



# FY 2022 Full Year Financial Results (Matters related to business plans and growth potential)

Fiscal year ending December 31, 2022

Kaizen Platform Inc. Securities Code 4170 / February 14, 2023

## 1 Company and Service Overview

## 2 FY 2022 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 *)	
Address	Minato-ku, Tokyo	
Employees	126 (As of end of December 2022) Kaizen Platform Inc. and Kaizen Platform USA, Inc.: 57 / D-ZERO Inc.: 51 / Hiwell Inc.: 18	
Capital	1,755,623 thousand JPY (As of end of December 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. / Hiwell 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.

**KAIZEN the World**

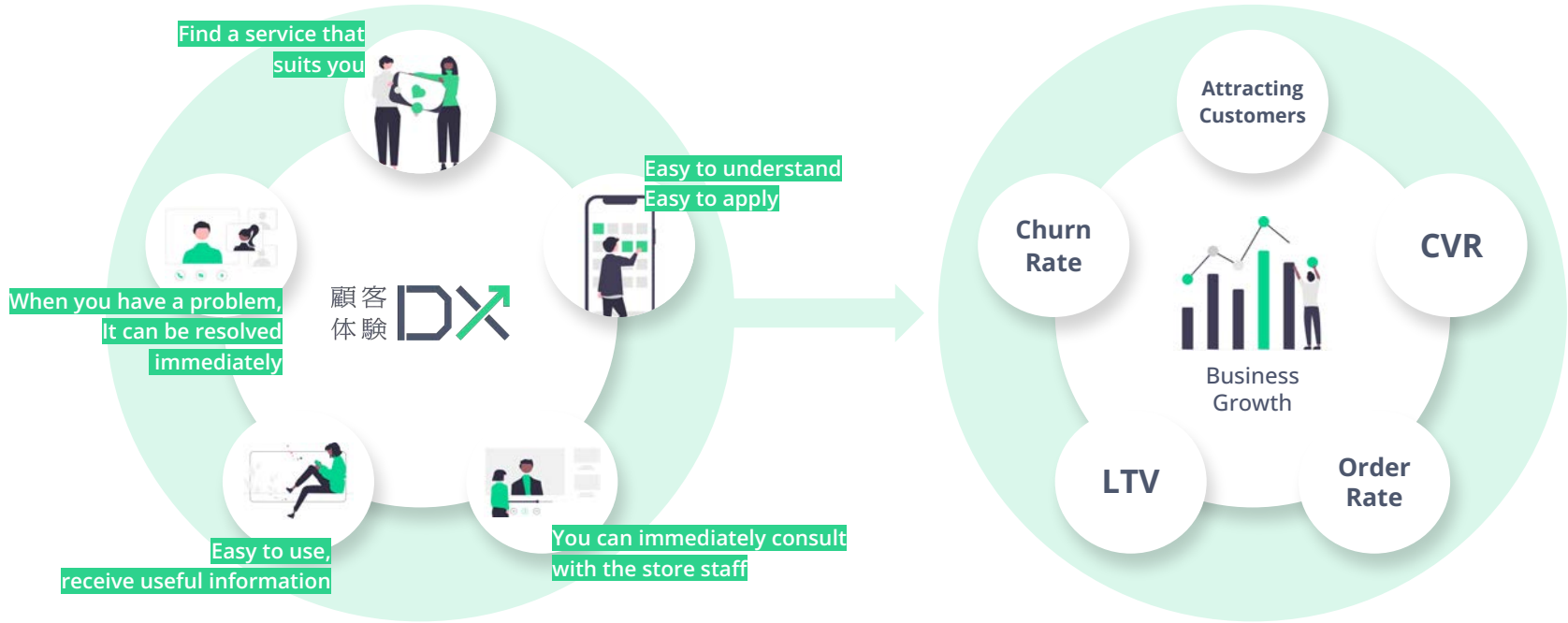
**KAIZEN the world with a smooth working style**



Aiming for a DX-accelerated society

**Become a DX Acceleration Partner**

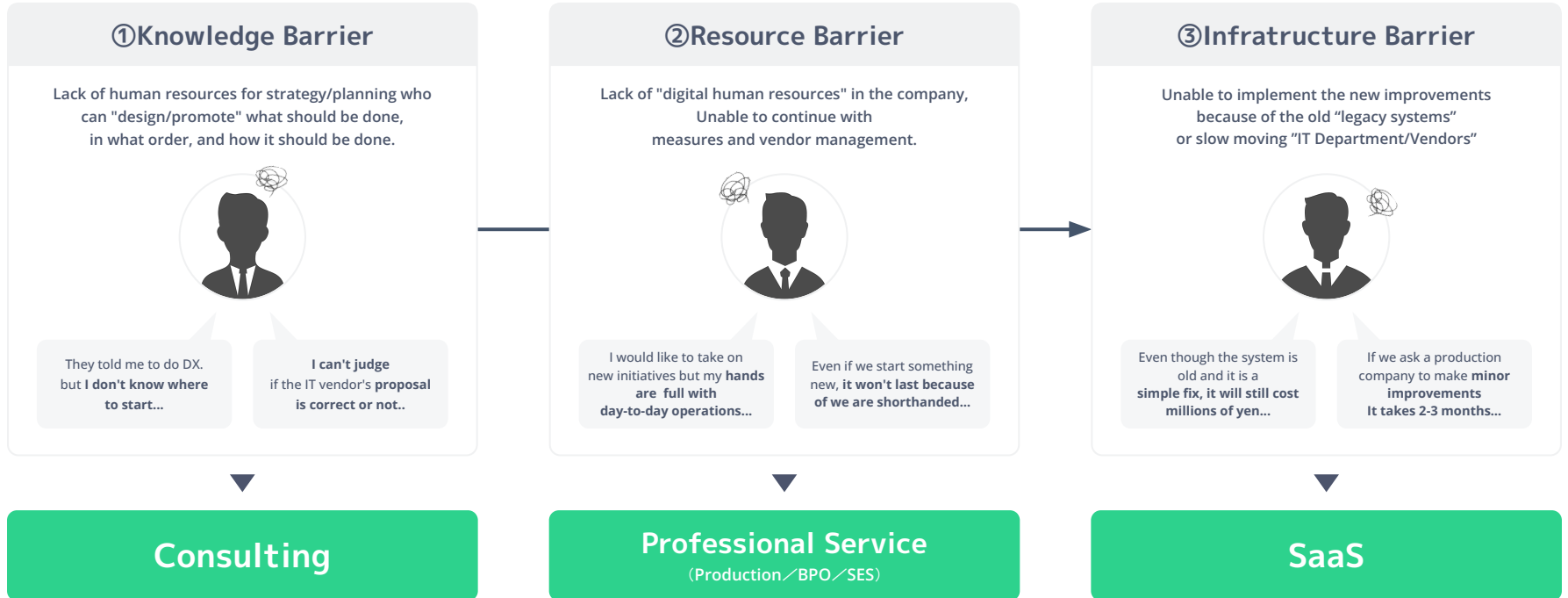
## Improve the client's digital "customer experience" to support their "business growth"



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

We provide a combination of

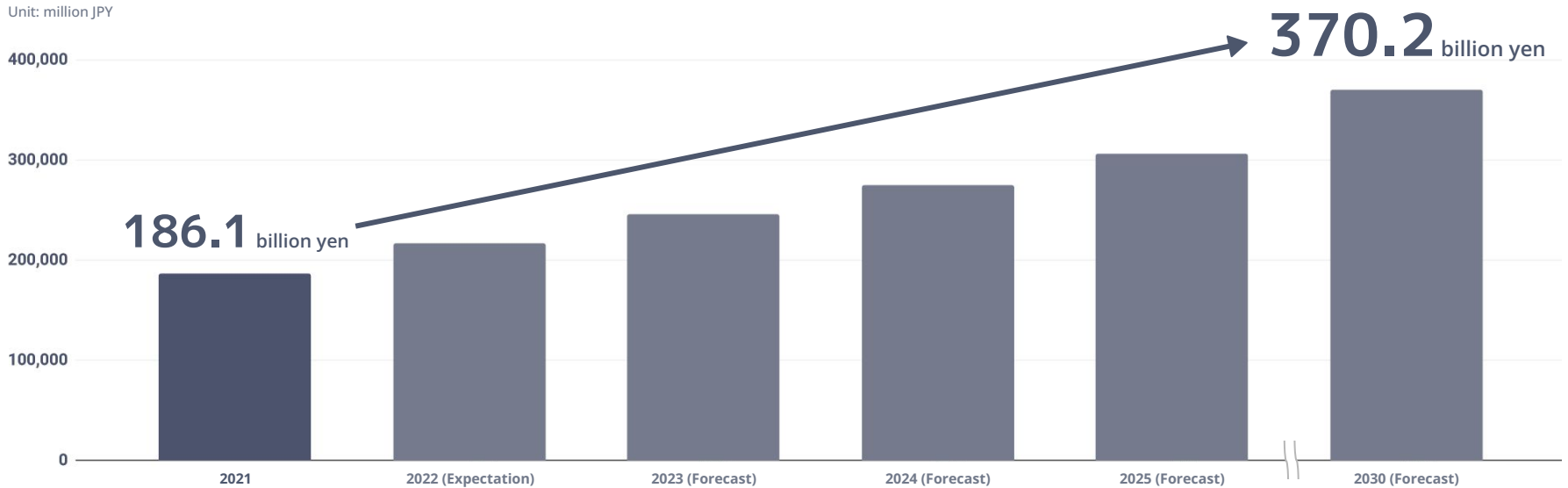
"Consulting," "Professional services," and "SaaS" to overcome these barriers.



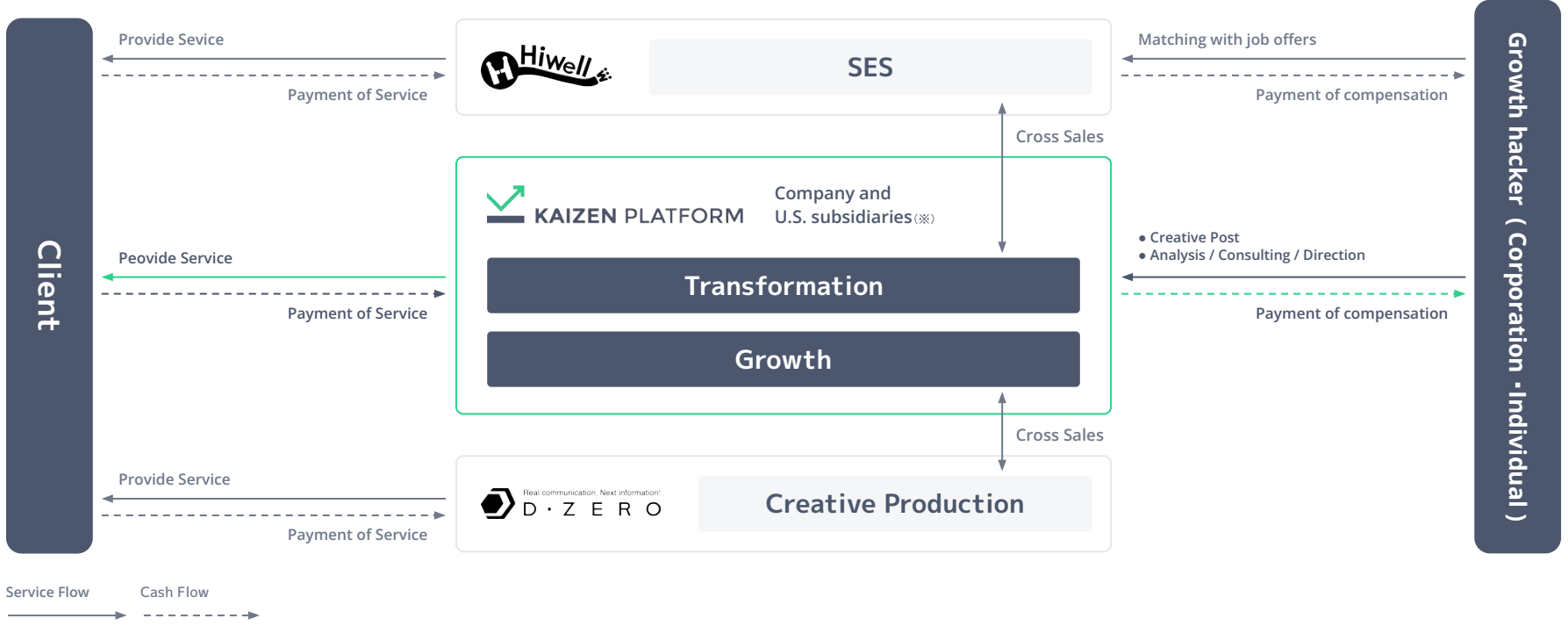
# The explosive growth of “The offense DX market”

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.

**Core Target Market** Sales · Marketing · Customer Service DX Market

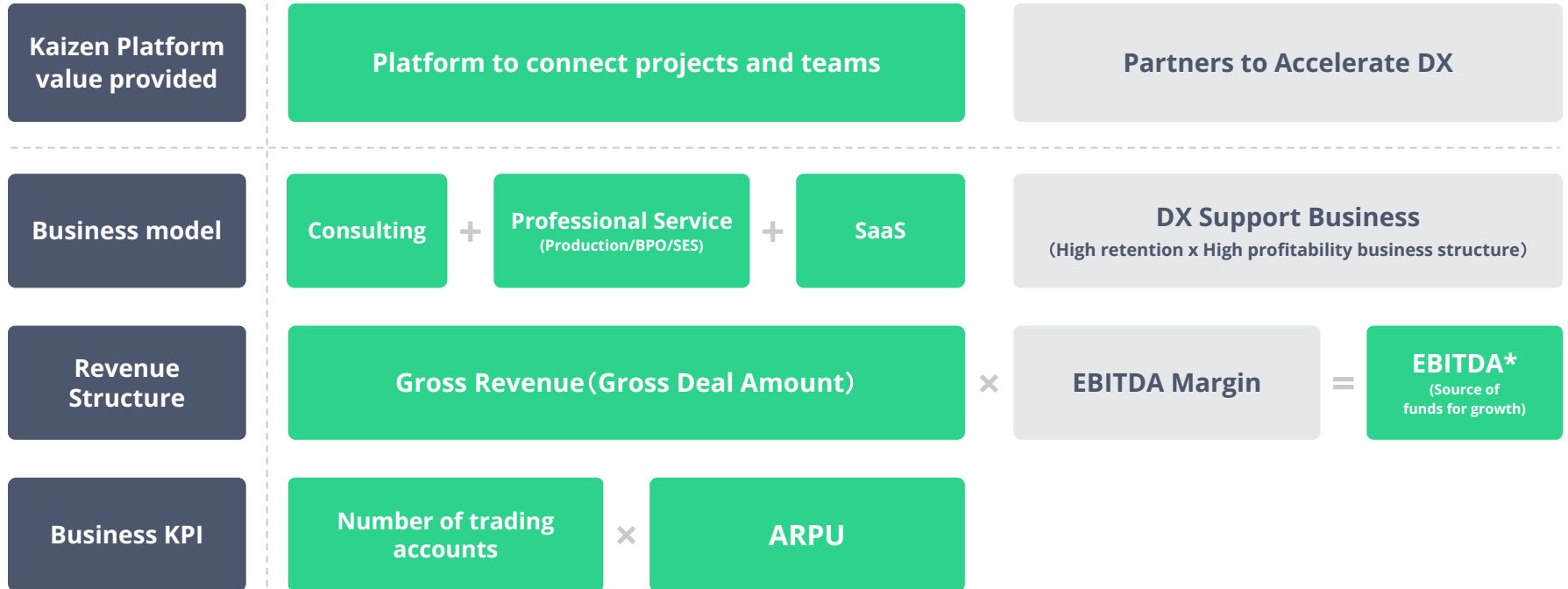


We are dedicated to PM (project management) and support.  
 We team up with growth hackers on the platform to execute DX projects, maintaining elasticity of variable costs





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



# Our Valued Clients

	IDOM Inc.	 NTT 東日本	 大阪ガス	d•大地宅配	 SAISON CARD INTERNATIONAL Credit Saison Co., Ltd.
	<i>Tomorrow, Together</i> 	 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	 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 Consulting + Professional Services + SaaS
- 3 Avoid legacy systems, reduce lead times, reduce costs, and promote DX
- 4 Leveraging SaaS and its data to achieve both high productivity and EBITDA Margin.
- 5 Increase ARPU due to 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 GaiaX Co Ltd. After launching and being in charge of a business to deal with unofficial school websites, established Adish Co Ltd. in 2014 and was appointed Director and General Manager of the Administration Division. In 2021, she launched a sponsorship community to address diversity at the decision-making level in venture companies. She is also a member of the board of directors of Adish Co Ltd. and Slogan Co. COO of the non-profit organization "Minna no Code" (present post).



**Toru Sakai** Executive Officer  
Chief Growth Officer

Joined Netage in 2006 from Softbank Corp. Created several businesses around digital advertising and also still serving as the president of a group company.  
Joined Kaizen Platform from the start in 2013.  
Created the Video business in 2016 and in the current position from June 2020.



**Gen Fujihara** Executive Officer

2012 Joined Softbank Corp.  
Engaged in product planning and overseas business development for corporate cloud products at the company.  
Joined Kaizen Platform in 2016 with a desire to "create a platform that can expand globally from Japan".  
He has been in his current position since January 2022.



**Yuki Sakato** Executive Officer

Joined the Institute for Global Management Integration (IGPI) from Marubeni Corp. Engaged new business development support / consulting/ planning and implementation of overseas M&A strategies and business reforms for web services, technology, healthcare, etc.  
Joined Kaizen Platform in 2020 and is responsible for DX business, marketing and business strategy.  
He has been in his current position since January 2022.



**Yu Kawabe** Executive Officer

2009 joined Ricoh Company Ltd. Engaged in process improvement of production and supply chain.  
Joined Kaizen Platform in 2014 as a Product Manager and Head of Development.  
He has been in his current position since January 2022.



**Hidenao Asai** Executive officer

He is a certified public accountant. 2005 joined KPMG AZSA LLC. He was appointed as Manager of KPMG AZSA LLC's Division 1 in July 2014. Joined I-Pet General Insurance Co. as Manager of Finance and Accounting Department in August 2016.  
Joined Kaizen Platform in 2017 and served as Group Manager of the Accounting and Finance Department, Director of the Accounting and Finance Department before assuming his current position in January 2023.

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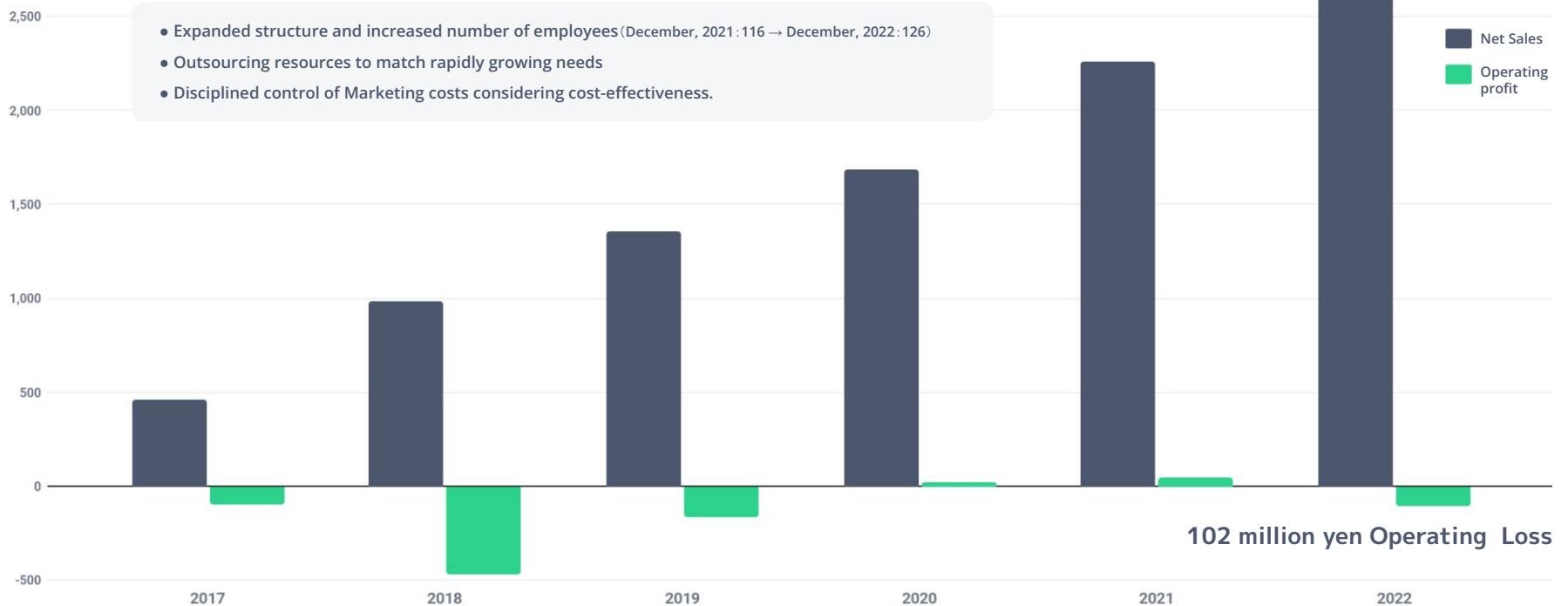
Net sales up 18.0% y/y, EBITDA, operating income, and ordinary income almost at the level of the revised forecast  
 Software impairment loss of 89 million yen was recorded as an extraordinary loss.

Earnings fell short of initial forecasts due to a change in video strategy, M&A expenses, and other factors

(Million JPY)	FY 2022 Q4 ( January 2022 — December 2022 )			Full Year Forecast ( Announced on November 14, 2022 )	
	Actual	Year-on Year		Earning forecast	Progress rate
		Actual	% Change		
Sales	2,667	2,260	+18.0%	2,600	102.6%
EBITDA	158	221	-28.7%	150	105.4%
Operating Profit	-102	45	-%	-100	-%
Ordinary Profit	-127	-25	-%	-120	-%
Net Profit	-285	-101	-%	-230	-%

Funds from listing will be used for human resources and marketing investments according to plan, driving sales growth

Unit: Million JPY



- Expanded structure and increased number of employees (December, 2021: 116 → December, 2022: 126)
- Outsourcing resources to match rapidly growing needs
- Disciplined control of Marketing costs considering cost-effectiveness.

102 million yen Operating Loss



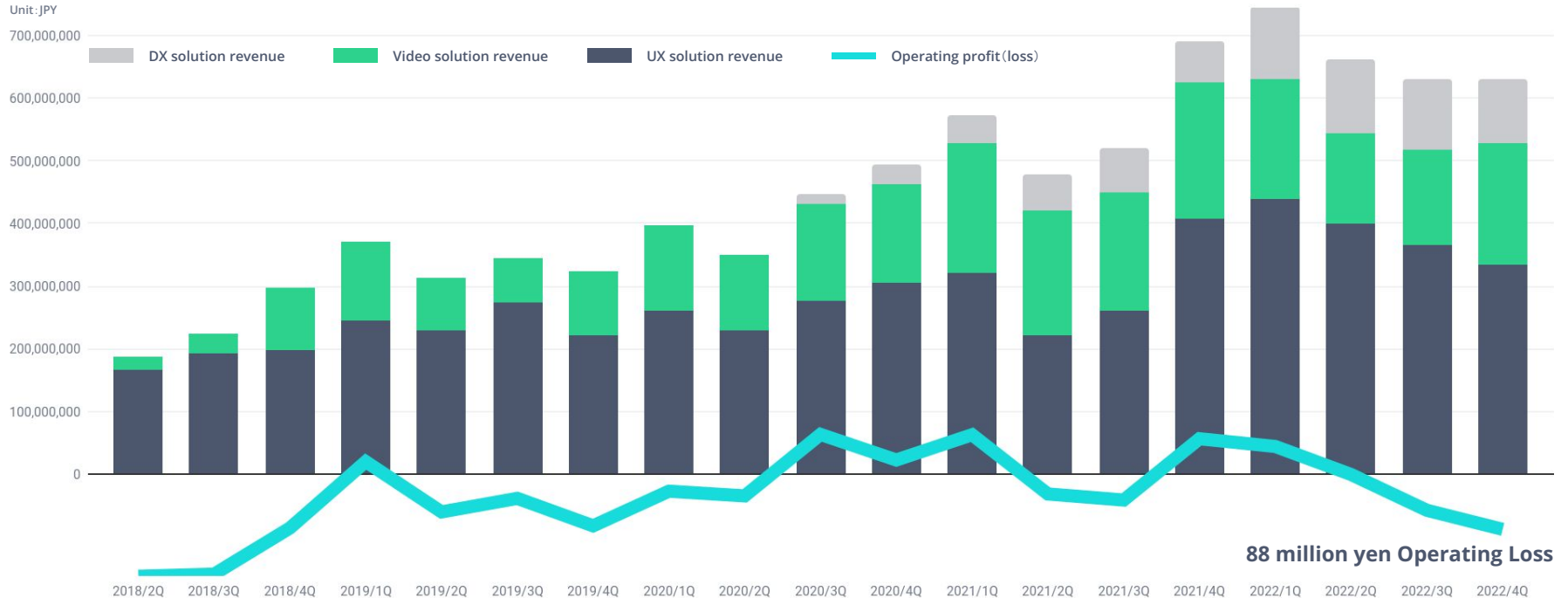
## UX/DX

Deterioration compared to the past trend due to delay in new deal acquisition and cross-selling

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

## Video

Portfolio reconfiguration is progressing and moving toward a re-growth trend



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

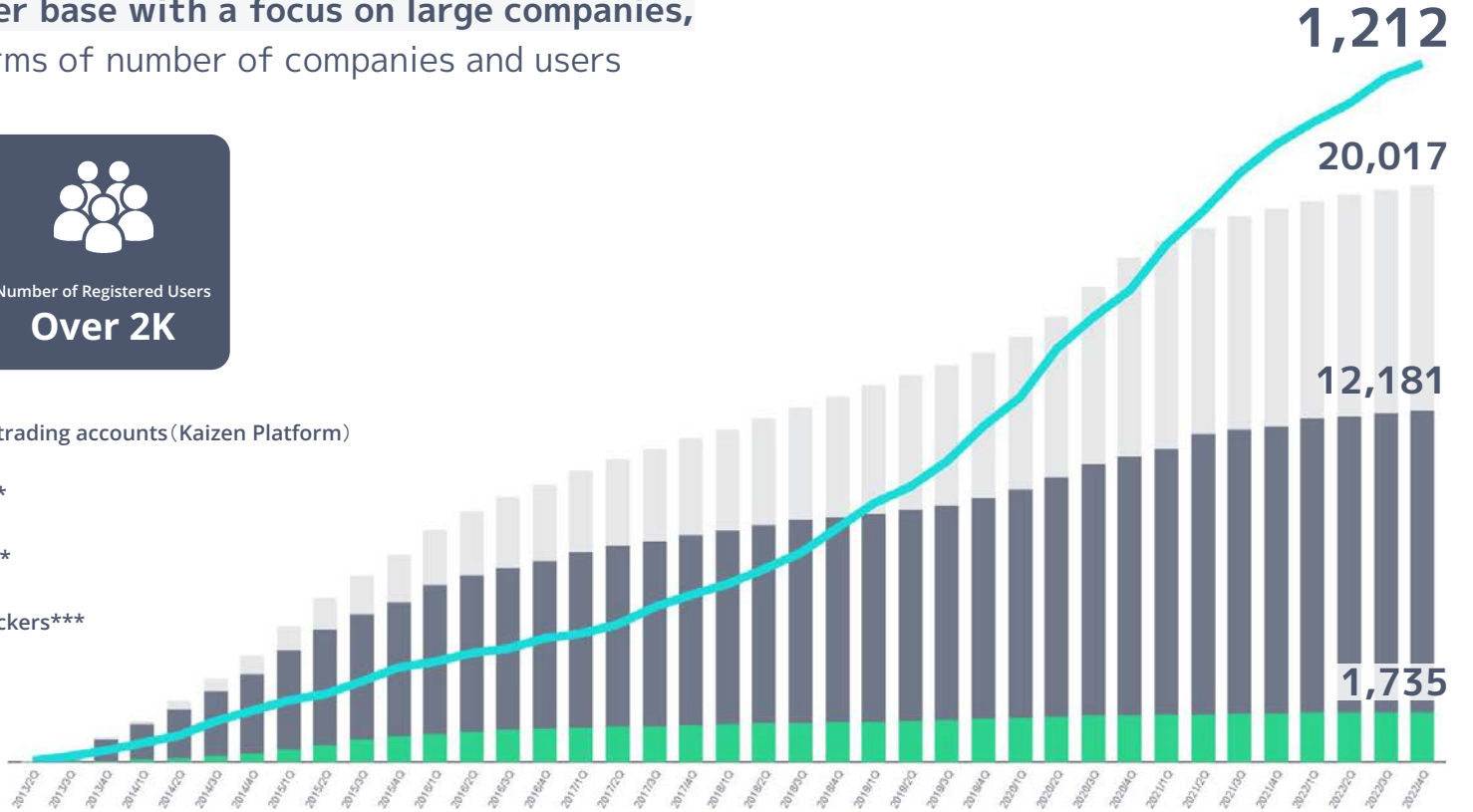


Number of Accounts  
**Over 1,200**



Number of Registered Users  
**Over 2K**

- Cumulative number of trading accounts (Kaizen Platform)
- 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

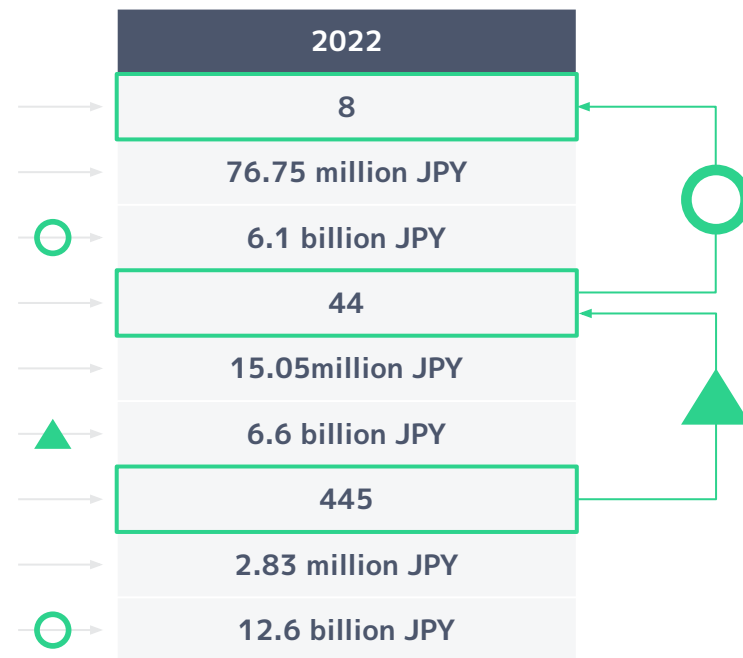
\*\*\* Cumulative number of growth hackers who have submitted creative improvement ideas in the past

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



Significant progress was made in cross-selling two to three solutions in FY 2022. On the other hand, the customer portfolio has shifted due to a focus on video accounts that are easier to cross-sell to. Aiming to increase cross-sell in FY2023.

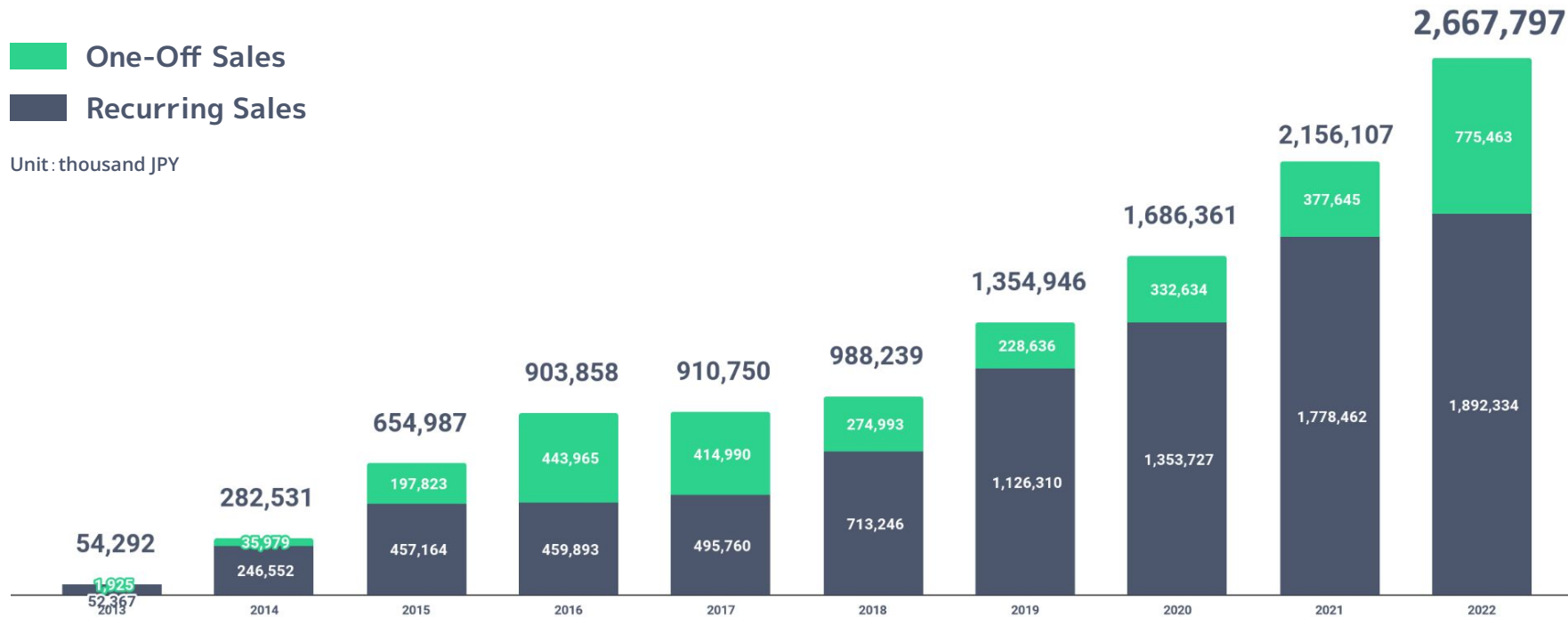
		2021	2022
<b>Three solutions</b>	Number of Accounts	5	8
	ARPU	92.90 million JPY	76.75 million JPY
	Revenue	4.6 billion jpy	6.1 billion JPY
<b>Two solutions</b>	Number of Accounts	51	44
	ARPU	17.33million JPY	15.05million JPY
	Revenue	8.8 billion jpy	6.6 billion JPY
<b>One solution</b>	Number of Accounts	479	445
	ARPU	1.68 million JPY	2.83 million JPY
	Revenue	8.0 billion JPY	12.6 billion JPY



# Accumulation of profit by recurring model

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

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



## UX/DX

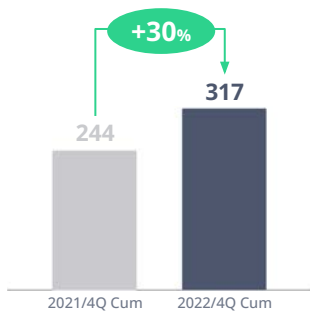
Growth in new transaction accounts driven by the consolidation of D-ZERO, aiming to further increase ARPU in the future.

## Video

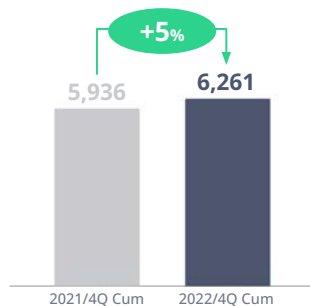
Starting to focus on customers with high ARPU, growth was not as expected in 2H, and the company ended the year with -22% YoY growth.

**UX/DX  
Solution**

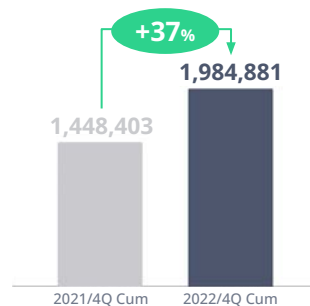
**Number of trading accounts \***



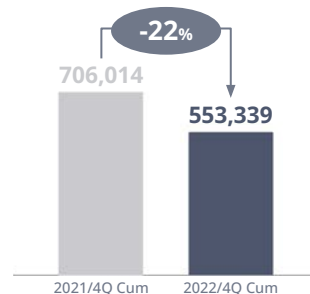
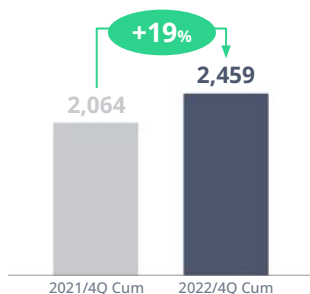
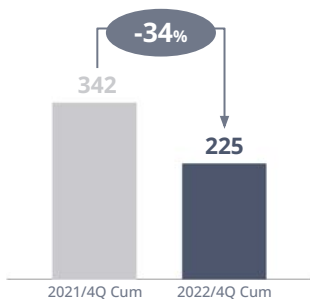
**ARPU (4Q Cum) Unit: thousand JPY**



**Revenue (4Q Cum) Unit: thousand JPY**

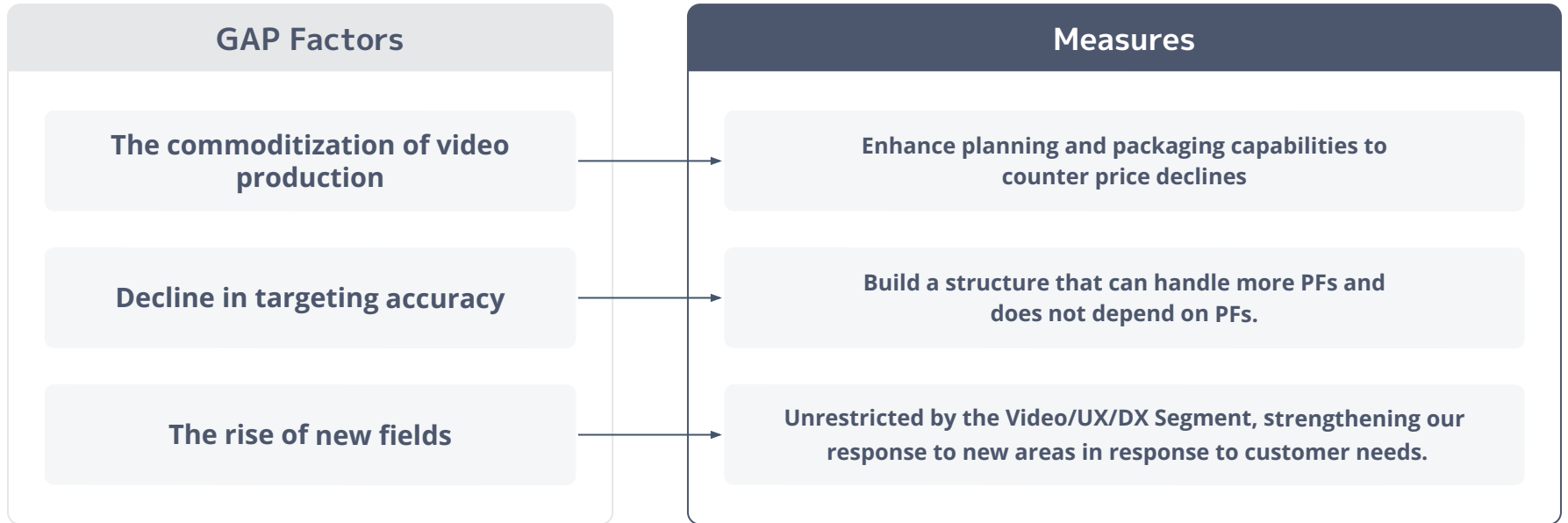


**Video  
Solution**



Demand from large clients declines due to reduced targeting accuracy caused by iOS/Android privacy enhancements.

**Promoting product portfolio reorganization in line with the market environment,  
Re-align with growth areas while aiming for targets that are easy to cross-sell to.**



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

Total staff increased due to consolidation of Hiwell Inc.





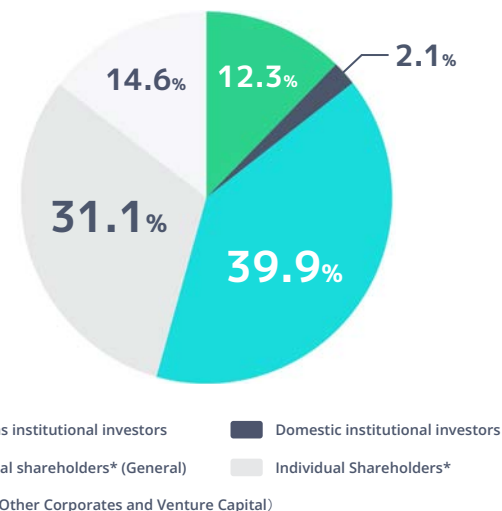
## Stable financial base with cash and deposits and net assets both exceeding 3 billion yen.

Institutional investors hold 14.4% of the company's shares, while individual shareholders account for 39.9%.

Balance Sheet (Consolidated)			
million JPY	2021/12	2022/12	Increase/Decrease
Cash and Deposits	3,006	3,337	331
Current Assets	3,438	4,036	597
Tangible fixed assets	13	22	8
Intangible fixed assets	699	991	292
Investment and other assets	205	185	-20
Assets	4,357	5,236	879
Short-term debt	-	751	751
Long-term debt	671	586	-84
Liabilities	1,009	1,955	946
Net worth	3,348	3,280	-67
Liability Net assets	4,357	5,236	879

## Stock Distribution

(As December 31, 2022)



\*Breakdown of individual shareholders is approximate.

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

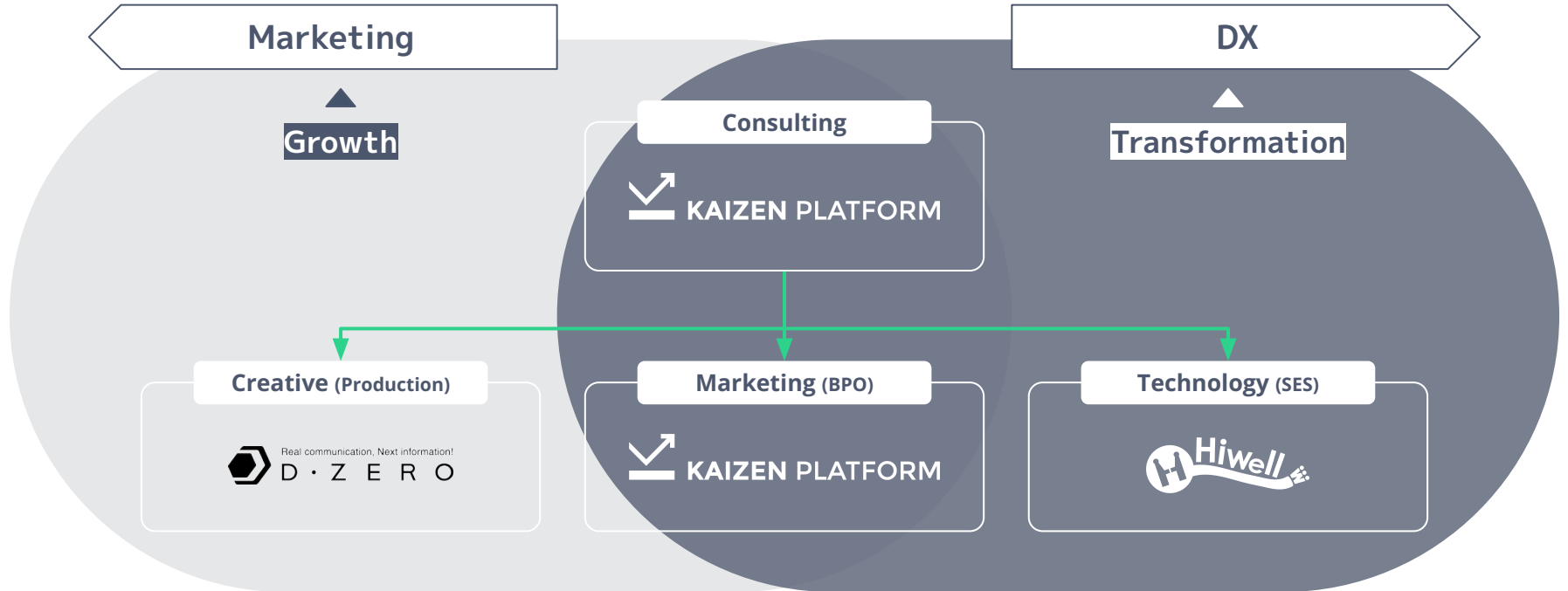
Expect both marketing and development needs to increase with customers' DX progress



# A system to thoroughly to meet customer needs as a group

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

Maximize consulting capabilities and move shift to  
a structure that starts upstream and earns revenue downstream (production/BPO/SES)

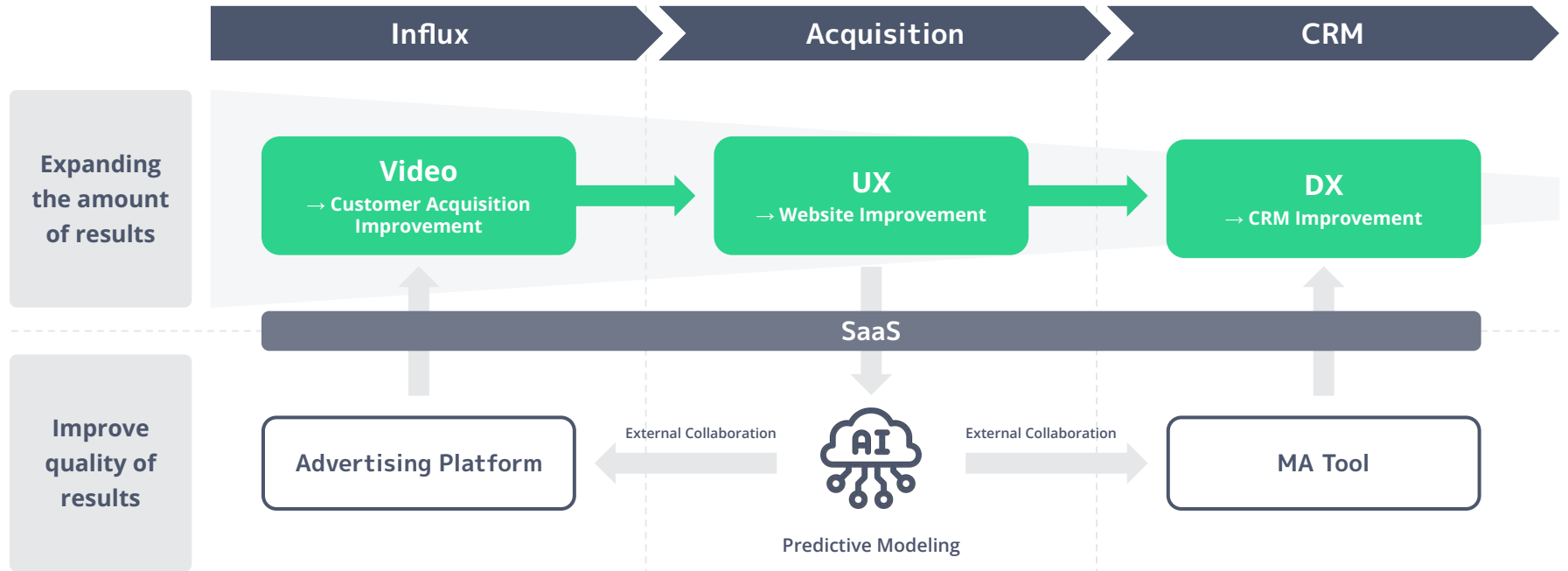


## Reorganization and Consolidation of Marketing Domains from Business Units Provide solutions tailored to marketing and DX issues



# From individual solutions to overall marketing challenges

Focusing on customers who are not completely online (finance, human resources, real estate, telecommunications) as core targets, moving from individual proposals through video/UX/DX to total proposals  
Provide professional services to strengthen marketing  
to higher unit cost customers by using SaaS data to face the overall marketing challenges of customers.



Identify targets that are likely to lead to cross-selling, and strengthen cross-selling promotion of accounts acquired this term. Additionally, it has become clear that as DX progresses for major customers, cross-selling will increase and **marketing and development budgets will expand significantly**.

Aim to increase ARPU by expanding transactions through the provision of DX human resources, including the SES business that will be consolidated this fiscal year.

		2021	2022
Three solutions	Number of Accounts	5	8
	ARPU	92.90 million JPY	76.75 million JPY
	Revenue	4.6 billion jpy	6.1 billion JPY
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SES Proposal\*

Cross-selling Promotion

Unify the sales organization and focus on total proposals premised on cross-selling.  
Strengthening training programs to further enhance expertise in each area

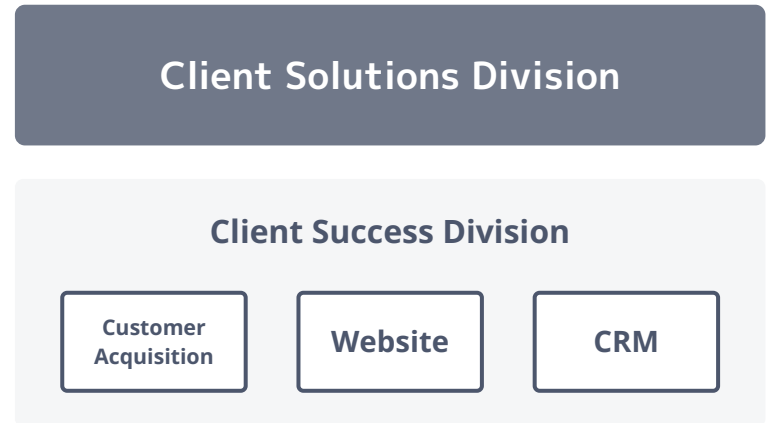
## Conventional: Sales structure by Business division

Provide sales and services to customers  
by business division



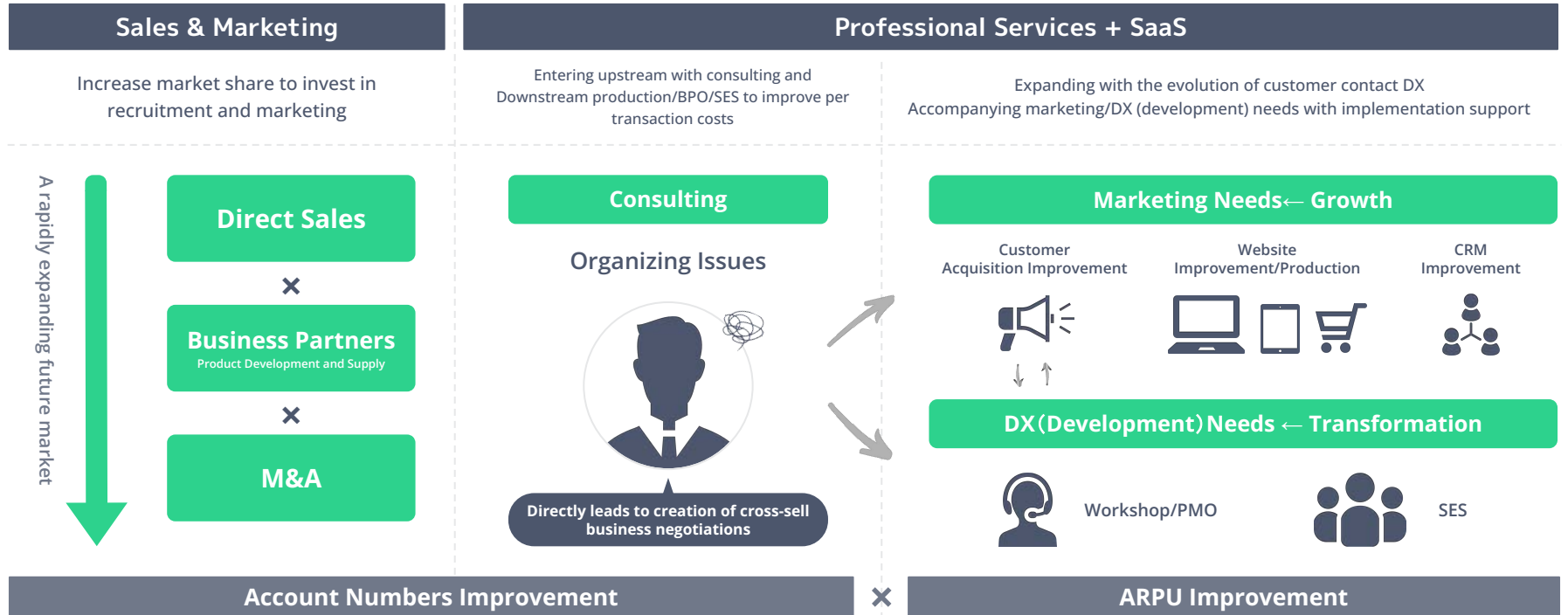
## January, 2023: Integrated sales departments throughout the company

Accelerate cross-selling by marketing to customer base  
Strengthen training to enhance the expertise of human resources





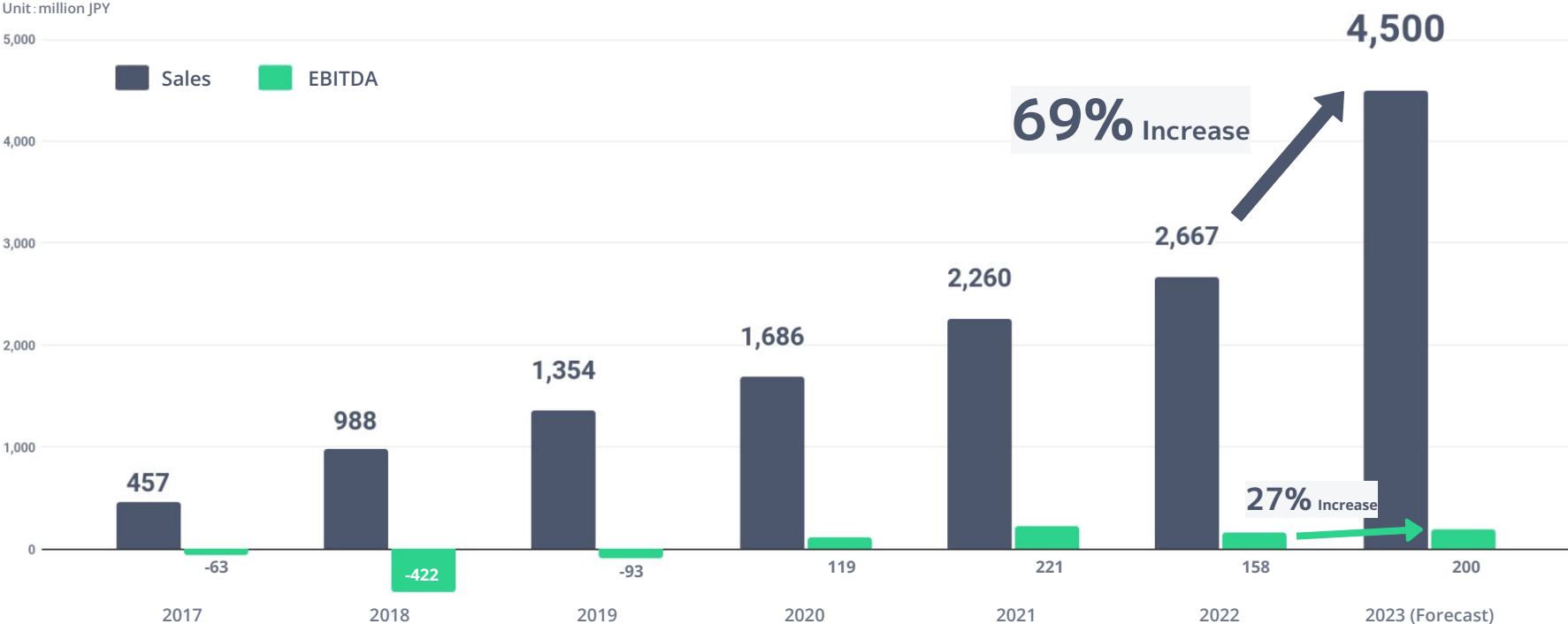
We will invest to strengthen our position as a platform in the growing DX market, aiming to become a DX EMS\*



Highwell (1.8 billion yen in sales for the fiscal year ended March 31, 2022), which became a subsidiary in the previous fiscal year, will contribute to the full-year consolidated results. Aiming for high growth in FY 2023 as well

(million JPY)	FY 2022 Full Year	FY 2023 Full Year	
	Actual	Earning Forecast	Increase/Decrease Ratio
<b>Sales</b>	<b>2,667</b>	<b>4,500</b>	<b>68.7%</b>
<b>EBITDA</b>	<b>158</b>	<b>200</b>	<b>26.5%</b>
<b>Operating Profit</b>	<b>-102</b>	<b>30</b>	<b>-</b>
<b>Ordinary Profit</b>	<b>-127</b>	<b>3</b>	<b>-</b>
<b>Net Profit</b>	<b>-285</b>	<b>0</b>	<b>-</b>

Business performance to date continues on a steady growth trajectory.  
Aiming for further growth in both sales and EBITDA in this fiscal year and beyond.



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

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

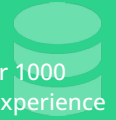
Professional services with over  
10,000 digital professionals



+

## 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.

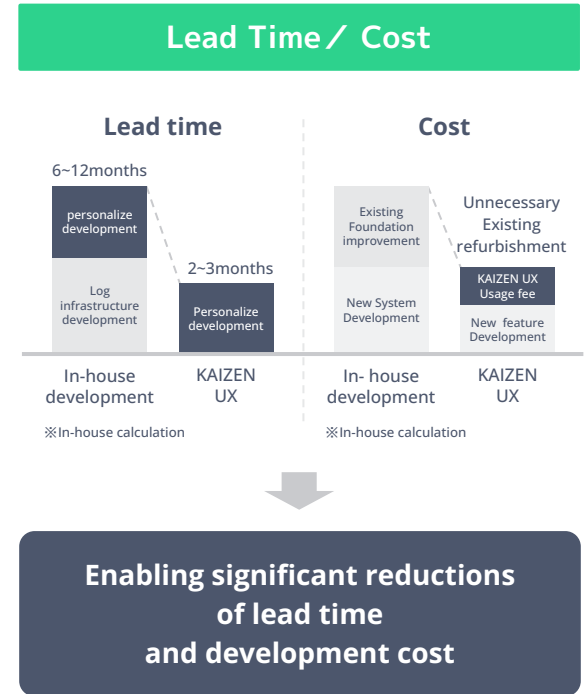
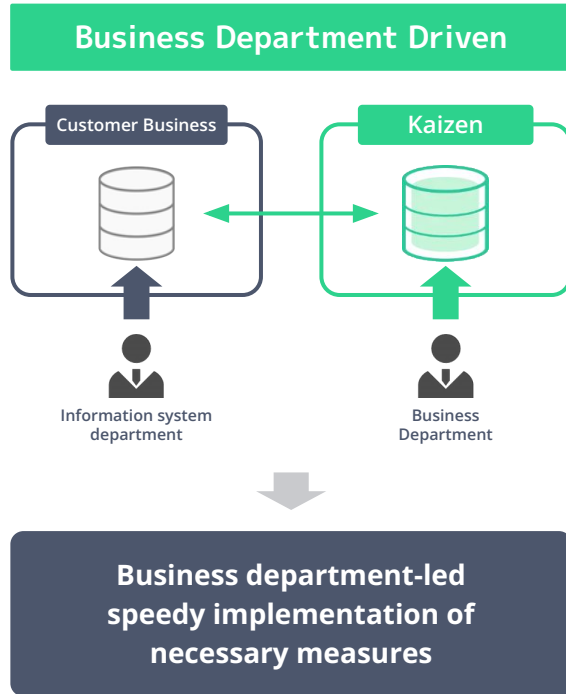
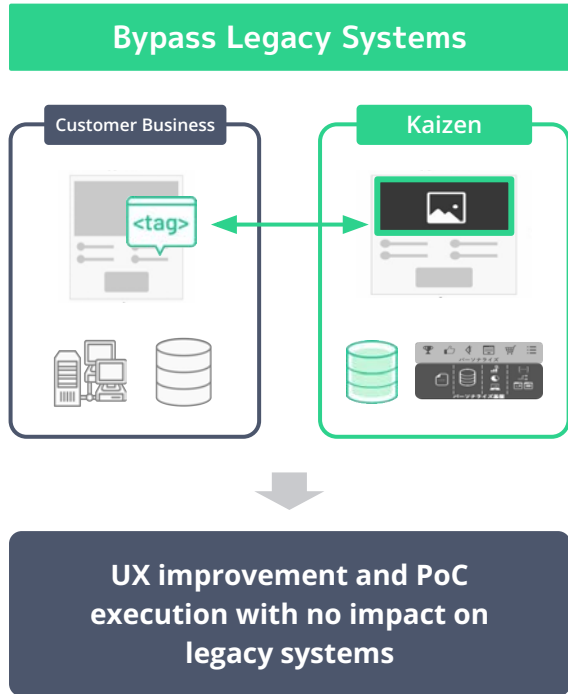
### Build a variable cost team of Abundant DX specialists

- **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.**

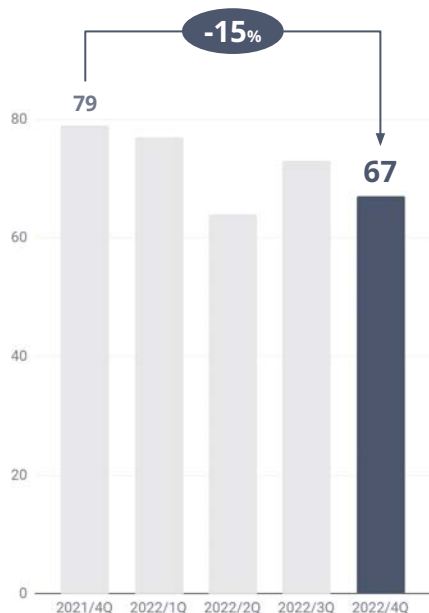
“No impact on existing legacy systems” “Driven by business departments” and “Lower lead time and cost” enabling DX and UX improvements



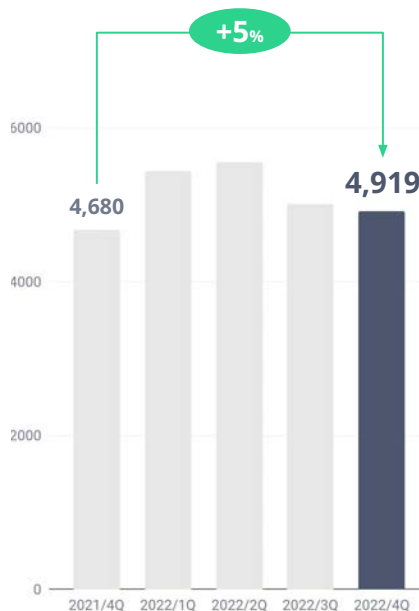
UX/DX lost accounts due to some customer cancellations at UX.

Revenue declined 11% due to partial DX customer cancellations and slower ARPU growth in 3Q.

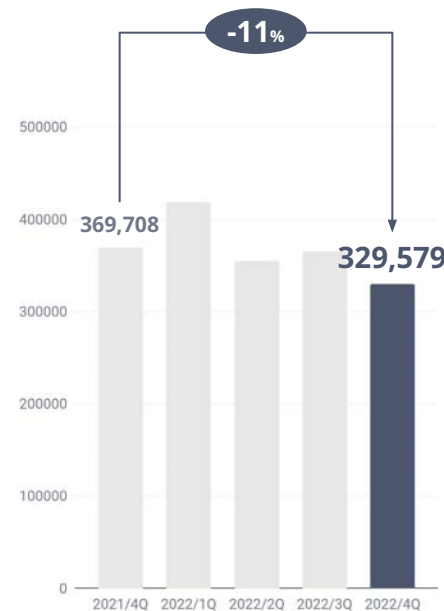
Number of trading accounts \*



ARPU Unit: Thousand JPY



Revenue Unit: Thousand JPY

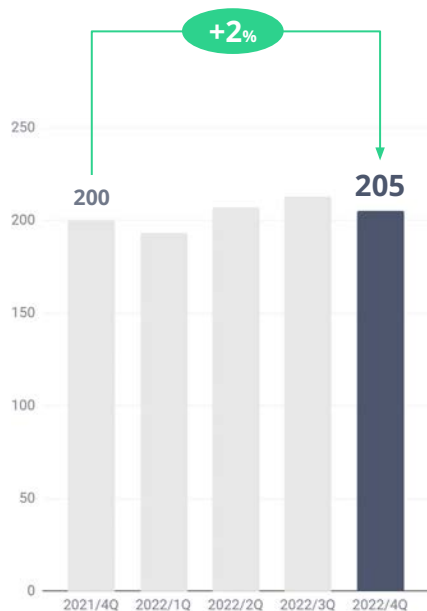




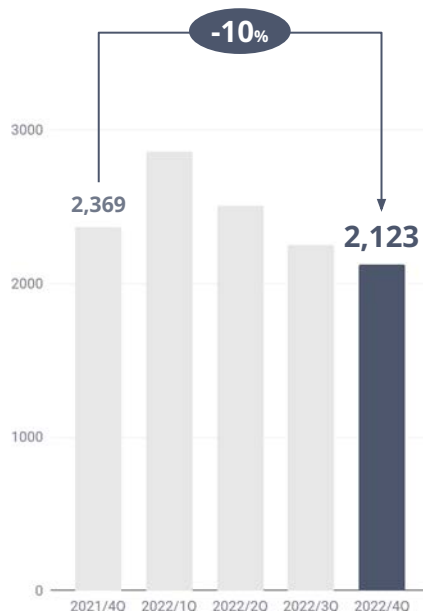
D-ZERO had no major deliverables, ARPU declined 10% and revenue declined 8%.

D-ZERO has 139 accounts (UX/DX 67) , ARPU 760 thousand yen (UX/DX 4,919 thousand yen) and large unit price growth potential

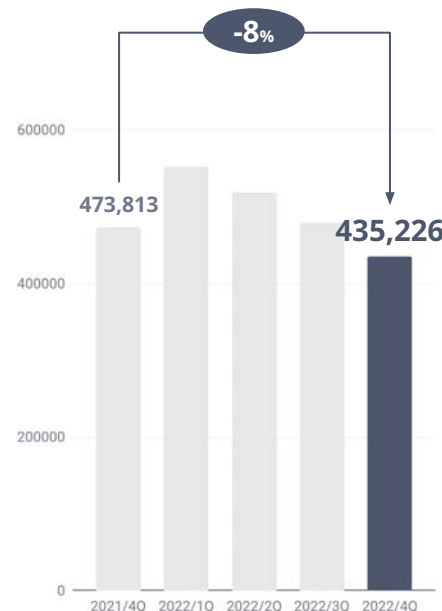
Number of trading accounts \*



ARPU Unit: Thousand JPY

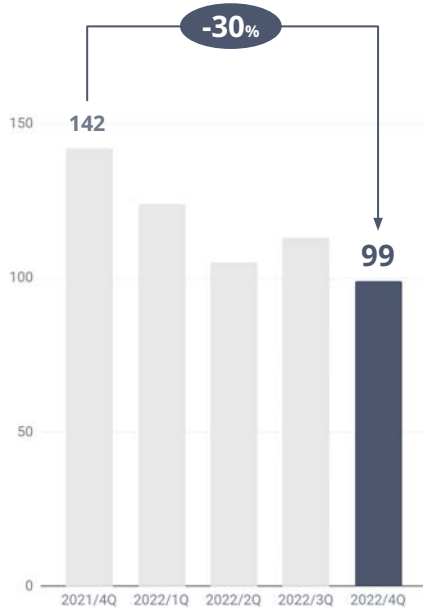


Revenue Unit: Thousand JPY

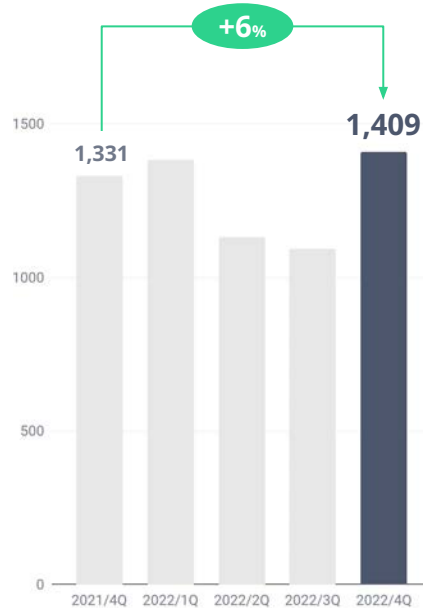


Reorganized the portfolio and sales are on a reversal trend

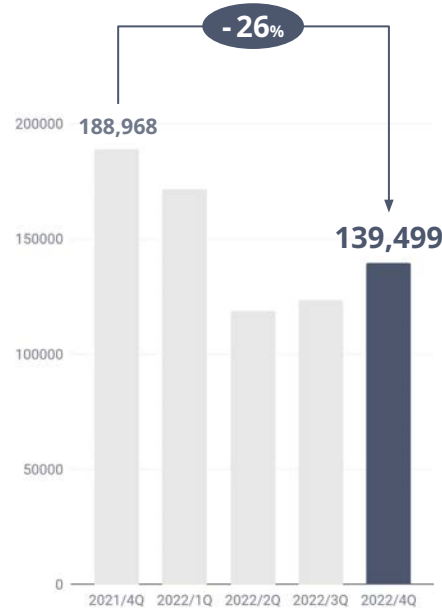
Number of trading accounts \*



ARPU Unit: Thousand JPY

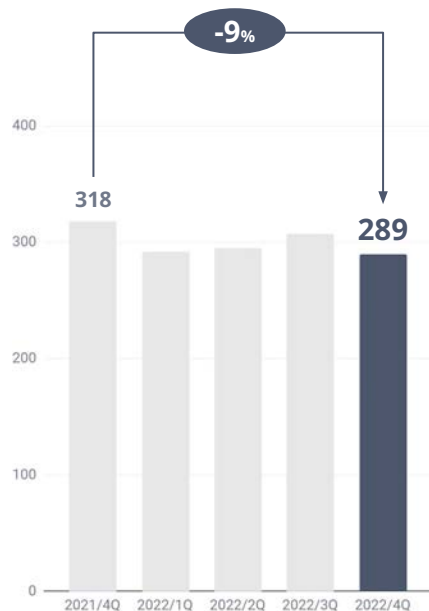


Revenue Unit: Thousand JPY

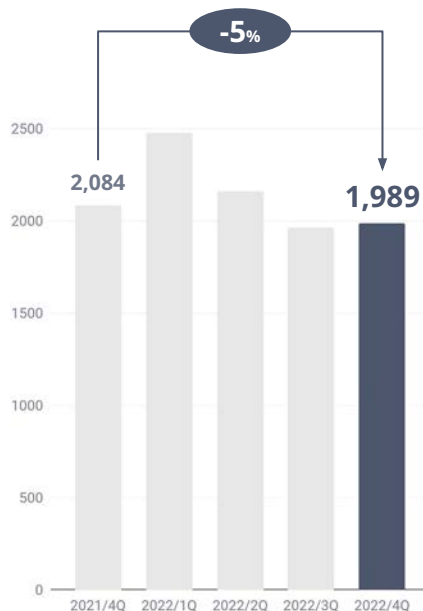


Both number of accounts and ARPU in 4Q were lower than the previous quarter.  
 Promote cross-selling proposals again in line with 1Q demand period.

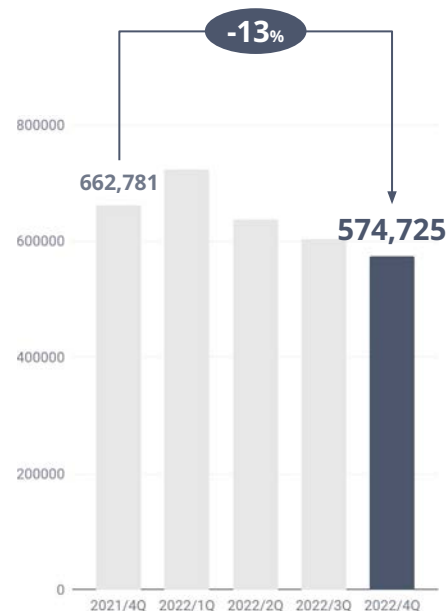
Number of trading accounts \*



ARPU Unit: Thousand JPY



Revenue Unit: Thousand JPY



# Profit and Loss (Consolidated)

Thousand JPY	2020/12	2021/12	2022/12
Sales revenue	1,686,361	2,260,042	2,667,797
Gross Profit	822,194	934,202	955,062
Selling, General and Administrative Expenses	798,824	888,481	1,057,902
Salary and Allowance	199,235	250,906	294,818
Outsourcing Cost	177,151	152,012	127,805
Operating Profit (Loss)	23,369	45,720	(102,839)
Ordinary Profit (Loss)	36,435	(25,627)	(127,314)
Profit (loss) attributable to Parent	107,382	(101,657)	(285,792)

## UX/DX Solution

Thousand JPY	2020/12	2021/12	2022/12
Sales Revenue	1,112,984	1,448,403	1,984,881
Operating Profit (Loss)	111,380	26,691	(23,542)

## Video Solution

Thousand JPY	2020/12	2021/12	2022/12
JP			
Sales revenue	532,858	705,844	553,339
Operating Profit (Loss)	(52,554)	61,276	(47,148)
US			
Sales revenue	40,518	105,794	129,576
Operating Profit (Loss)	(35,456)	(42,248)	(32,148)
Total			
Sales revenue	573,376	811,638	682,915
Operating Profit (Loss)	(88,010)	19,028	(79,296)

# Balance Sheet (Consolidated)

Thousand JPY	2020/12	2021/12	2022/12
Cash and Cash Equivalents	2,660,345	3,006,148	3,337,836
<b>Current Assets</b>	<b>2,908,598</b>	<b>3,438,310</b>	<b>4,036,258</b>
Tangible Fixed Assets	4,643	13,748	22,472
Intangible Fixed Assets	323,591	699,349	991,918
Investment and other Assets	152,122	205,949	185,861
<b>Assets</b>	<b>3,388,956</b>	<b>4,357,357</b>	<b>5,236,512</b>
Short-Term Debt	—	—	751,452
Long-Term Debt	250,000	671,000	586,303
<b>Liability</b>	<b>534,154</b>	<b>1,009,025</b>	<b>1,955,753</b>
<b>Net Worth</b>	<b>2,854,801</b>	<b>3,348,332</b>	<b>3,280,758</b>
<b>Liability Net Assets</b>	<b>3,388,956</b>	<b>4,357,357</b>	<b>5,236,512</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.

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 is 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 2024).



**End**