



# FY 2022 Q3 Financial Results

First Quarter of the Fiscal Year ending December 31, 2022

**Kaizen Platform Inc. Securities Code 4170**

**November 14, 2022**

# KAIZEN the World

Friction-less work lifestyle  
of the 21st century,  
making the world a better  
place



## 1 Company and Service Overview

## 2 FY 2022 Q3 Business Results

## 3 Revision of the current fiscal year and future growth strategy



## Kaizen Platform is comprised of a group growth hackers who are committed to support the business growth of our valued clients

Company	Kaizen Platform Inc.	
Incorporation Date	April 2017 (US Entity KAIZEN platform Inc. <prior company> created on March 2013 *)	
Address	Minato-ku, Tokyo	
Employees	113 (As of end of September 2022) Kaizen Platform Inc. and Kaizen Platform USA, Inc. : 62 / D-ZERO Inc. : 51	
Capital	1,755,262 thousand JPY (As of the end of September 2022)	
Board of Directors	Kenji Sudo	CEO
	Hajime Takasaki	CFO
	Masanori Sugiyama	Outside Director
	Hiroaki Sugita	Outside Director
	Akiko Suginozawa	Outside Director
	Kaoru Oda	Audit & Supervisory
	Shigeo Goho	Audit & Supervisory
	Eriko Hayashi	Audit & Supervisory
Subsidiaries	D-ZERO Inc. / Kaizen Platform USA, Inc. / DX Catalyst K.K.	

\*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.

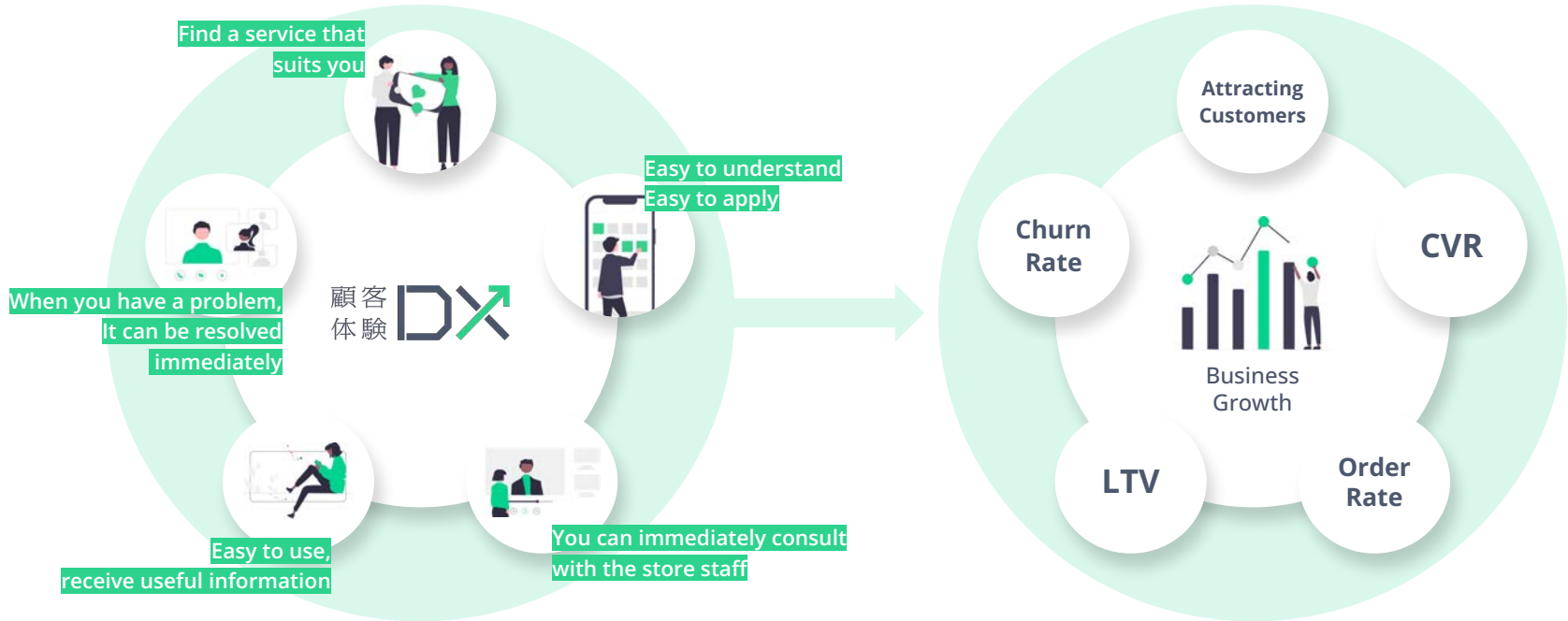
## Digitization has become the norm due to the COVID-19 pandemic

However, customer experience has not yet been transformed in a way that is optimized for this environment.

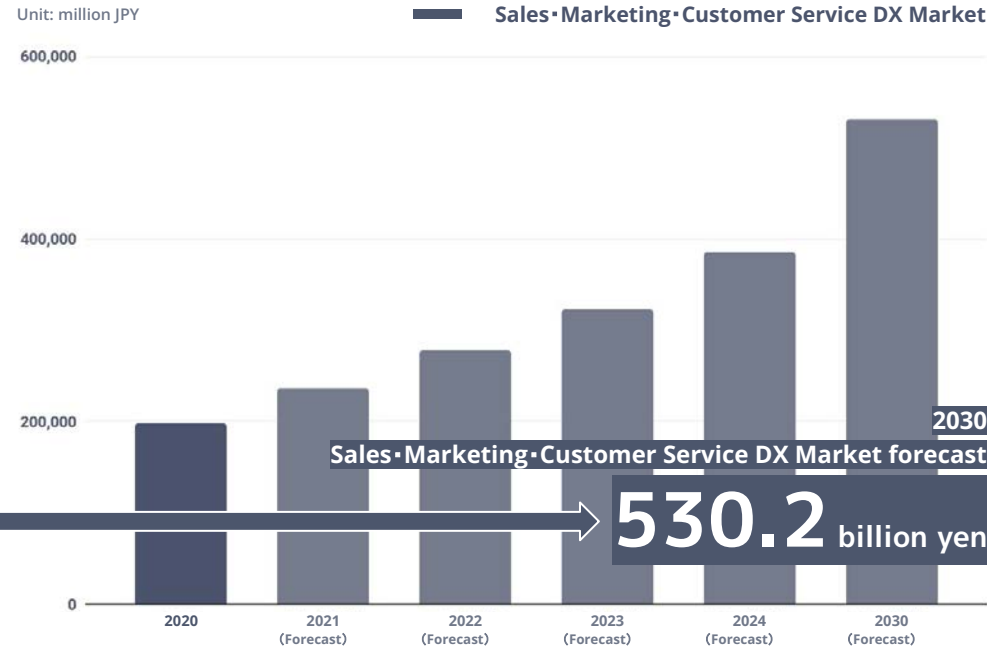
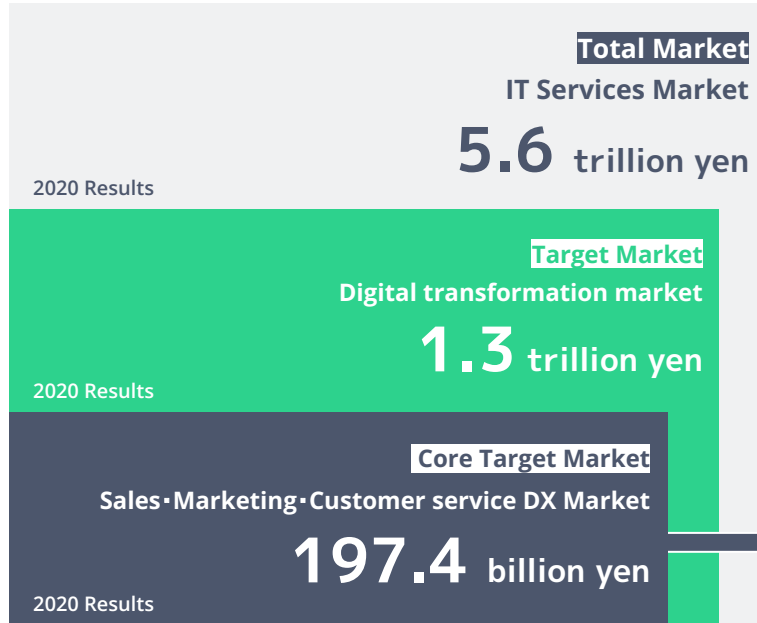
DX of customer experience based on digital will begin in the near future.



## Improve digital "customer experience", and support their "business growth" through the improvement of KPI



Post-Covid-19 environment changes have led to a significant expansion of DX in sales, marketing, and customer service, especially among large companies, for non-face-to-face revenue growth. DX markets in sales, marketing, and customer service are expanding significantly



## "Three barriers" exist to improve digital customer experience and achieve business growth

### ① Knowledge Barrier

Lack of human resources for strategy/planning who can "design/promote" what should be done, in what order, and how it should be done.



They told me to do DX.  
but I don't  
know where to start...

I can't judge if the  
IT vendor's proposal is  
correct or not...

### ② Resource Barrier

Lack of "digital human resources" in the company,  
Unable to continue with measures and vendor management.



I would like to take  
on new initiatives but  
my hands are  
full with day-to-day  
operations...

Even if we  
start something new,  
it won't last  
because of we are  
shorthanded...

### ③ Infrastructure Barrier

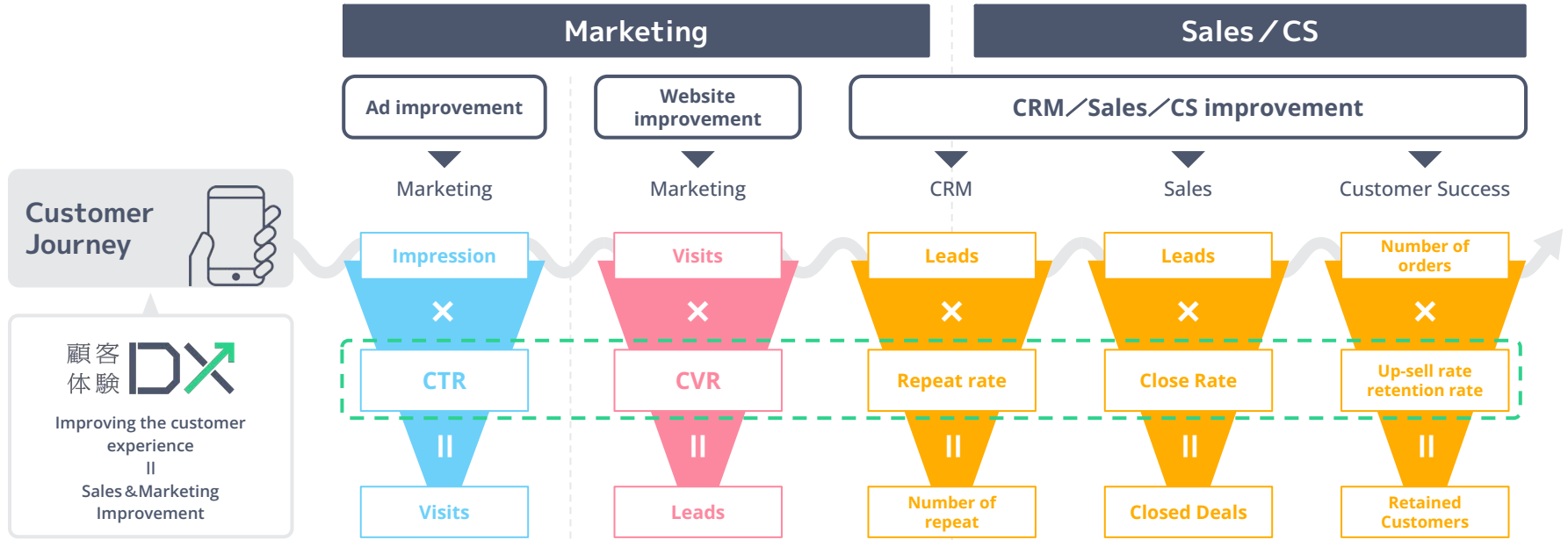
Unable to implement the new improvements  
because of the old "legacy systems"  
or slow moving "IT Department/Vendors"



Even though the system  
is old and  
it is a simple fix,  
it will still  
cost millions of yen...

If we ask a production  
company to make  
minor improvements  
It takes 2-3 months...

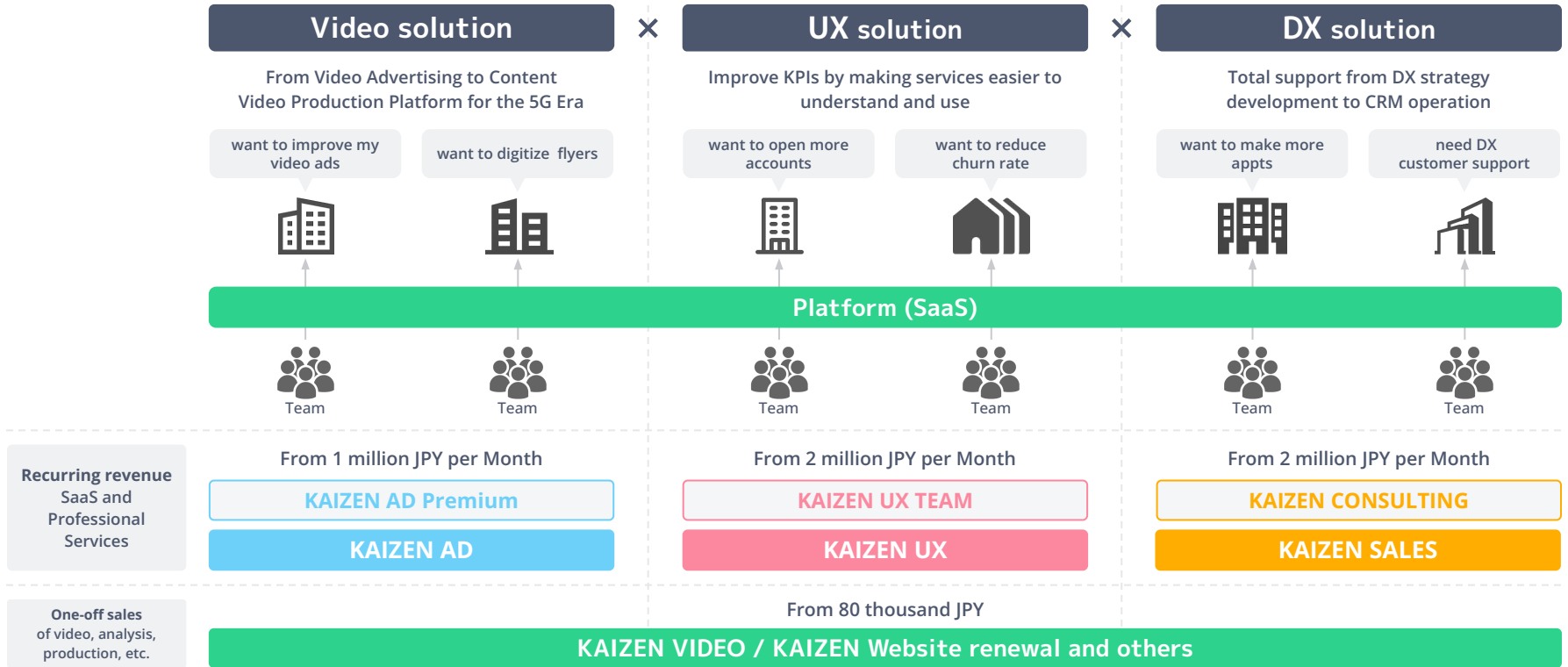
It is extremely important to have a growth team with specialized skills utilizing data to improve the customer experience and continue to improve KPIs.



Customer experience DX: In this day and age, every industry and department needs "investment in customer experience". Activities to improve the value of the customer experience through the power of digital technology and link it to business growth. This is the Customer Experience DX provided by Kaizen Platform.



Provides a **platform and team** to improve customer experience and support business growth

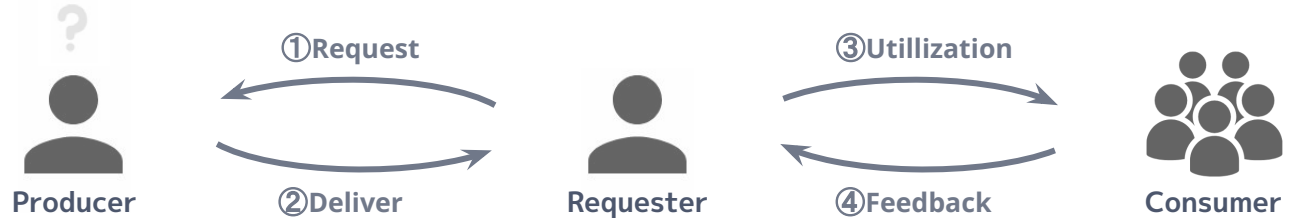


Kaizen Platform is a platform for feedback and improvement of the performance data of the various creatives created such as videos and web pages.

## Past production/operation

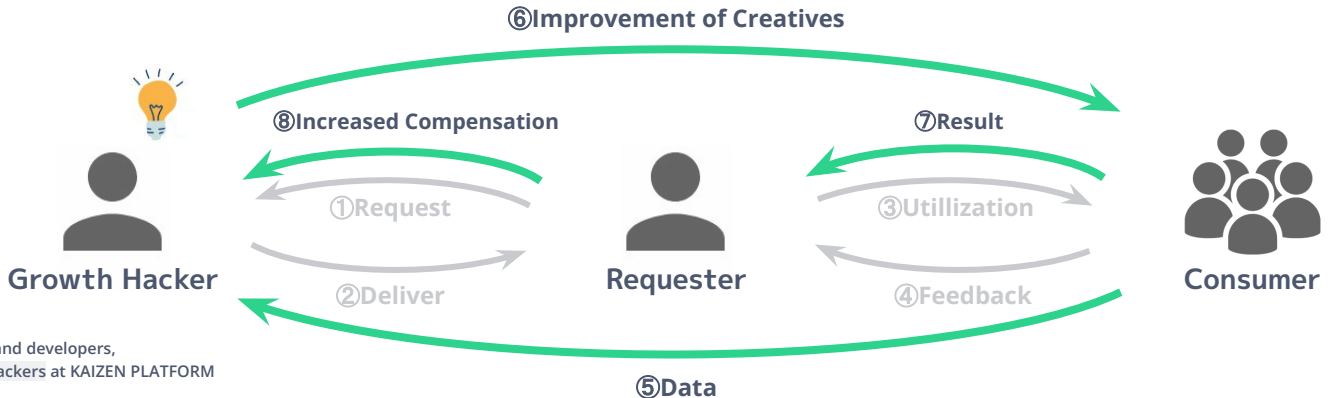
(Production Company /SI/Consulting)

Build, Deliver, Done



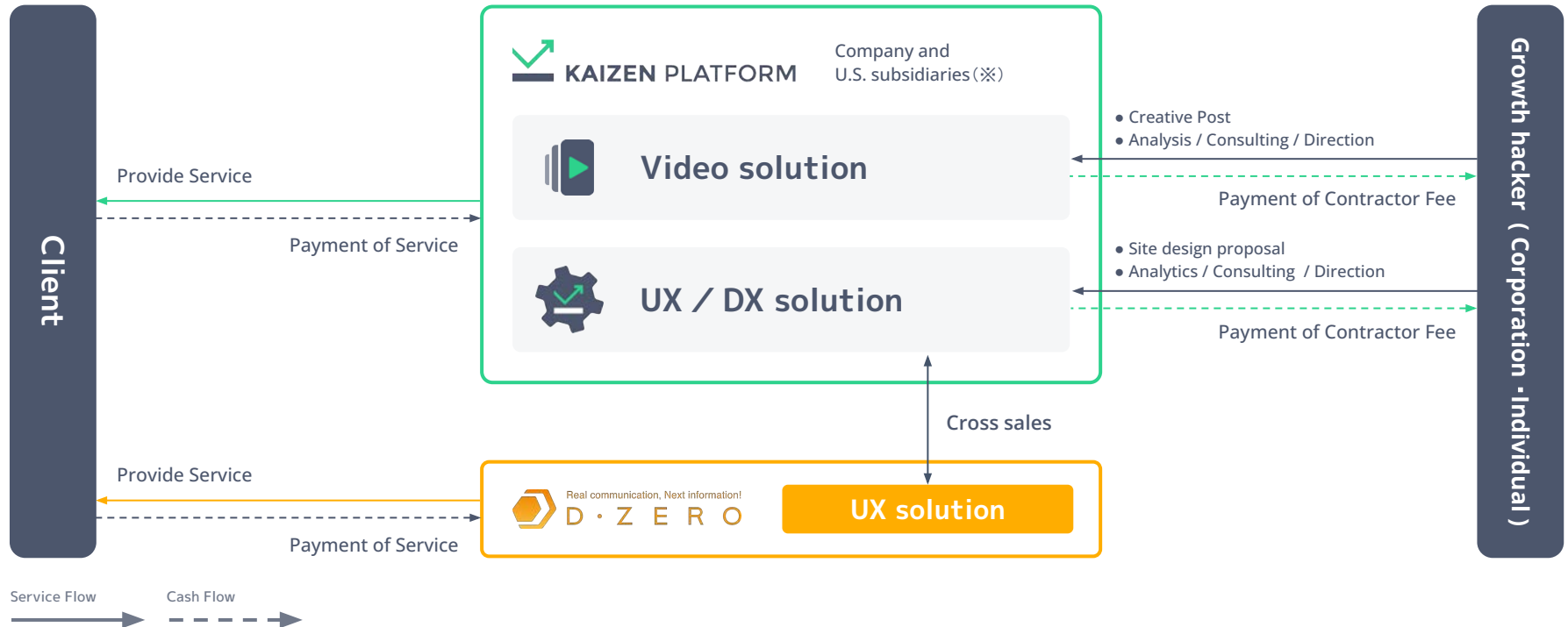
## Kaizen Platform Process

Improvement starts Delivery



※ We call the digital professionals, such as creators and developers, who are responsible for business growth Growth hackers at KAIZEN PLATFORM

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



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

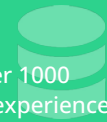
Professional services with over  
10,000 digital professionals



+

## DATA

Collected performance data of over 1000  
companies and ample consulting experience



### New UI/UX development by SaaS & provide production environment

#### KAIZEN VIDEO

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

#### KAIZEN AD

Video advertising platform in cooperation with creative management to support SaaS.

#### KAIZEN UX

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

#### KAIZEN SALES

Support sales/ CRM activities with videos tool.

### Build a variable cost team of Abundant DX specialists

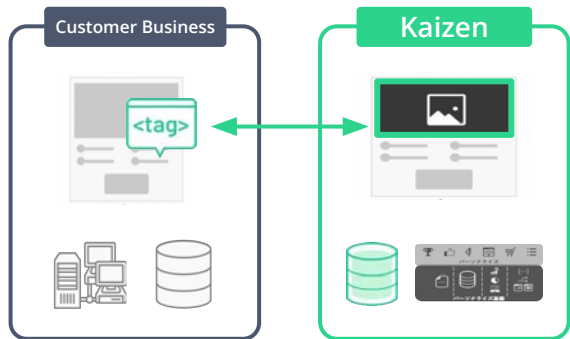
- **More than 10,000** registered digital professionals who can work **fully remotely** from consulting to execution.
- Possible to **animate existing materials** such as catalogs, DMs, and leaflets.
- Not only in Japanese and English, also Asia to Latin America **multilingual support**.
- Production 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. Produce high Quality Products.
- Provide data-driven content for educational institutions. **Build a scheme for registering new grads.**

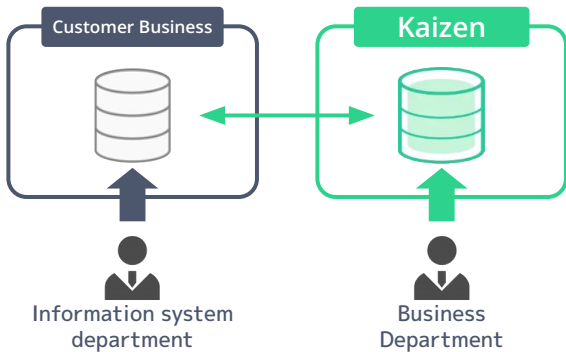
“No impact on existing legacy systems” “Driven by business departments” and “Lower lead time and cost” enabling DX and UX improvements

## Bypass Legacy Systems



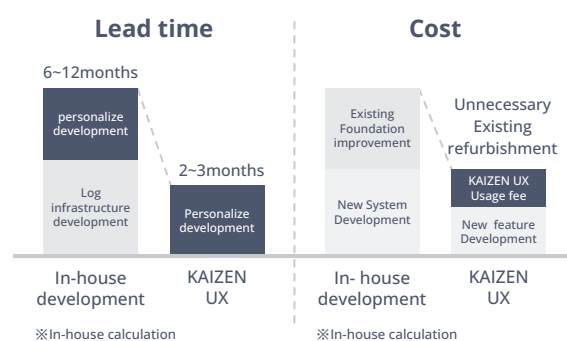
UX improvement and PoC execution with no impact on legacy systems

## Business Department Driven

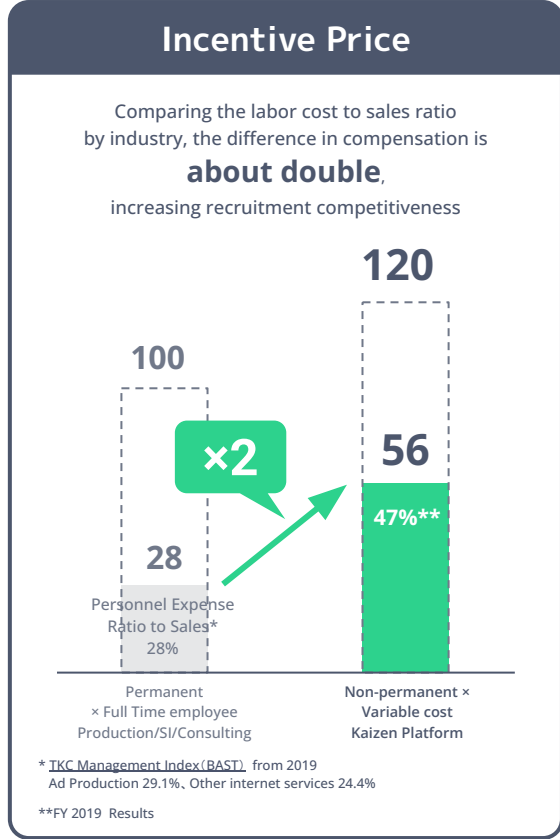
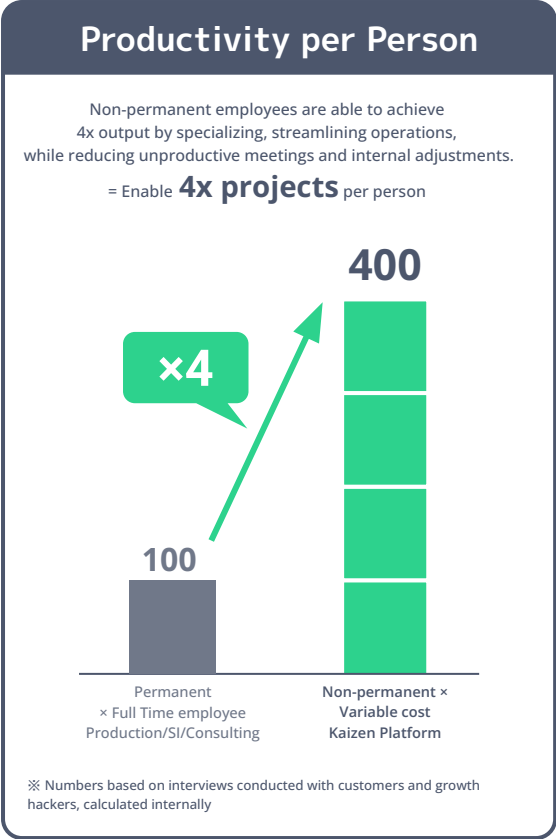


Business department-led speedy implementation of necessary measures

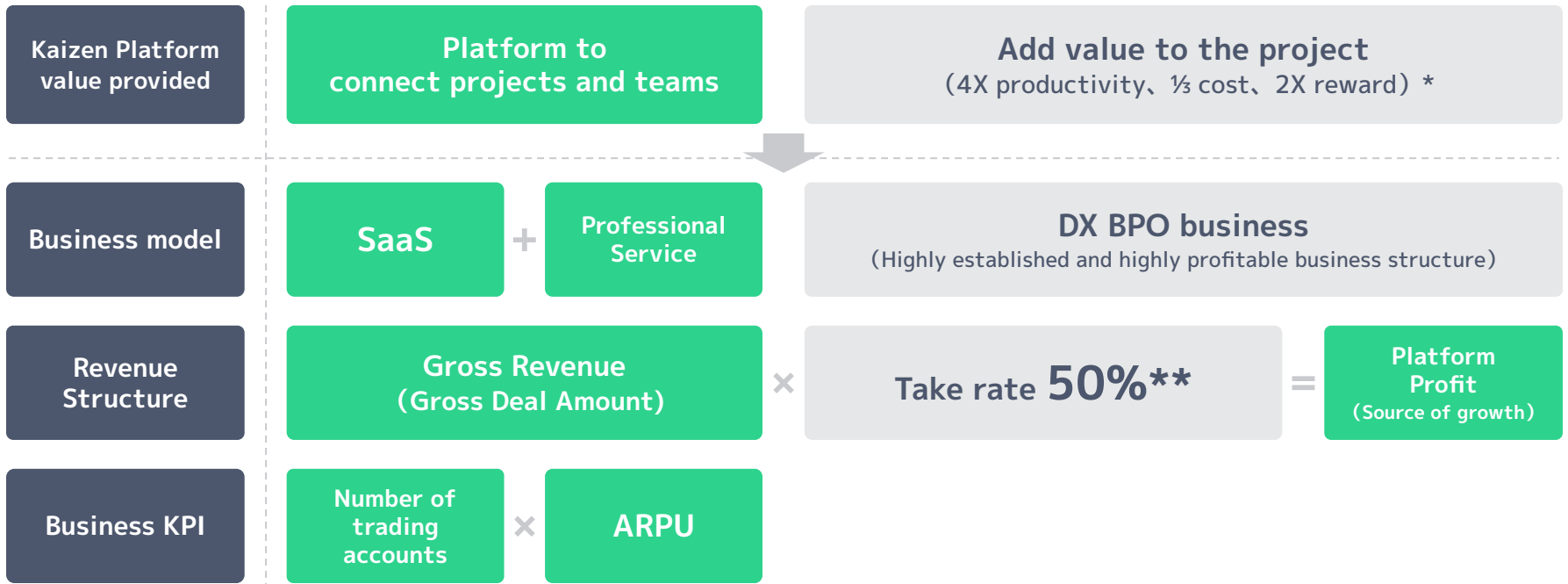
## Lead Time / Cost



Enabling significant reductions of lead time and development cost



A high-profit, high-value-added business model that yields a 50% take rate by providing a one-stop shop for DX, improving BPO services through the cloud



\* Productivity / Expense Amount / Fee Amount calculation is from P13

\*\* Take Rate = (Total Account Volume – Cost related to the Account Volume\*\*\*) ÷ Total Account Volume

\*\*\* Cost related to the Account Volume = Sales margin less the fixed cost related to platform development cost not related to the Account Volume

# Our Valued Clients

	IDOM Inc.	 NTT 東日本	 大阪ガス	d•大地宅配	  Credit Saison Co., Ltd.
	Tomorrow, Together 	 Shop Japan	 スタッフサービス	 SmartNews	 SoftBank
 大東建託	dentsu	 new balance	 Nestlé	Nojima	 パーソル キャリア
・HAKUHODO・	BIZREACH	PEACH JOHN	FiNC	 Meta	<small>Forum &amp; Technology Culture</small>  Forum Engineering Inc.
 Benesse	 YAHOO! JAPAN	 USEN USEN GROUP	 UR 都市機構	 Rakuten	 RECRUIT 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 high-end SaaS + professional services
- 3** Avoid legacy systems, reduce lead times, costs and promote DX
- 4** Leveraging SaaS and its data to achieve both high productivity and high take rate
- 5** Increase ARPU due to high corona resistance 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** Executive 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 GaiX 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.

DX is not simply about digitizing the analog world.

The essence of DX is to solve social issues.

Aiming to improve the world and solve social issues through DX

## KAIZEN the World

Friction-less work lifestyle  
of the 21st century,  
making the world a better  
place



## SUSTAINABLE DEVELOPMENT GOALS



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## 3 Revision of the current fiscal year and future growth strategy

**Net sales increased 29.9% YoY, EBITDA also increased 63.5% YoY.**

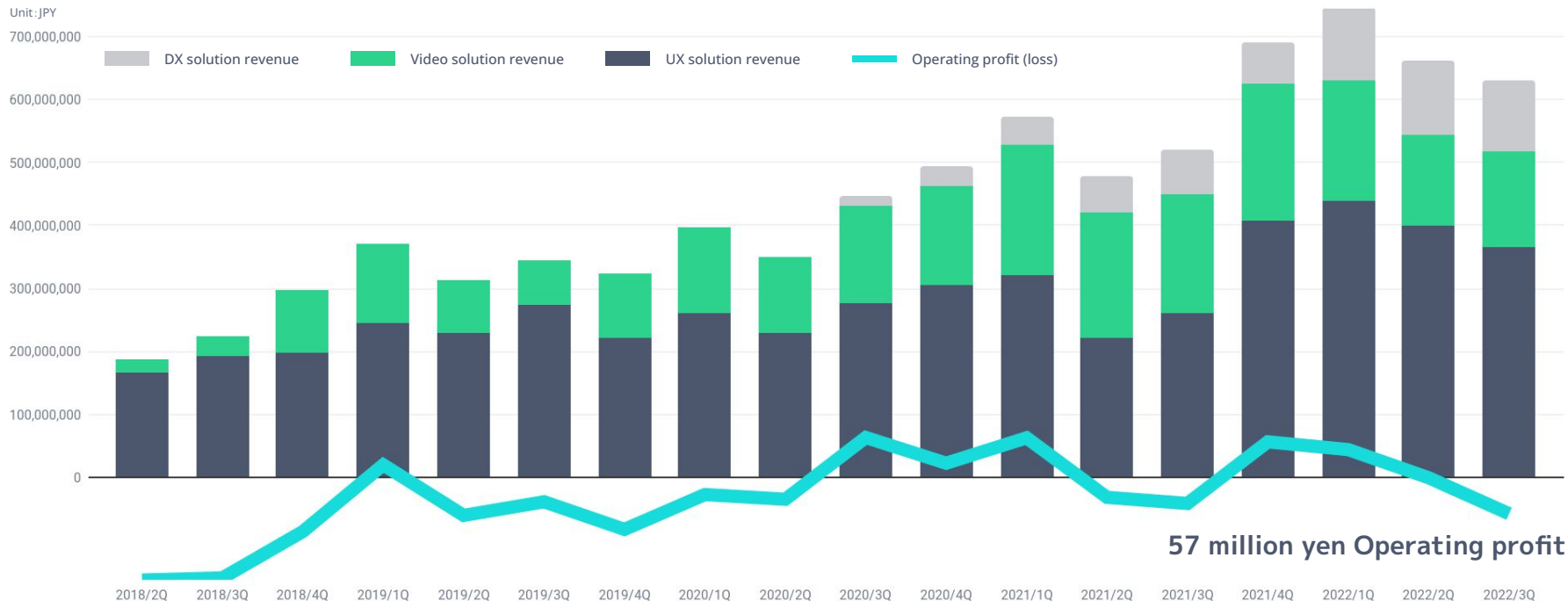
Operating profit, ordinary profit, and net profit were negative due to the impact of the change in video strategy.

(million JPY)	FY 2022 Q3 ( January 2022 — September 2022 )			Full Year 2022 Forecast ( Announced on February 14, 2022 )	
	Actual	Year-on Year		Earnings Forecast	Progress Rate
		Actual	% Change		
<b>Sales</b>	<b>2,038</b>	<b>1,569</b>	<b>+29.9%</b>	<b>3,000</b>	<b>67.9%</b>
<b>EBITDA</b>	<b>178</b>	<b>109</b>	<b>+63.5%</b>	<b>250</b>	<b>71.4%</b>
<b>Operating Profit</b>	<b>-14</b>	<b>-10</b>	<b>-%</b>	<b>50</b>	<b>-%</b>
<b>Ordinary Profit</b>	<b>-33</b>	<b>-71</b>	<b>-%</b>	<b>10</b>	<b>-%</b>
<b>Net Profit</b>	<b>-64</b>	<b>-88</b>	<b>-%</b>	<b>0</b>	<b>-%</b>

**UX/DX** Sales revenue increased significantly, partly due to the contribution of the D-ZERO Inc. M&A. (Seasonality changes due to consolidation impact)

\*The seasonality of the quarter has partially changed due to the busy season (March) of D-ZERO being recorded in the second quarter, but the stand-alone trend remains unchanged.

**Video** Started focusing on higher unit price transactions









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

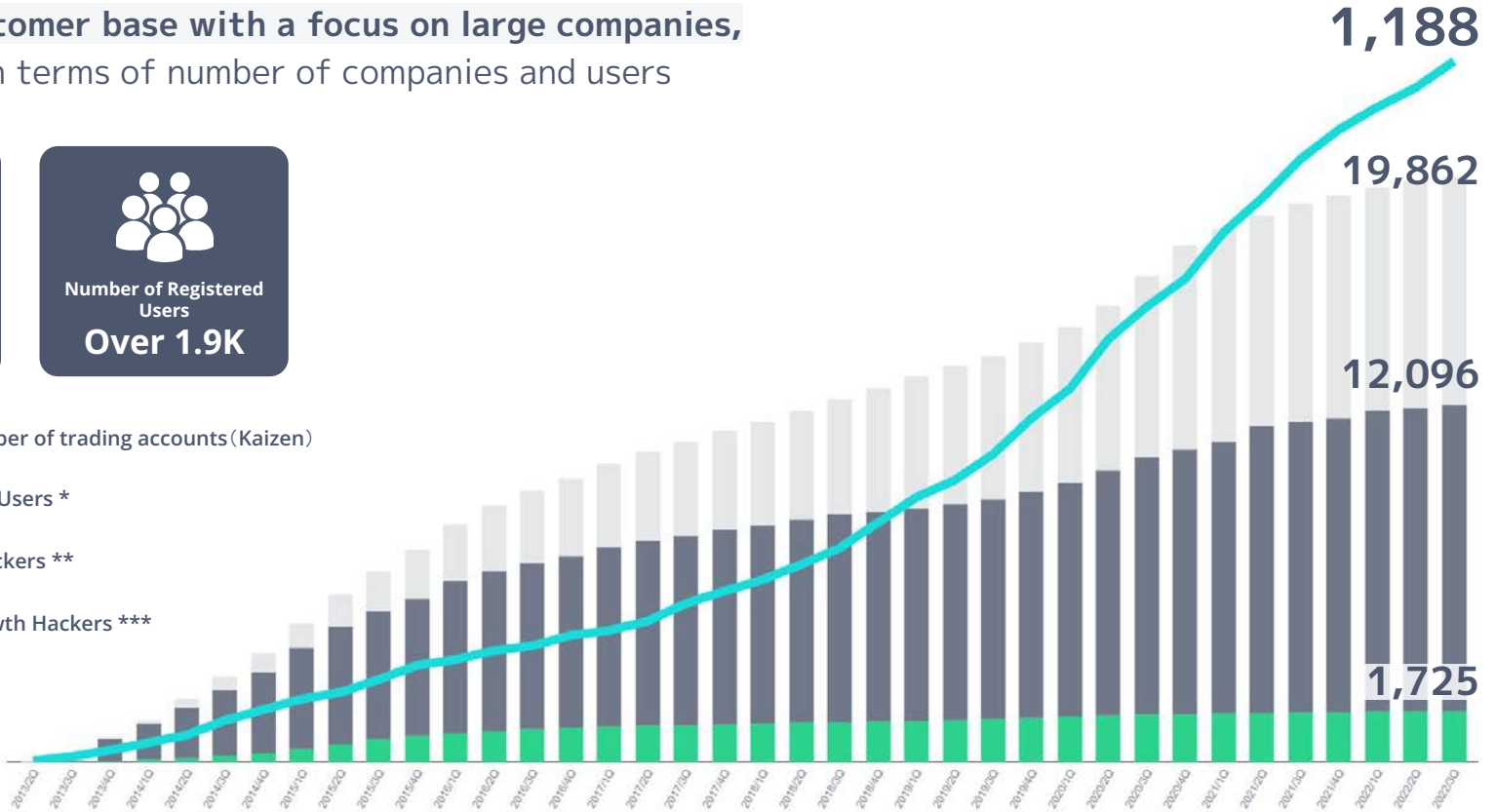


Number of Accounts  
**Over 1,100**



Number of Registered Users  
**Over 1.9K**

-  Cumulative number of trading accounts (Kaizen)
-  Total Registered Users \*
-  Total Growth Hackers \*\*
-  Total Active Growth Hackers \*\*\*



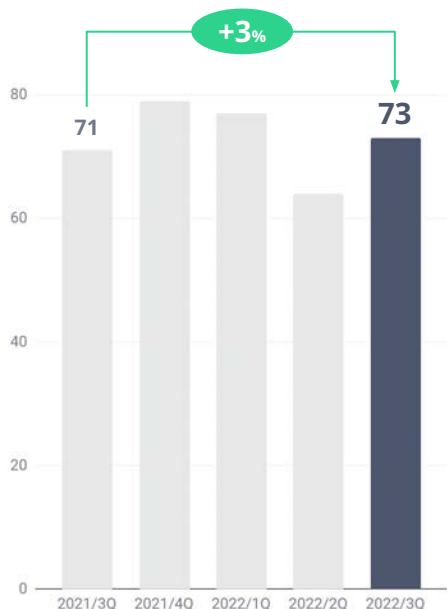
\* Total Number of Clients and Users using the Platform  
\*\* Total Number of Growth Hackers using the Platform

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

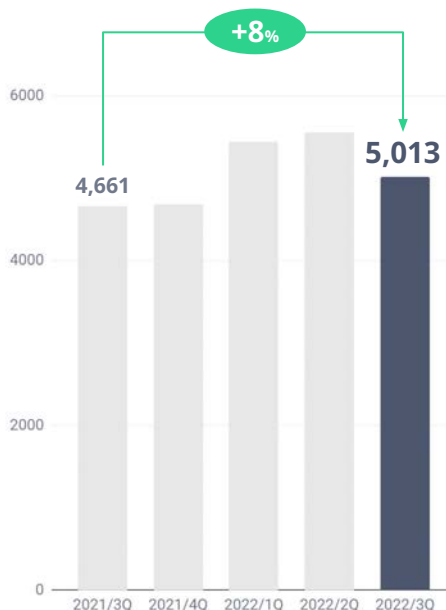


UX/DX continues to upsell to existing customers, Growth rate slowdown due to partial churn of DX customers.  
Continue to aim to improve ARPU and increase the number of transaction accounts by cross-selling from existing customer.

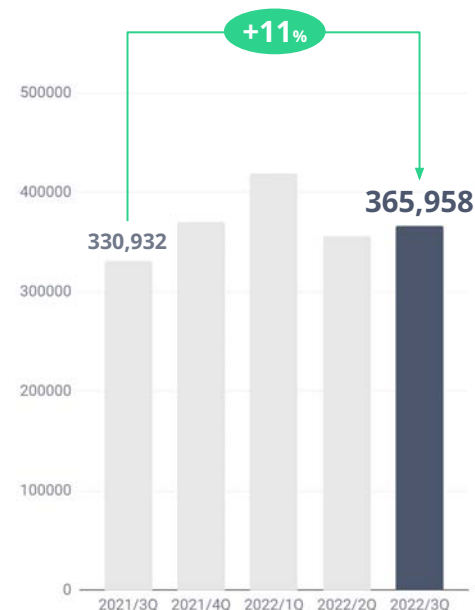
### Number of trading accounts\*



### ARPU Unit : thousand JPY



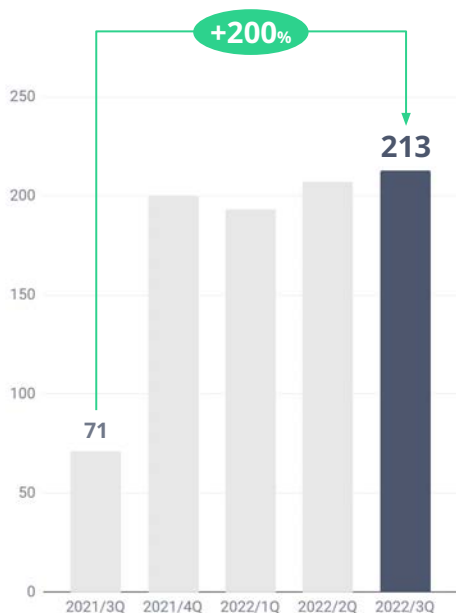
### Revenue Unit: thousand JPY



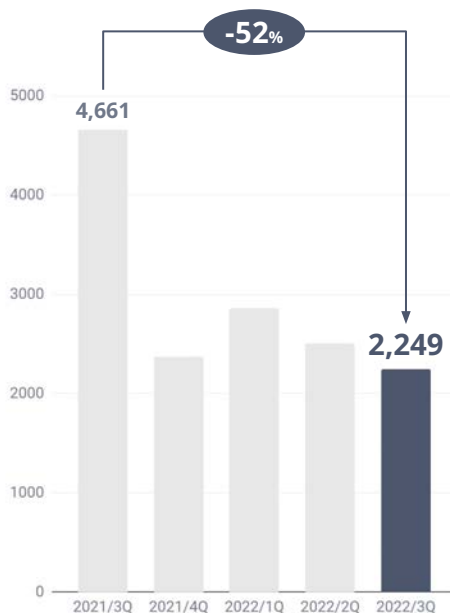
## UX/DX grew 45% adding D-ZERO Inc.

DZ has 140 accounts (UX/DX 73) 、 ARPU 808 thousand yen (UX/DX 5,013 thousand yen) and large growth potential in unit price

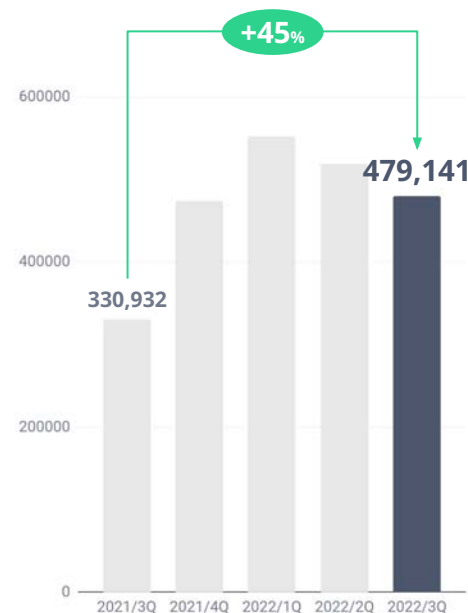
Number of trading accounts\*



ARPU Unit : thousand JPY

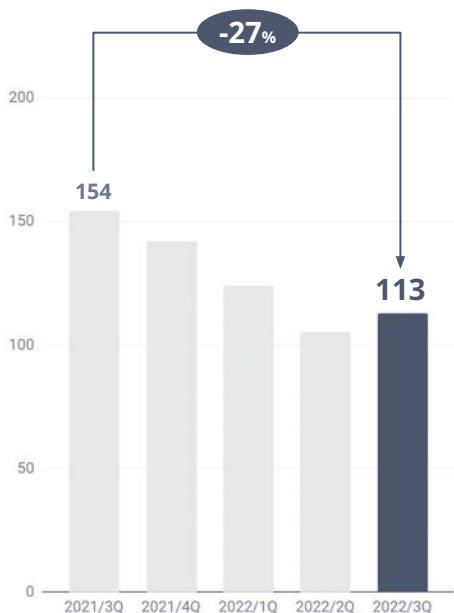


Revenue Unit: thousand JPY

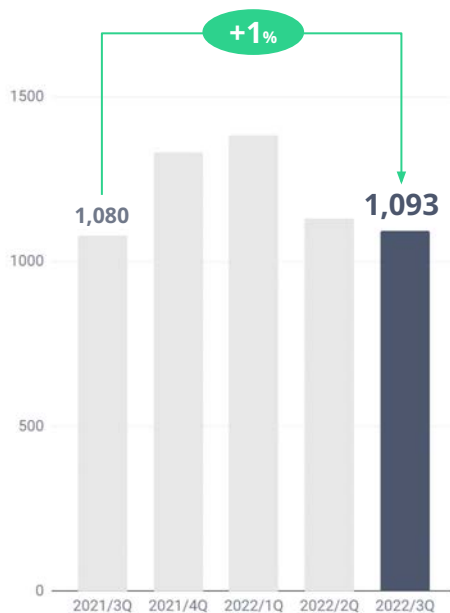


Video continues to focus on customers with higher ARPU, both existing and new  
Signs of QonQ reversal in accounts and sales amid shift to strengthening collaboration with UX/DX.

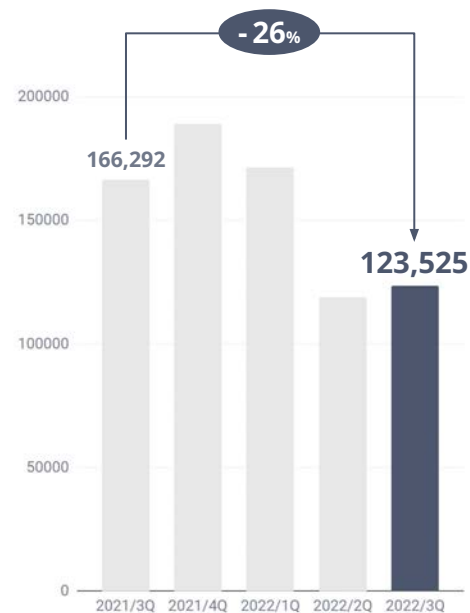
Number of trading accounts\*



ARPU Unit : thousand JPY

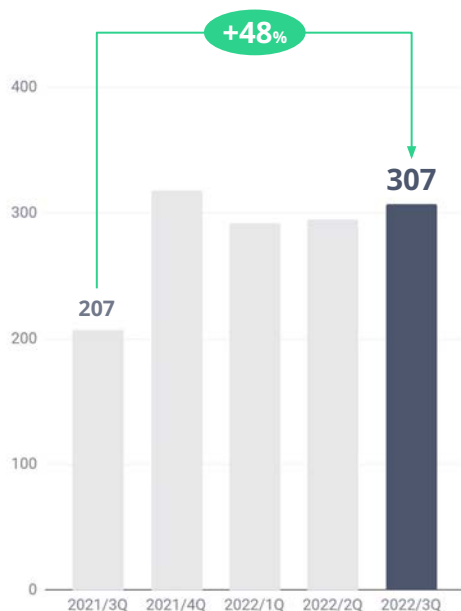


Revenue Unit: thousand JPY

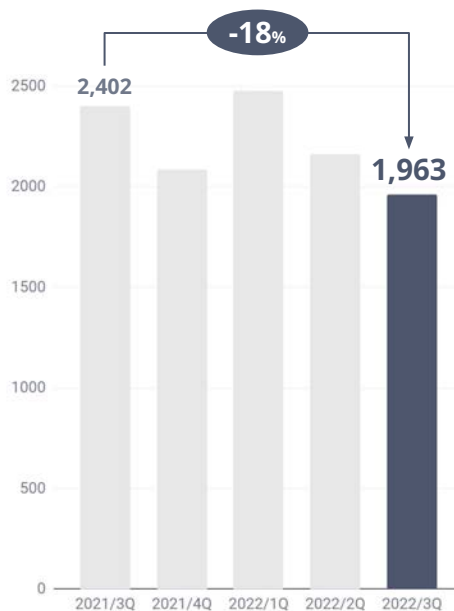


ARPU decreased due to DZ consolidation  
Accounts grew **1.48x** and revenue increased **21%**.

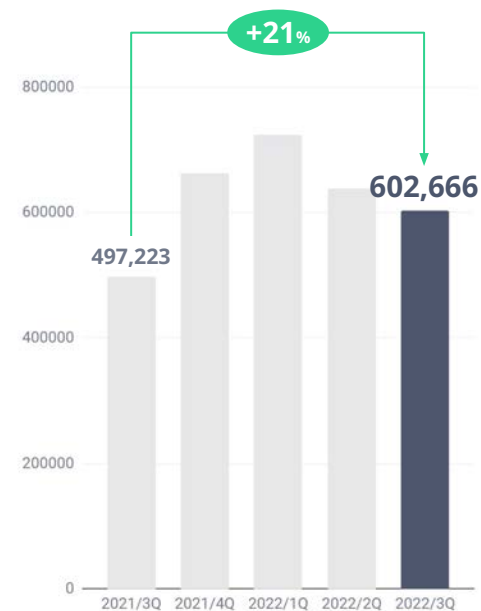
### Number of trading accounts\*



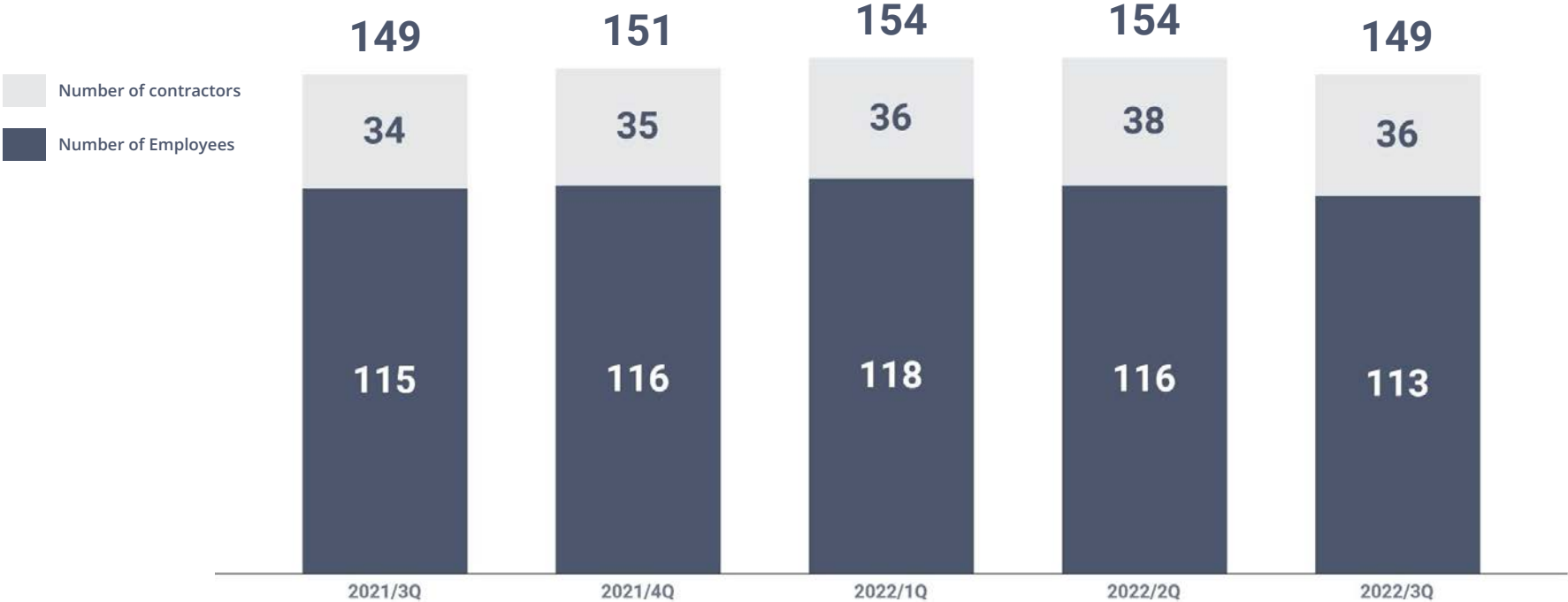
### ARPU Unit : thousand JPY



### Revenue Unit : thousand JPY



Turnover rate higher than in previous years, and challenges in expanding the number of staff  
(employees + contractors)



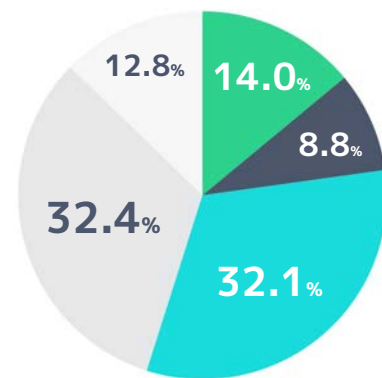
## Stable financial base with cash and deposits and net assets both exceeding 3 billion yen.

Institutional investors hold 22.8% of the company's shares, while individual shareholders account for 32.1%.

Balance Sheet (Consolidated)			
million JPY	2021/12	2022/9	Increase/Decrease
Cash and Deposits	3,006	3,284	278
Current Assets	3,438	3,736	298
Tangible fixed assets	13	18	5
Intangible fixed assets	699	673	-26
Investment and other assets	205	182	-23
Assets	4,357	4,610	253
Short-term debt	-	-	-
Long-term debt	671	671	-
Liabilities	1,009	1,035	26
Net worth	3,348	3,575	227
Liability Net assets	4,357	4,610	253

## Stock distribution

(As June 30, 2022)



- Overseas institutional investors
- Domestic institutional investors
- Individual shareholders\* (General)
- Individual Shareholders\* (Senior Mgmt & Employees)
- Others (Other Corporates and Venture Capital)

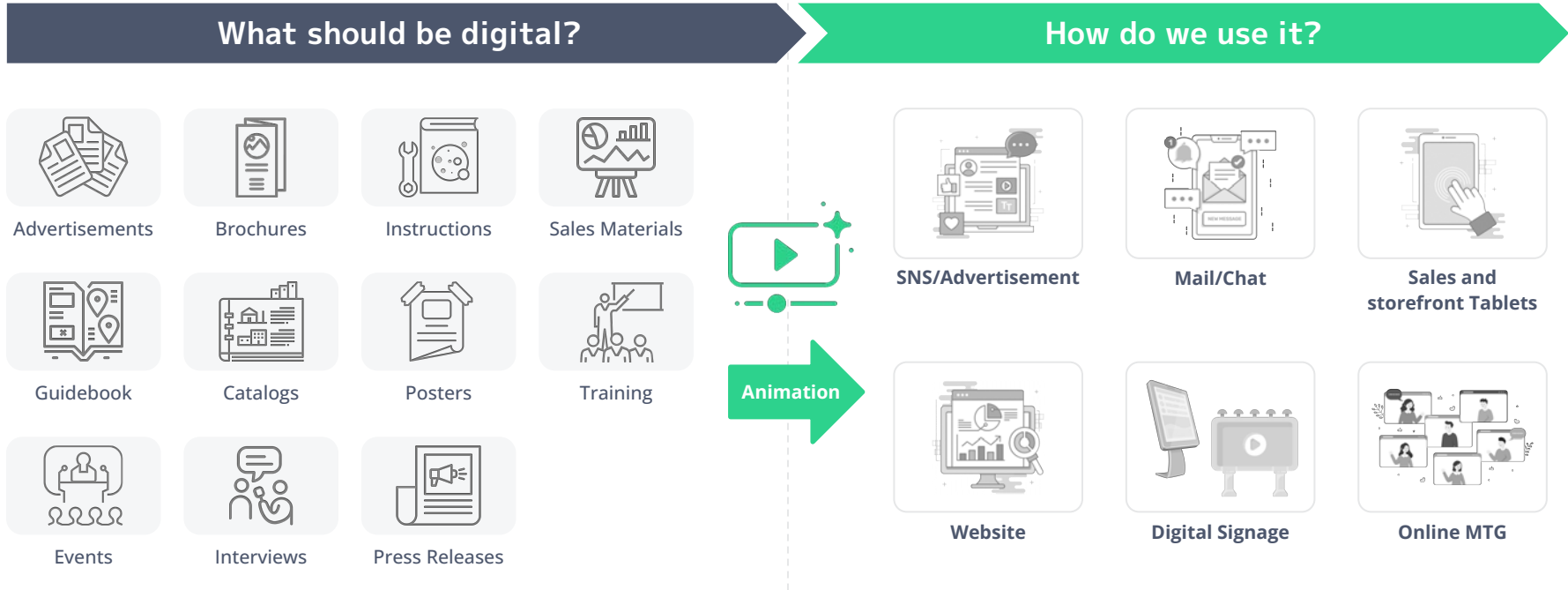
\*Breakdown of individual shareholders is approximate.

## 1 Company and Service Overview

## 2 FY 2022 Q3 Business Results

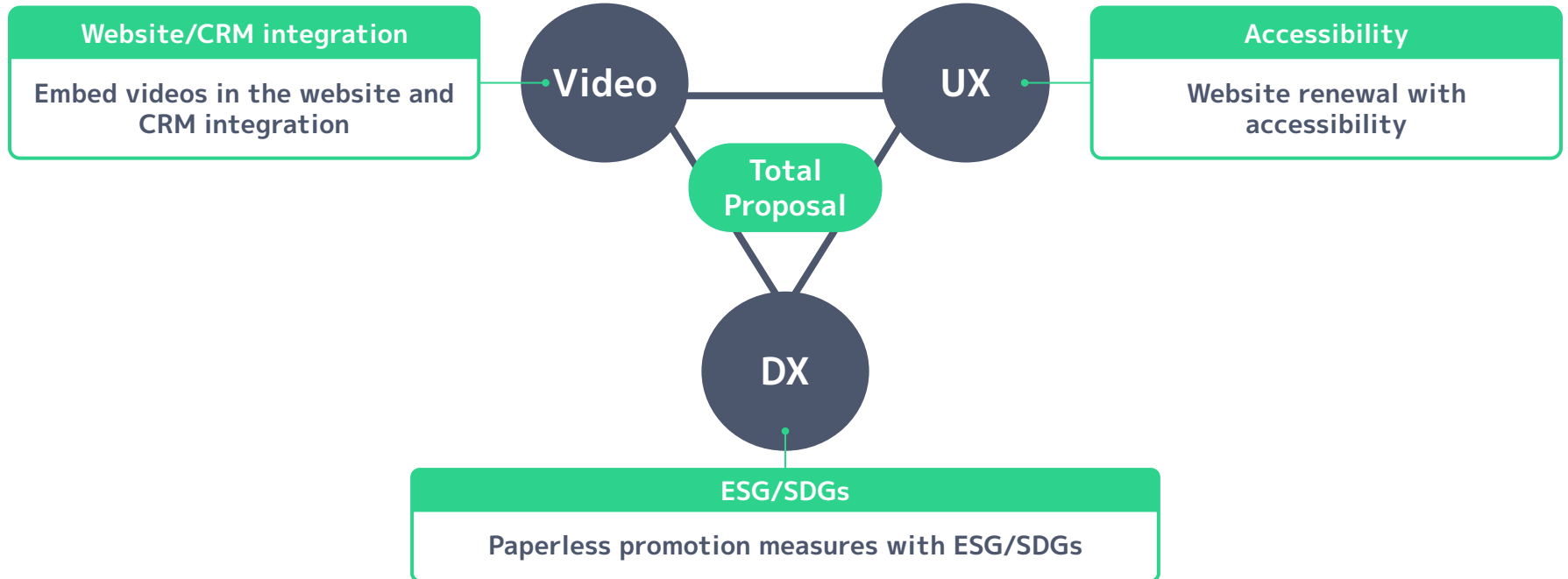
## 3 Revision of the current fiscal year and future growth strategy

Paper-based communication tools are now going digital with more opportunities from **non-face-to-face/non-direct contact.**





Due to the rapid commoditization in this area, we will move into areas with higher added value.  
Differentiation through continuous expansion and enhanced integration proposals.



**Acquired 70% of the shares of Hiwell**, a company mainly engaged in SES business as our subsidiary

<b>Contract date</b>	October 20, 2022
<b>Share Acquisition Date</b>	October 31, 2022
<b>Stock acquisition cost</b>	490 Million Yen
<b>Acquisition interest</b>	70.0%
<b>Method of financing acquisition</b>	Loans by financial institutions

## Remaining Shares (30%)

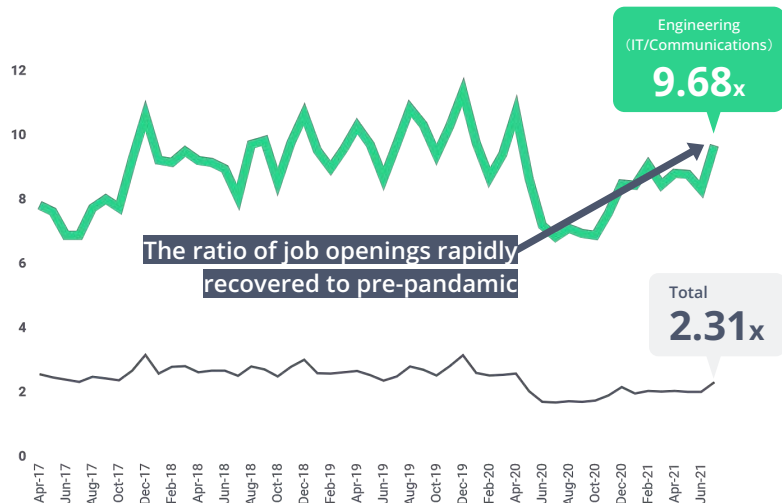
The acquisition price for the remaining shares is initially set at ¥210 million, but will be adjusted to ¥360 million if Hiwell achieves certain performance conditions.



Company	Hiwell.Inc
Location	Minato-ku, Tokyo
CEO	Futoshi Kondo
Incorporation Date	June 1, 2007
Capital	10 million yen (As of end of June, 2022)
Sales	1,833 million yen (As of end of March, 2022)
Employees	22 (As of June 30, 2022, excluding directors, contract employees, and part-time employees)
Company overview	HR business Promotional business planning and production

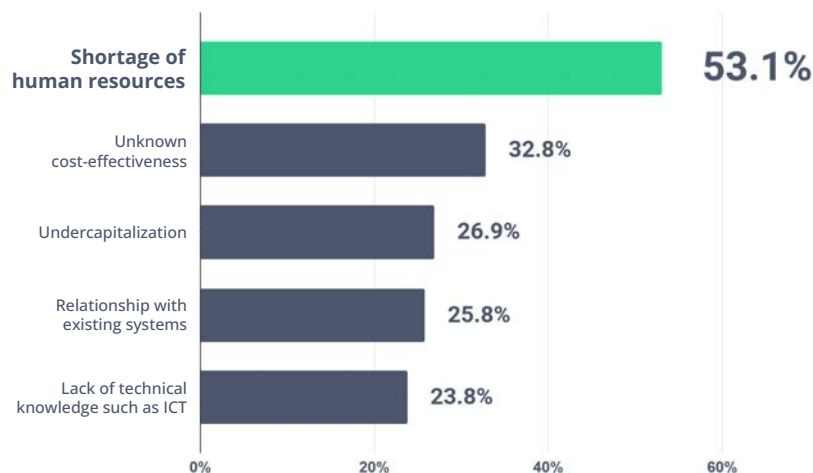
DX needs remain strong, and there is an urgent need to secure human resources who can promote DX.

## ① Jobs-offers-seekers ratio



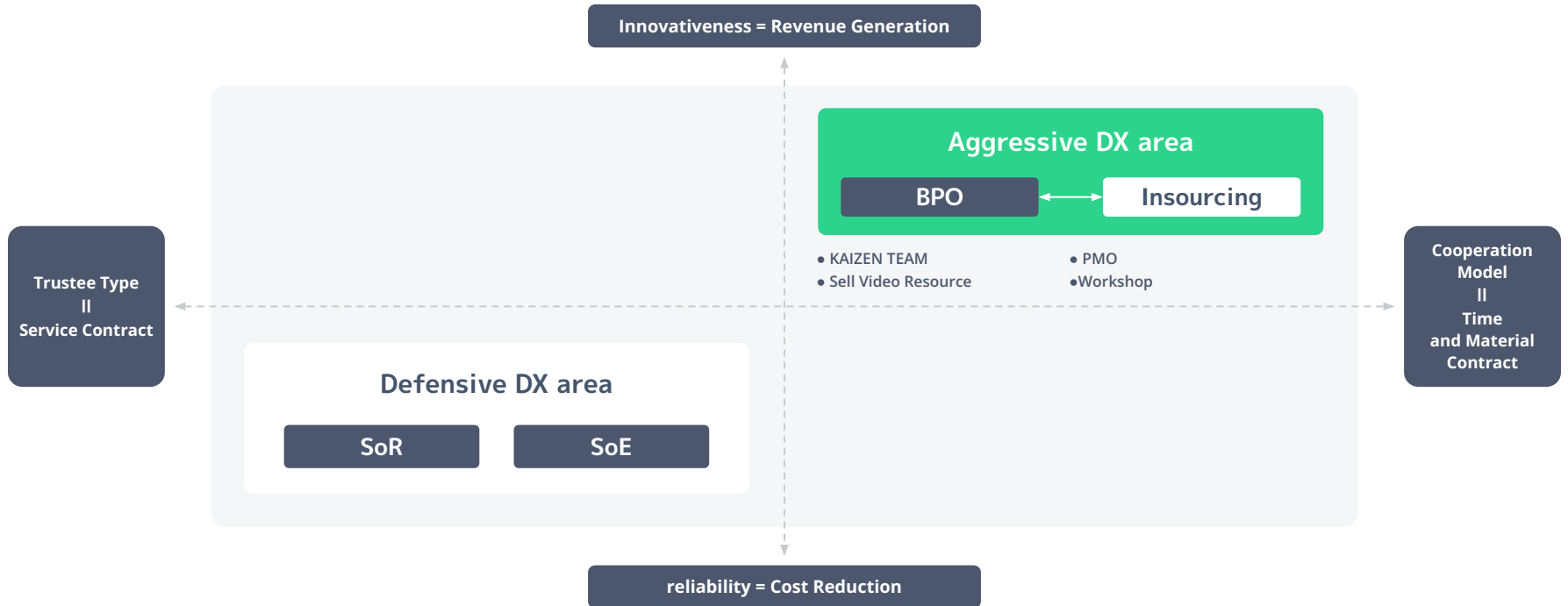
※Source: doda Job Change Ratio Report (July 2021/ revised figures)

## ② Challenges in advancing DX

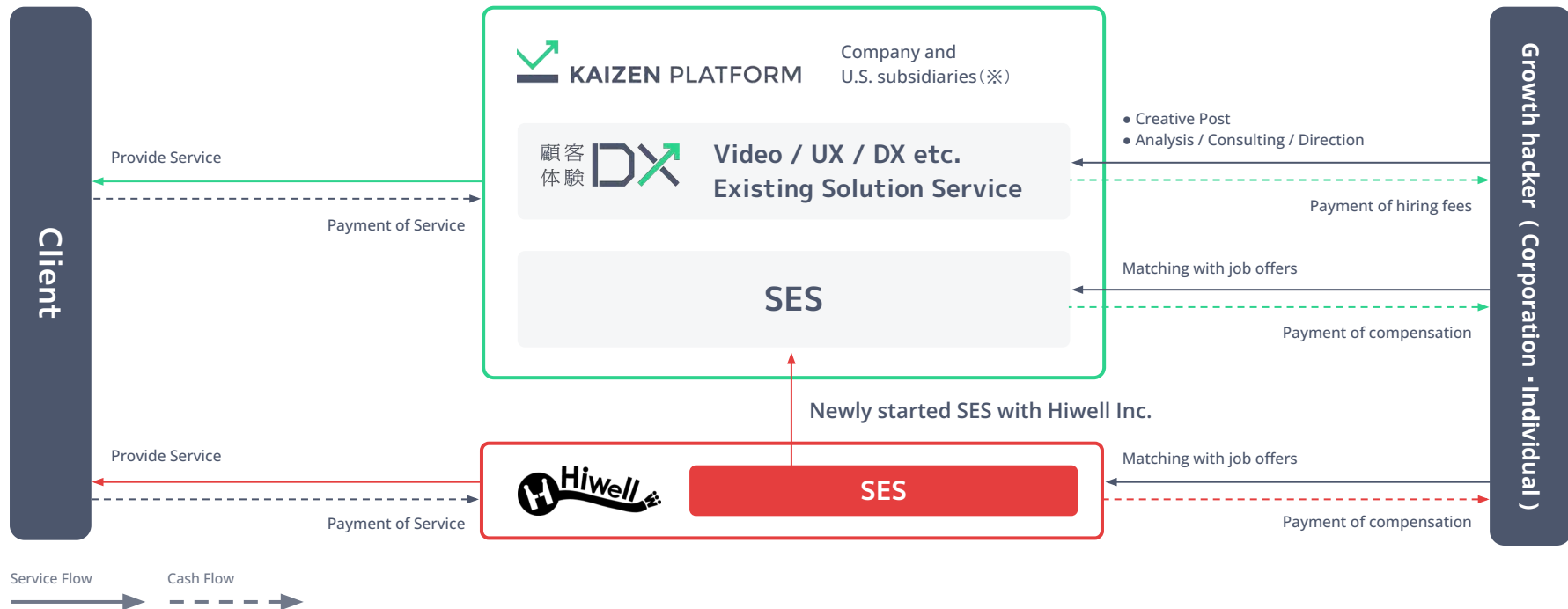


※Source: Ministry of Internal Affairs and Communications (2021), "Research Study on the Impact of Digital Transformation on the Economy."

PMO and workshops are growing as more companies seek insourcing DX as a core business  
On the other hand, there is a high potential for competition in the BPO business, which is an important market for capturing the growth of the DX market as a whole.

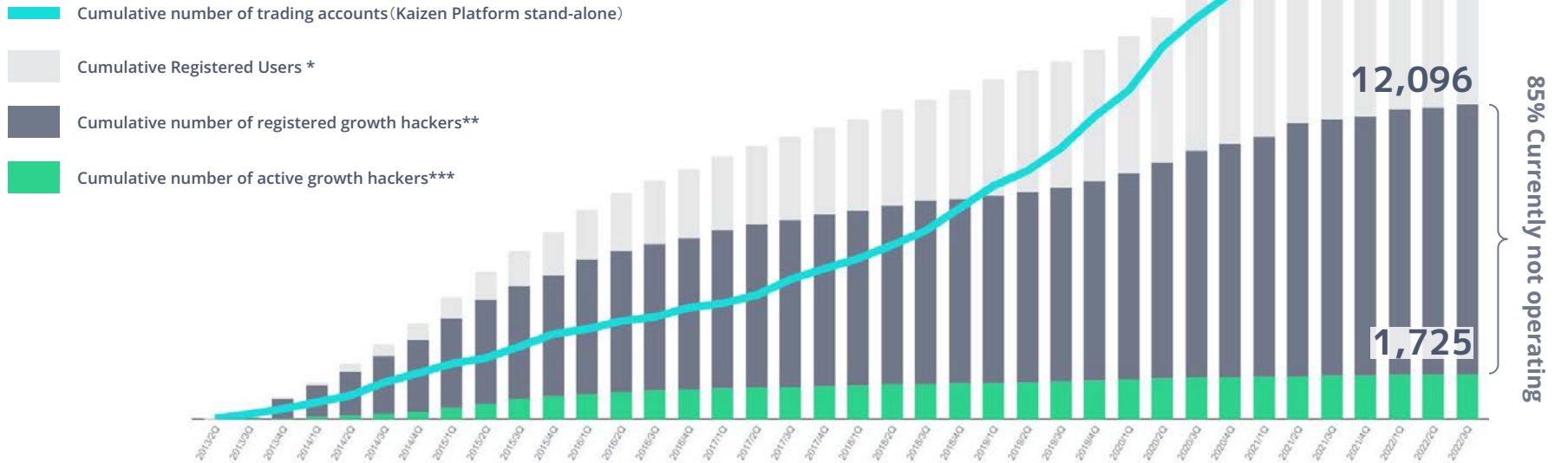


Planning to start System Engineer Service (SES) utilizing our growth hackers.  
Increase our growth hackers' activities along with our clients' DX enhancement



## Among Kaizen Platform registered users (applicants), 85% of growth hackers have not been able to obtain a job

We already possess a DX talent pool, including engineers from all over Japan.

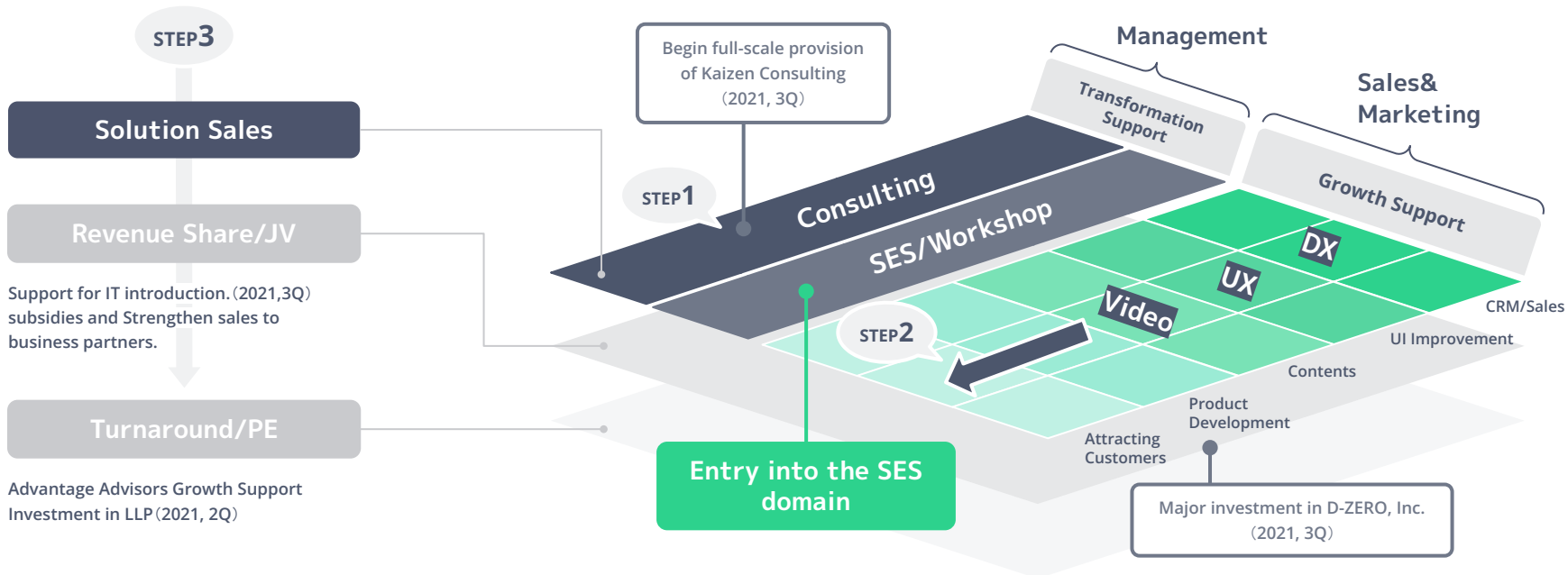


\*Cumulative number of customers and professional human resources registered to utilize the platform

\*\*Cumulative number of registered professional personnel utilizing the platform

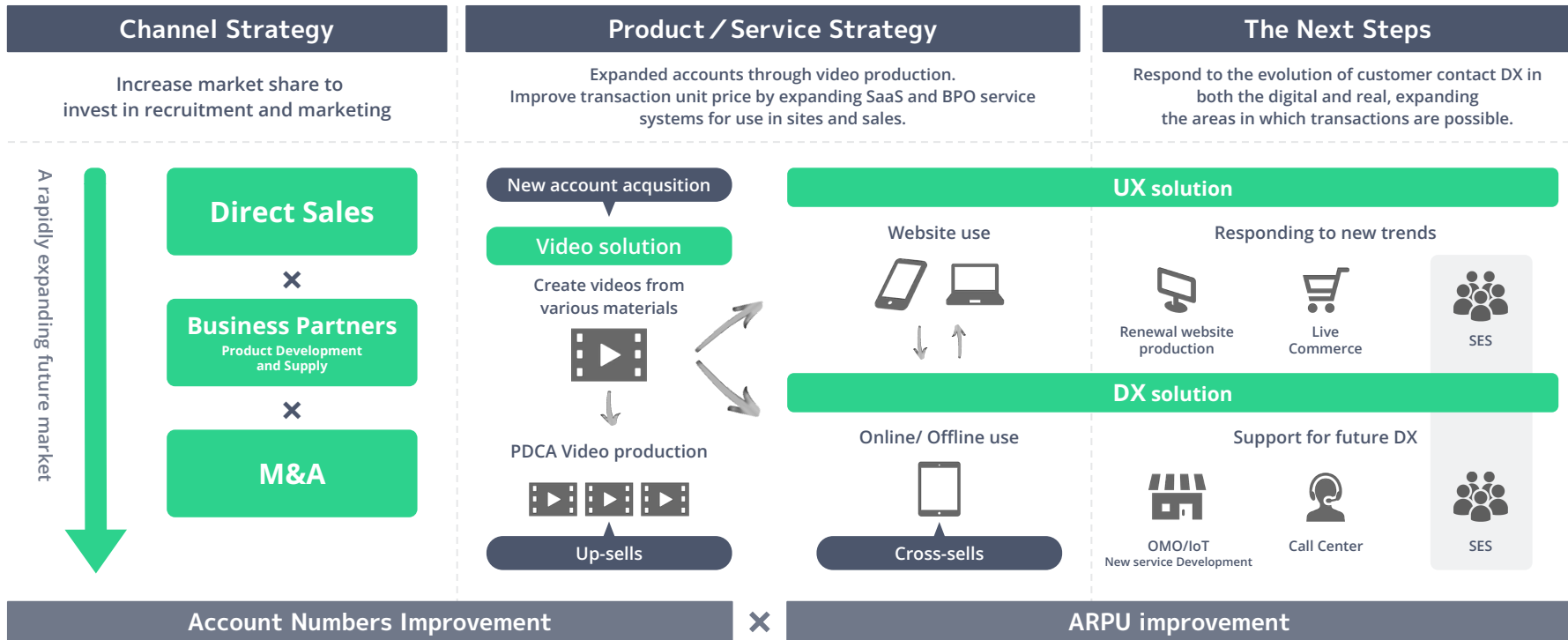
\*\*\*Cumulative number of growth hackers who have submitted creative improvement ideas in the past

# Entering the SES area as a strategic step toward increasing ARPU





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



Revised forecasts for the video solutions and adjusted the M&A cost.

Aim to increase earnings in the next fiscal year by promoting business improvement and consolidation of Hiwell

(Million JPY)	FY 2021 (period ending December 31, 2021)	FY 2022 (period ending December 31, 2022)			
	Actual	Previous announcement	Current Revisionn	Increase/Decrease	Percentage Change
<b>Sales</b>	2,260	3,000	2,600	-400	-13.3%
<b>EBITDA</b>	221	250	150	-100	-40.0%
<b>Operating Income</b>	45	50	-100	-150	-
<b>Ordinary Income</b>	-25	10	-120	-130	-
<b>Net Income</b>	-101	0	-230	-230	-

Review of product portfolio for video solution took longer than expected, and structural reforms are planned for re-growth in the next fiscal year and onwards.

In addition, one-time items (such as the acquisition cost of Hiwell shares and income taxes related to the subsidiary) were recorded, and the forecast for the current fiscal year was revised.

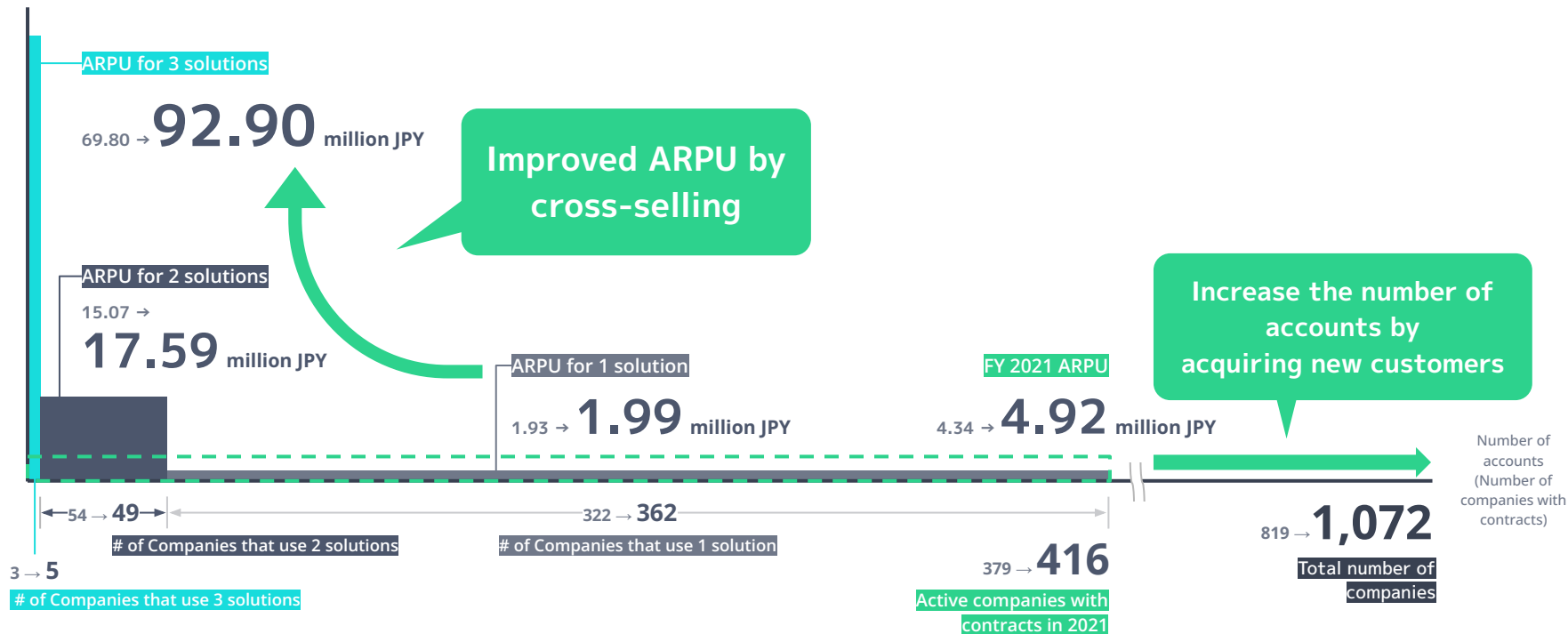




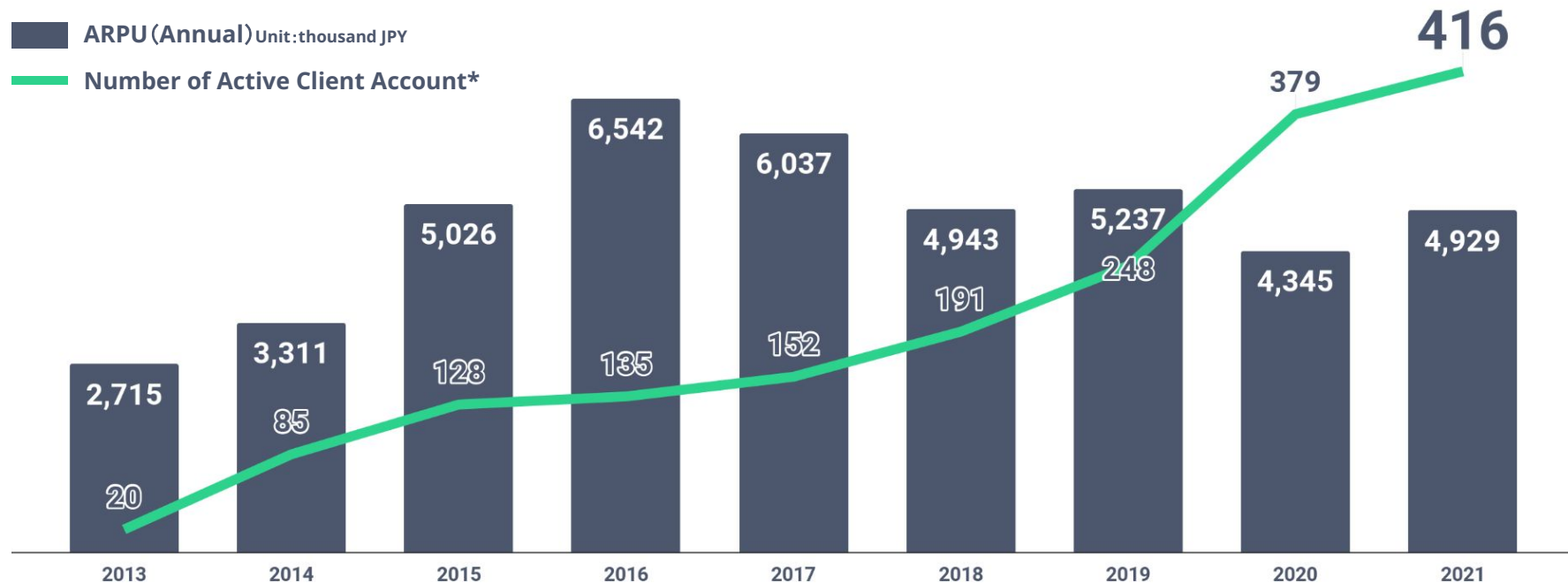
# Appendix

Possible to increase ARPU by cross-selling UX, Video, and DX solutions in line with the evolution of customer DX

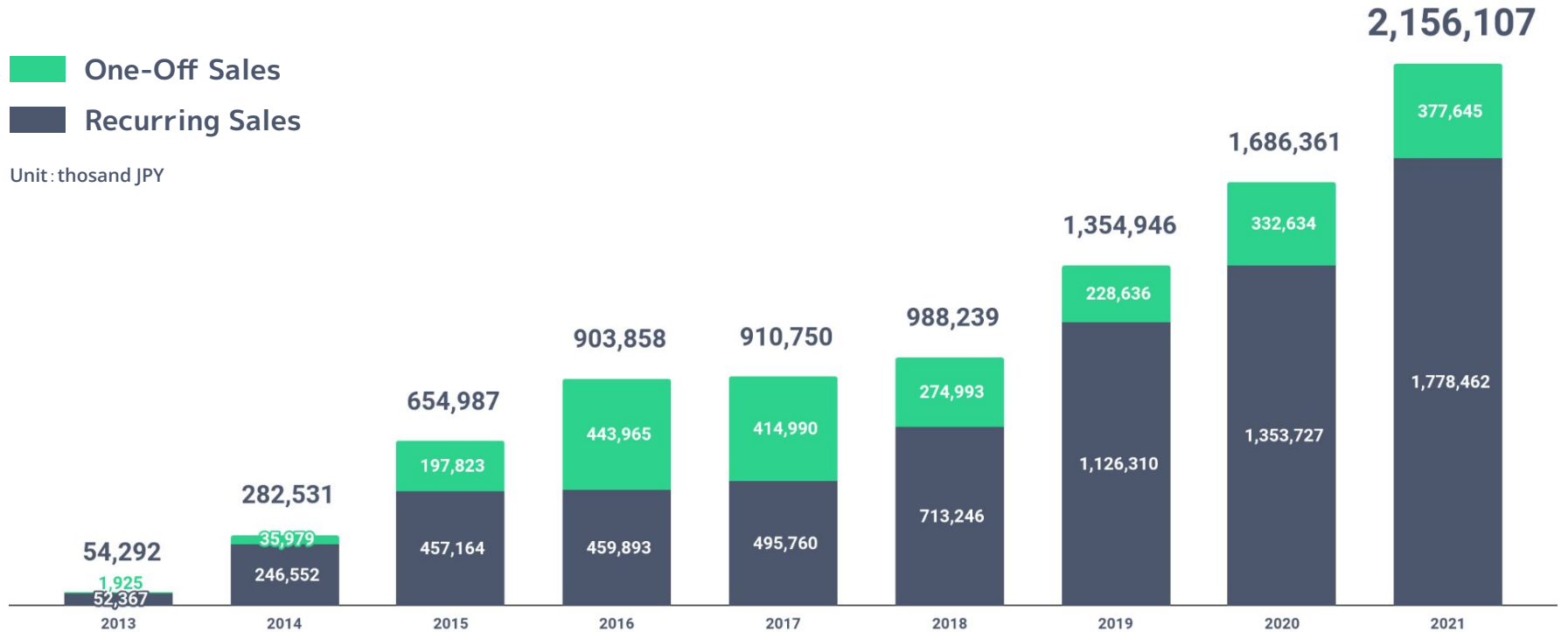
ARPU (Annual)



Accelerated the expansion of trading accounts with video as the door opener, from there we accelerated sales of UX and DX solutions through up-selling and cross-selling.



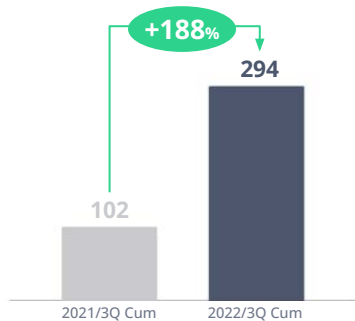
Conversion of new accounts from one-time sales to recurring sales is progressing well



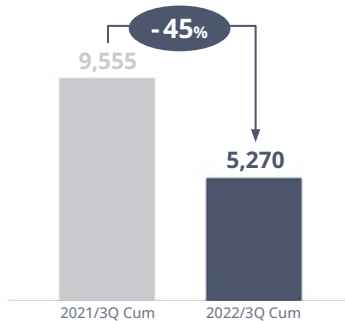
UX/DX: Strong growth in new transaction accounts drives business growth, aiming for ARPU recovery in the future.  
 In Video, Start focusing on customers with high ARPU and strengthening collaboration with UX/DX.

## UX/DX Solution

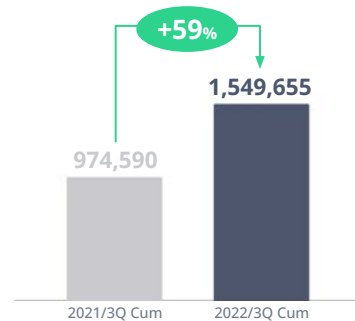
Number of trading accounts \*



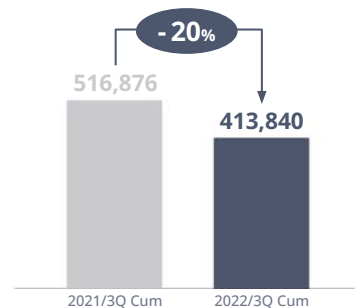
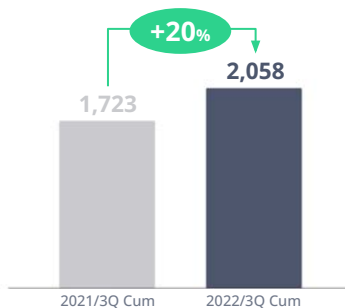
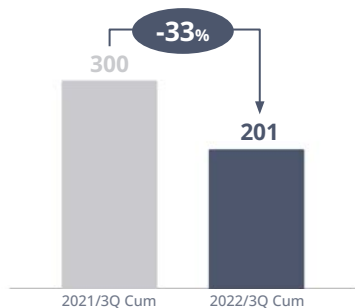
ARPU (3Q Cum) Unit: Thousand JPY



Revenue (3Q Cum) Unit: Thousand JPY



## Video Solution





# Profit and Loss (Consolidated)

Thousand JPY	2020/12	2021/12	2022/9
Sales revenue	1,686,361	2,260,042	2,038,376
Gross Profit	822,194	934,202	765,365
Selling, General and Administrative Expenses	798,824	888,481	779,938
Salary and Allowance	199,235	250,906	223,354
Outsourcing Cost	177,151	152,012	92,733
Operating Profit (Loss)	23,369	45,720	(14,573)
Ordinary Profit (Loss)	36,435	(25,627)	(33,295)
Profit (loss) attributable to Parent	107,382	(101,657)	(64,701)

## UX/DX solution

Thousand JPY	2020/12	2021/12	2022/9
Sales Revenue	1,112,984	1,448,403	1,549,655
Operating Profit (Loss)	111,380	26,691	57,757

## Video solution

Thousand JPY	2020/12	2021/12	2022/9
JP			
Sales revenue	532,858	705,844	413,840
Operating Profit (Loss)	(52,554)	61,276	(31,936)
US			
Sales revenue	40,518	105,794	74,880
Operating Profit (Loss)	(35,456)	(42,248)	(40,394)
Total			
Sales revenue	573,376	811,638	488,720
Operating Profit (Loss)	(88,010)	19,028	(72,331)

# Balance Sheet (Consolidated)

thousand JPY	2020/12	2021/12	2022/9
Cash and Cash Equivalents	2,660,345	3,006,148	3,284,286
<b>Current Assets</b>	<b>2,908,598</b>	<b>3,438,310</b>	<b>3,736,582</b>
Tangible Fixed Assets	4,643	13,748	18,754
Intangible Fixed Assets	323,591	699,349	673,233
Investment and other Assets	152,122	205,949	182,283
<b>Assets</b>	<b>3,388,956</b>	<b>4,357,357</b>	<b>4,610,854</b>
Short-Term Debt	—	—	—
Long-Term Debt	250,000	671,000	671,000
<b>Liability</b>	<b>534,154</b>	<b>1,009,025</b>	<b>1,035,374</b>
<b>Net Worth</b>	<b>2,854,801</b>	<b>3,348,332</b>	<b>3,575,479</b>
<b>Liability Net Assets</b>	<b>3,388,956</b>	<b>4,357,357</b>	<b>4,610,854</b>

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



**End**