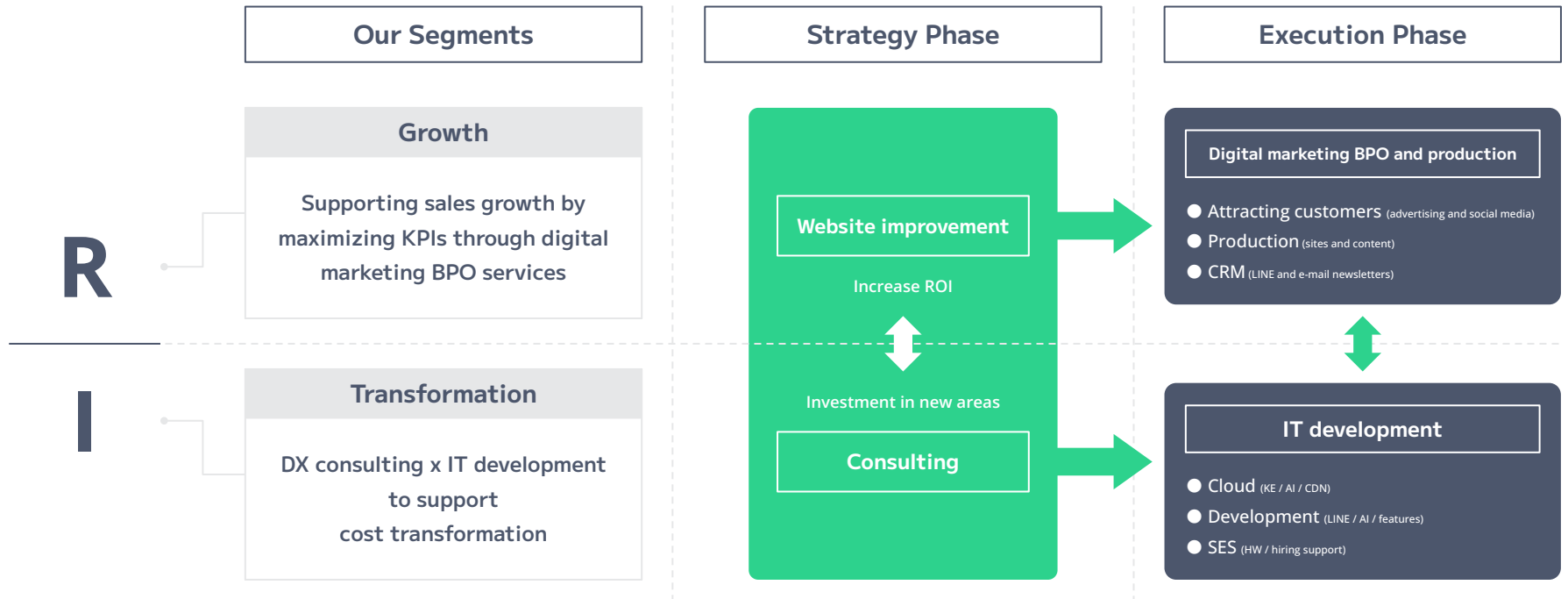
Matching return on investment to aggressive DX investment will accelerate investment and DX will progress
 As DX progresses, the P/L structure will transform significantly

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



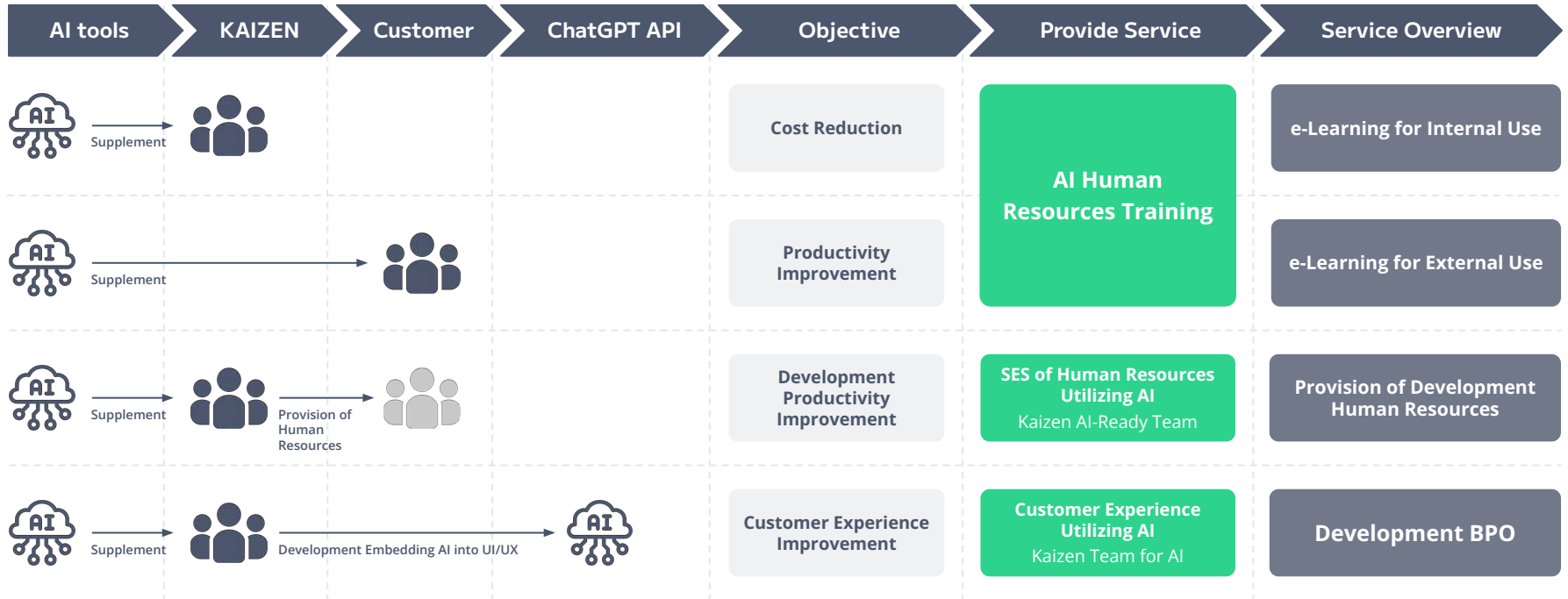
The starting point of our proposals is consulting, where we are able to differentiate ourselves through site improvements that have an overwhelming ROI and extensive data and results.

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



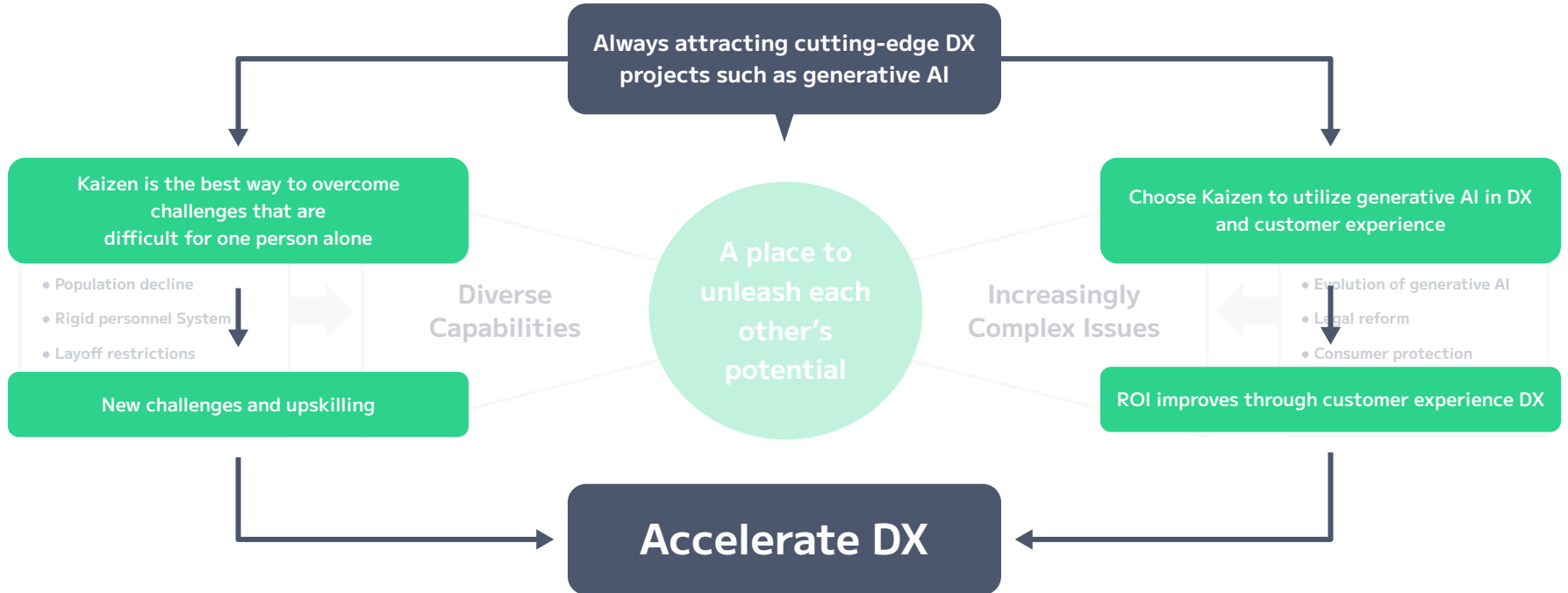
Develop human resources able to utilize generative AI

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

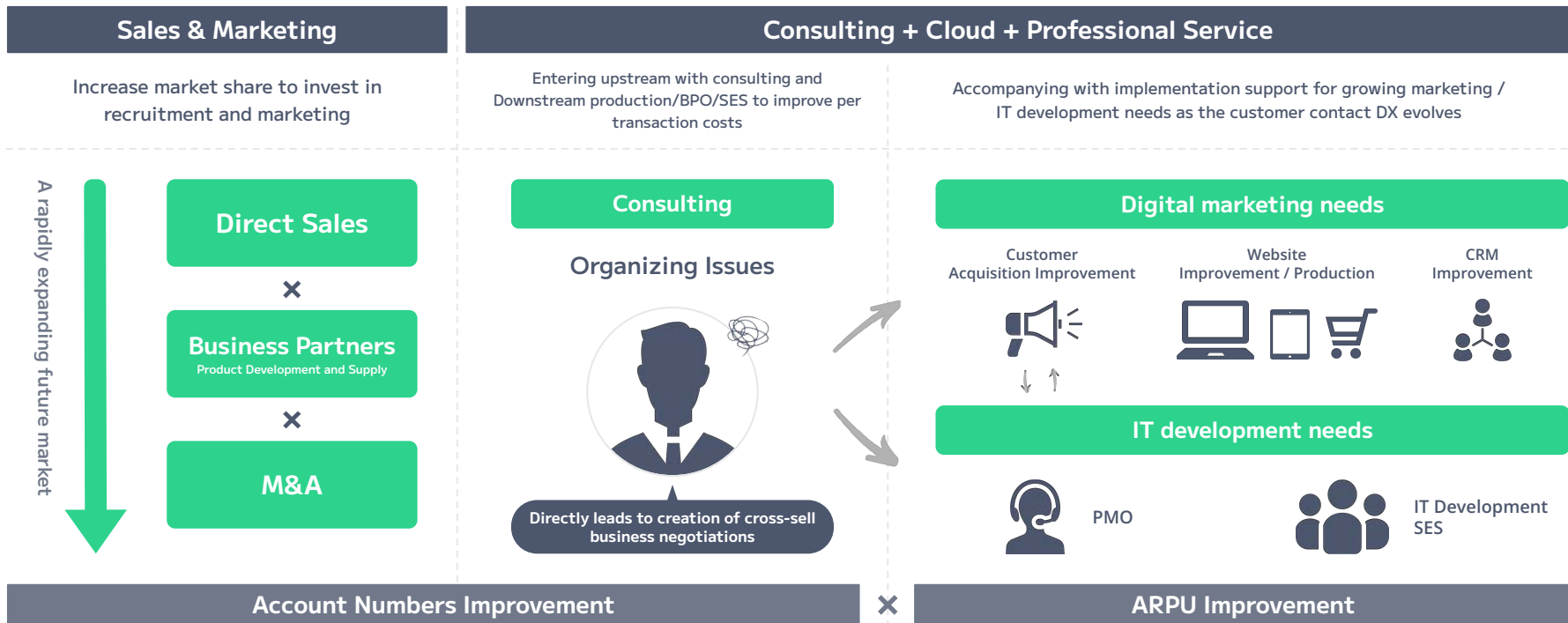


Aggressive DX projects and the creation of a place for diverse talent to be gathered are important

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

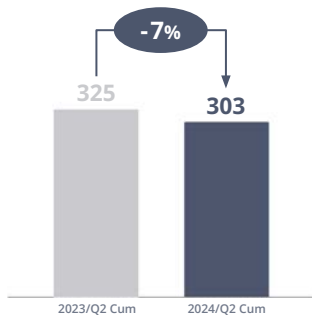
Got back on a growth trajectory from Q2, and increased the number of employees to capture the increase in demand.

Transformation

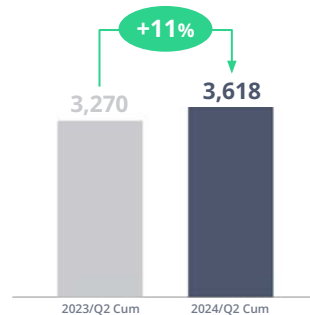
ARPU increased significantly due to strong performance of consulting. We will aim to increase IT development projects in future.

Growth

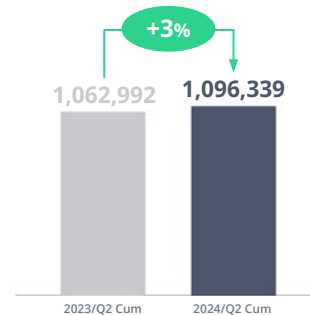
Number of trading accounts



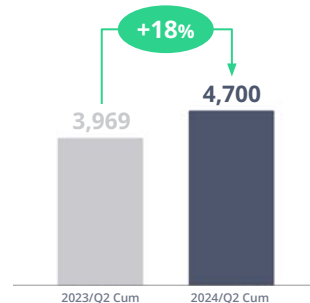
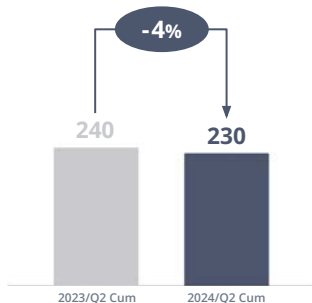
ARPU (Q2 Cum) Unit : Thousand JPY



Revenue (Q2 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
	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%**



Unit : Thousand JPY



Profit and Loss (Consolidated)

Thousand JPY	2022/12	2023/12	2024/6
Sales Revenue	2,667,797	4,343,141	2,249,731
Gross Profit	955,062	1,334,608	659,415
Selling, General and Administrative Expenses	1,057,902	1,360,270	705,277
Salary and Allowance	294,818	412,380	214,091
Outsourcing Cost	127,805	140,818	71,250
Operating Profit (Loss)	(102,839)	(25,661)	(45,861)
Ordinary Profit (Loss)	(127,314)	11,603	(26,660)
Profit(Loss) attributable to Parent	(285,792)	(21,696)	(52,857)

Growth

Thousand JPY	2022/12	2023/12	2024/6
JP			
Sales Revenue	2,280,972	2,215,436	1,096,339
Operating Profit (Loss)	(191,298)	(109,477)	(48,068)
US			
Sales Revenue	129,576	167,084	72,256
Operating Profit (Loss)	(32,148)	(1,838)	(14,290)
Total			
Sales Revenue	2,410,549	2,382,521	1,168,596
Operating Profit (Loss)	(223,447)	(111,316)	(62,359)

Transformation

Thousand JPY	2022/12	2023/12	2024/6
Sales Revenue	257,248	1,960,620	1,081,135
Operating Profit (Loss)	120,607	85,654	16,497

Balance Sheet (Consolidated)

Thousand JPY	2022/12	2023/12	2024/6
Cash and Cash Equivalents	3,337,836	2,544,457	2,804,939
Current Assets	4,036,258	3,358,833	3,530,141
Tangible Fixed Assets	22,472	21,105	27,968
Intangible Fixed Assets	993,449	832,138	732,652
Investment and Other Assets	184,330	157,410	213,053
Assets	5,236,512	4,369,488	4,503,815
Short-Term Debt	751,452	281,234	280,408
Long-Term Debt	586,303	317,552	279,428
Liability	1,955,753	1,178,964	1,198,892
Net Worth	3,280,758	3,190,523	3,304,923
Liability Net Assets	5,236,512	4,369,488	4,503,815

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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.

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End