PLAID

Earnings Results for the quarter ended Sep. 2023 (Q4 FY 9/23)

PLAID, Inc. (4165, TSE Growth) | November 2023

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Forward-Looking Statements

This document contains forward-looking statements. These statements are based only on information that is available at the time the statements are made. In addition, these statements do not constitute a guarantee of future results. They are subject to risk and uncertainty. Please note that actual results may differ materially from those expressed or implied in the forward-looking statements due to environmental changes and other factors.
Factors that may affect actual results include, but are not limited to, domestic and overseas economic conditions and trends in the industries that the Company serves.
Additionally, the information concerning companies or groups outside the Company is quoted from public information and elsewhere. The Company does not verify in any way or guarantee its accuracy, appropriateness, etc.

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Earnings results for FY 9/23

- Both consolidated and non-consolidated net sales exceeded initially announced levels (hereafter “the plan”)
  - Consolidated net sales reached 8,633 million JPY (YoY: +18.3%, guidance: 8,523 JPY mil.)
  - Non-consolidated net sales resulted in 7,644 million JPY (YoY: +16.7%, plan: 7,401 JPY mil.)
- Adjusted operating loss[(1)] amounted to ▲490 million JPY, exceeding the upwardly revised earnings guidance[(2)] of ▲630 million JPY (Before revision ▲979 JPY mil.)

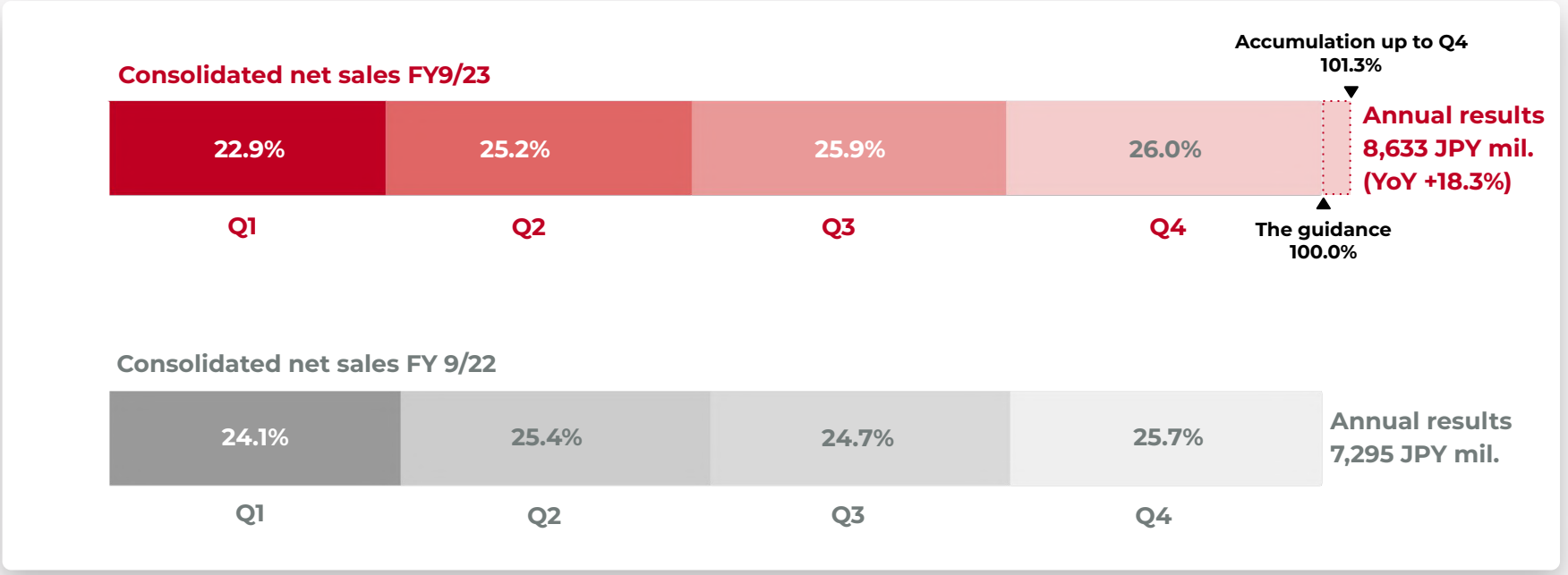
(JPY mil.)	FY9/22 Results	FY9/23 Results	FY9/23 Updated guidance	FY9/23 Difference
Net sales				
Consolidated	**7,295**	**8,633**	**8,523**	**+1.3%**
YoY	34.0%	18.3%	16.8%	+1.5pt
Non-consolidated	**6,551**	**7,644**	**7,401**	**+3.3%**
YoY	20.3%	16.7%	13.0%	+3.7pt
Adjusted operating income				
Consolidated	**▲718**	**▲490**	**▲630**	**+140**
Adjusted operating margin	▲9.9%	▲5.7%	▲7.4%	+1.7pt

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Notes 1.Operating income + Goodwill amortization + Stock-based compensation expenses + Other one-time cost / 2. Please refer to the “Announcement of Revision of Full-year Consolidated Earnings Guidance” disclosed on August 8, 2023

Progress against the guidance for this fiscal year

- Progress rate of consolidated net sales of FY 9/23 resulted in 101.3% against the guidance



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Financial results summary

(JPY mil.)		FY 9/22[1]	FY 9/23[1]	Increase / decrease	Increase / decrease(%)
Net sales	**Consolidated**	**7,295**	**8,633**	**1,338**	**+18.3%**
	Non-consolidated	6,551	7,644	1,093	+16.7%
	KARTE domain	6,507	7,319	812	+12.5%
	New Business domain	44	326	282	+640.6%
	Group companies	812	1,293	482	+59.3%
Subscription revenue[2]	**Consolidated**	**6,473**	**7,335**	**862**	**+13.3%**
	Non-consolidated	6,141	6,730	589	+9.6%
	KARTE domain	6,141	6,699	558	+9.1%
	Group companies	329	607	278	+84.5%
Gross profit margin[3]	**Consolidated**	**73.7%**	**72.8%**	**-**	**▲0.9pt**
	Non-consolidated	74.8%	72.4%	-	▲2.5pt
	KARTE domain[4]	74.9%	75.9%	-	+1.0pt
Adjusted operating income[5]	**Consolidated**	**▲718**	**▲490**	**229**	**-**
	Non-consolidated	▲429	▲192	237	-
	KARTE domain	▲350	95	445	-
	New Business domain	▲79	▲286	▲207	-
	Group companies	▲302	▲334	▲32	-
ARR[6]	**Consolidated**	**6,638**	**8,035**	**1,397**	**+21.0%**
	Non-consolidated	6,247	7,264	1,017	+16.3%
	KARTE domain	6,247	7,229	982	+15.7%

Note: 1. Difference between consolidated amount and the total amount of non-consolidated and group companies is the consolidation adjustment / 2. Net sales taken up by the total amount of monthly charges for products that can be earned on a recurring basis / 3. After deduction of provision for loss on order received / 4. After deduction of provision for loss on order received, and after adjusting intra-group transaction with RightTouch/ 5. Operating income + Goodwill amortization + Stock-based compensation expenses + Other one-time cost / 6. Annual Recurring Revenue. It is calculated by multiplying the monthly subscription sales at the end of each quarter by 12

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KPI results summary

Net sales / YoY Growth rate: Consolidated

8,633 JPY mil. (FY 9/23)/ **18.3%**

# of Customers[3]: Consolidated

1,064 (End of Sep. 2023)

ARR[1]/ YoY Growth rate: Consolidated

8,035 JPY mil. (End of Sep. 2023)/ **21.0%**

ARPC[4]: Consolidated

629 JPY thou.(End of Sep. 2023)

Gross profit margin[2]: Consolidated

72.8% (FY 9/23)

Employees: Consolidated / Non-consolidated

389人 / 316人 (End of Sep. 2023)

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Note: 1. Annual Recurring Revenue. It is calculated by multiplying the monthly subscription sales at the end of each quarter by 12 / 2. After deduction of provision for loss on order received / 3. Total number of customers utilizing our products as of the end of each quarter / 4. Calculated by dividing the monthly subscription sales at the end of each quarter by the number of customers of the end of the quarter

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Financial Results - PLAID Group (Consolidated) -

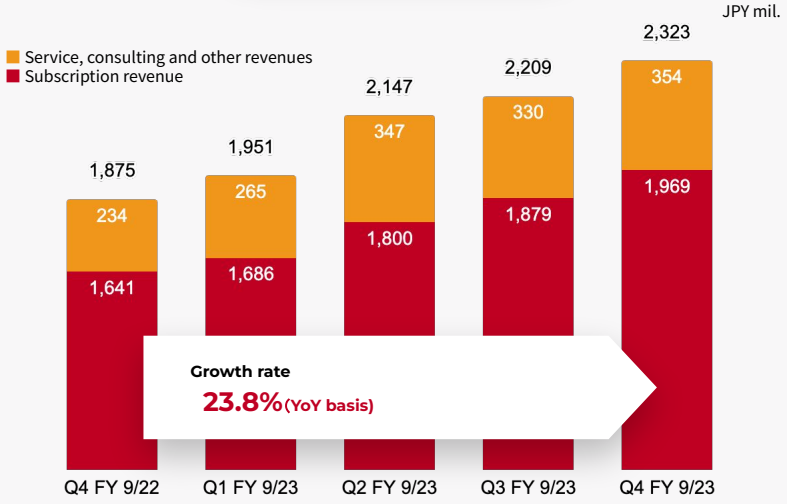
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Consolidated

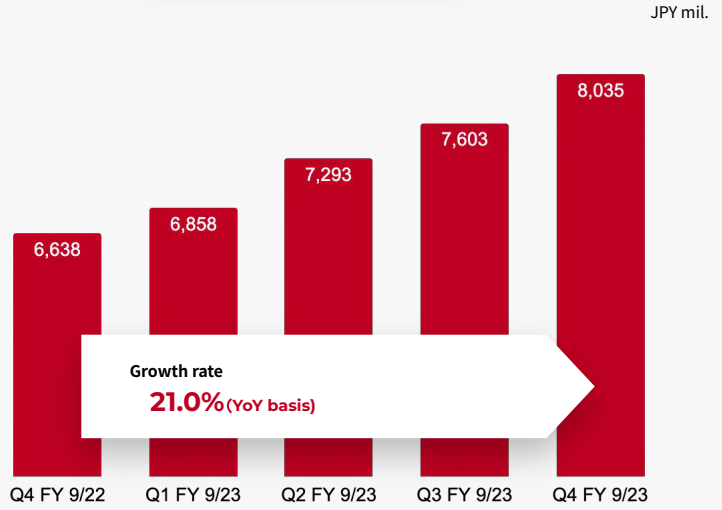
Growth rates of both consolidated net sales and ARR[(1)] have been accelerated

- Growth rate of Q4 consolidated net sales was +23.8% on a YoY basis, accelerated from +22.7% on Q3
- Service, consulting and other revenues have also been steadily performing well in addition to the expansion of consolidated ARR

Consolidated net sales



Consolidated ARR



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Notes: 1.Annual Recurring Revenue. It is calculated by multiplying the monthly subscription sales at the end of each quarter by 12

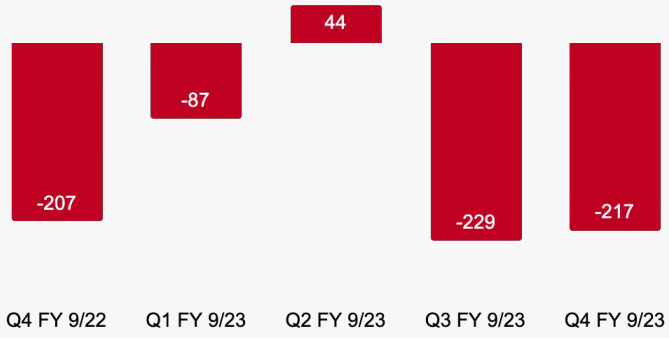
Consolidated

Q4 adjusted operating income[1] continued to exceed the plan

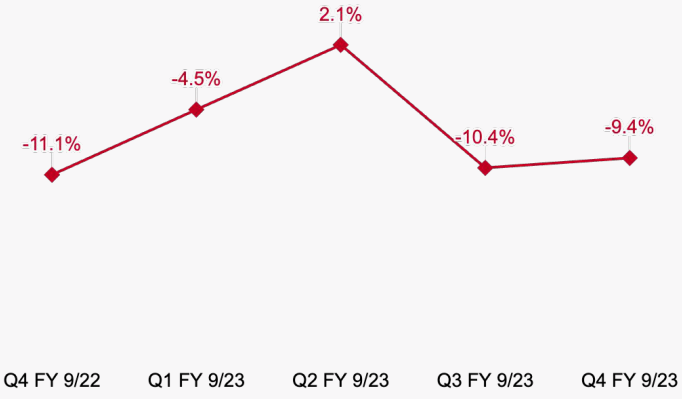
- Q4 consolidated sales performed well against the plan, and Q4 adjusted operating income also exceeded expectations
- Additional growth investments, such as marketing, were made under effective cost control and within the scope of the plan

Adjusted operating income

JPY mil.



Adjusted operating margin



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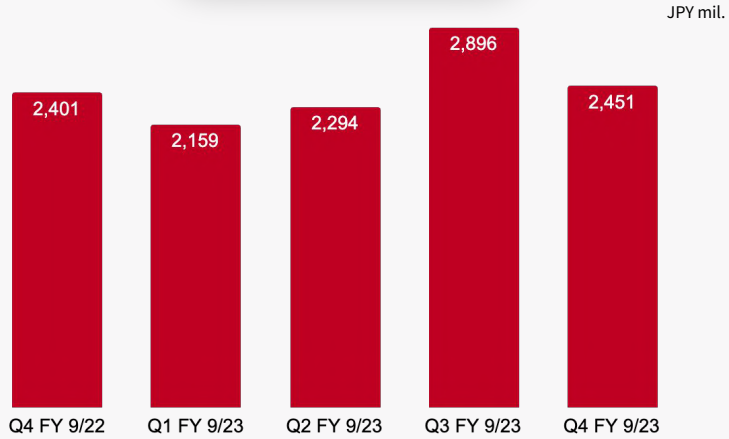
Note 1.Operating income + Goodwill amortization + Stock-based compensation expenses + Other one-time cost

Consolidated

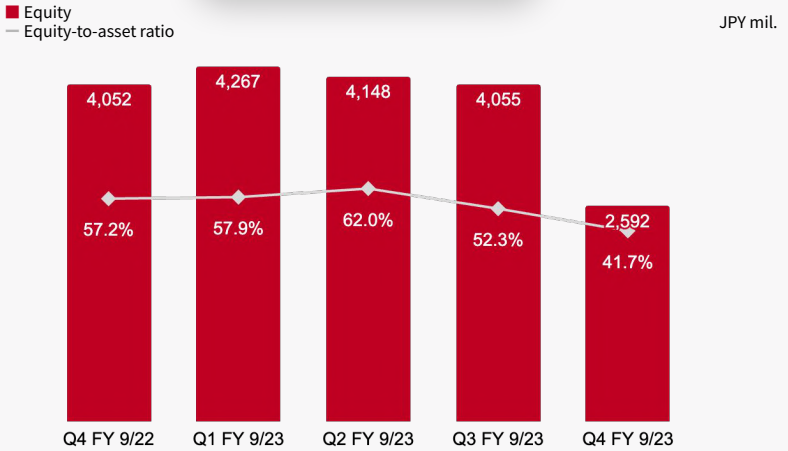
Cash on hands maintained at a sound level and equity ratio declined to a level slightly above 40% due to impairment losses, remaining its safe level

- Keeping a sound financial condition with an enough level of cash on hands
- Emotion Tech was recorded impairment losses(1) in Q4 due to making up-front investments for further growth after the fundraising at the end of May 2023
- Equity ratio is expected to raise in the medium term, mainly due to improvement of Plaid's profitability

Net cash



Equity



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Note 1. Please refer to "Announcement of the Recording of Extraordinary Losses (Goodwill Impairment Loss, etc.)" for more details.

Reference) Growth Strategy for Emotion Tech

Expanding into Enterprise Companies	• Accelerated leading “showcase” companies in various industries as customers • Enhanced its customer value proposition by providing data integration and operation solutions and services in addition to CX management design
Launching a Fully Renewed Product , by far more than “Major Updates”	• Planning to release a fully renewed product offering data analysis infrastructure centered on customer voices and integrations with a wide range of data analytics platforms • Subscription revenue is expected to be significantly increased as a result of major updates
Promoting AI-based Solutions and Products	• Released a text AI analysis service utilizing "GPT-4" and "ChatGPT" in 2023/6 • This new service significantly improved the efficiency of required operations for reading, categorizing, and interpreting text data

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PLAID (Non-Consolidated)

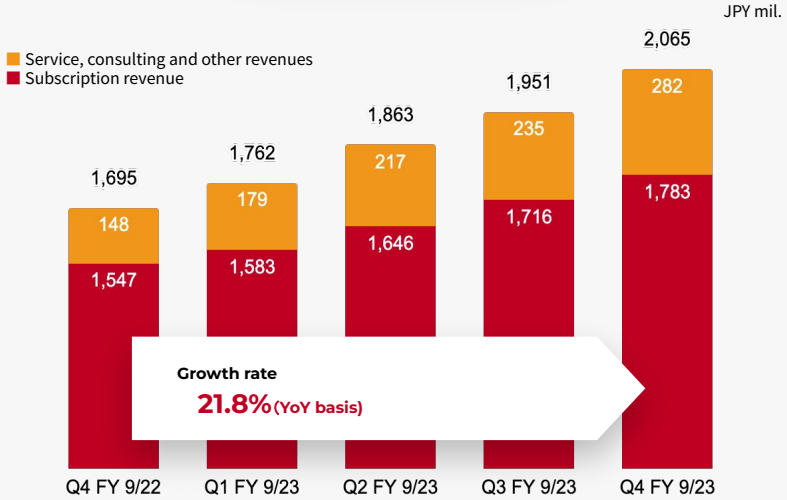
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Non-Consolidated

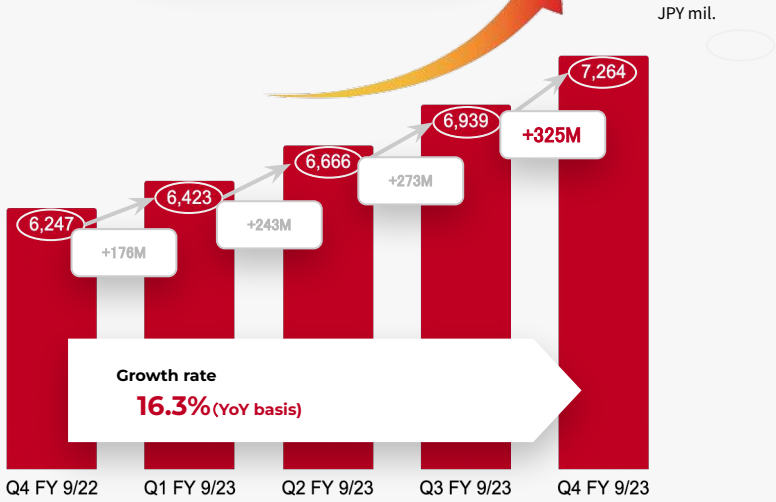
Both net sales and ARR[1] exceeded the plan in every quarter

- The growth rate of net sales was +21.8% on a YoY basis
- Subscription revenue performed well, and service, consulting and other revenues have expanded consecutively
- Incremental ARR on Q4 was 325 million yen, the highest among the last four quarters

Net sales



ARR



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Notes: 1.Annual Recurring Revenue. It is calculated by multiplying the monthly subscription sales at the end of each quarter by 12

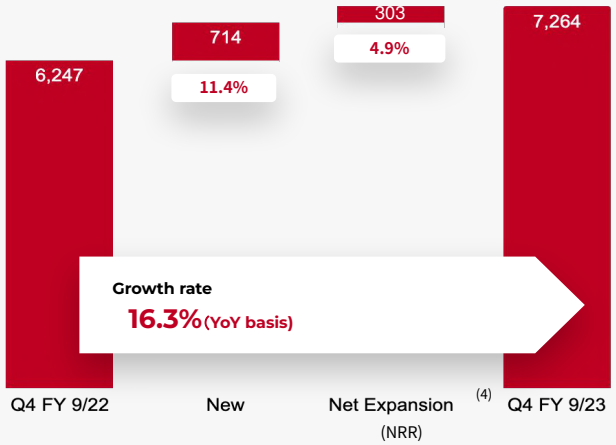
Non-Consolidated

Attribution analysis of ARR[(1)] growth

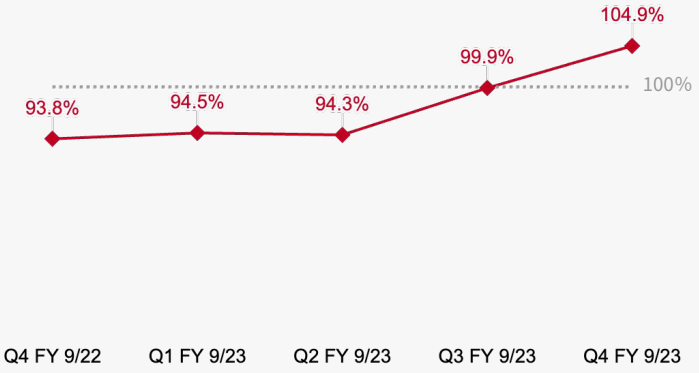
- NRR as of the end of Q4 marked 104.9%
- Besides renewal rate exceeded the planned levels throughout the fiscal year, up/cross-selling has steadily been accumulated, leading to a recovery surpassing 100% faster than expected

ARR bridge

JPY mil.



NRR



Notes: 1.Annual Recurring Revenue. It is calculated by multiplying monthly subscription revenue at the end of each quarter by 12 / 2. NRR: Net Revenue Retention (Rate) Calculated by dividing the (i) monthly subscription sales of current customers who have continued to subscribe for at least one year by (ii) the monthly subscription sales for the same month in the previous year / 3. Single month results for quarter-end month / 4. Net expansion = Gross expansion - Contraction

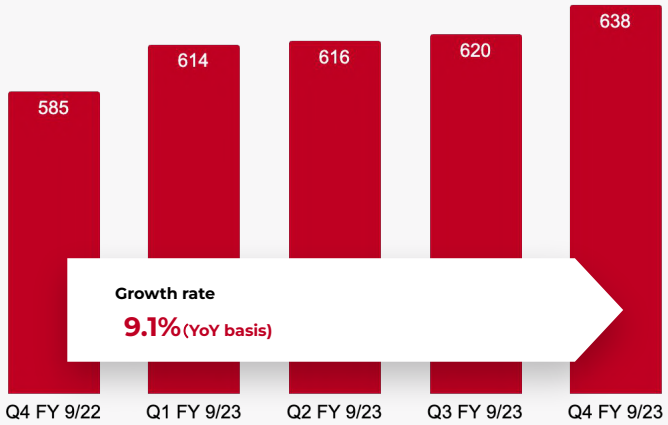
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Non-Consolidated

Customers[1] and ARPC[2]

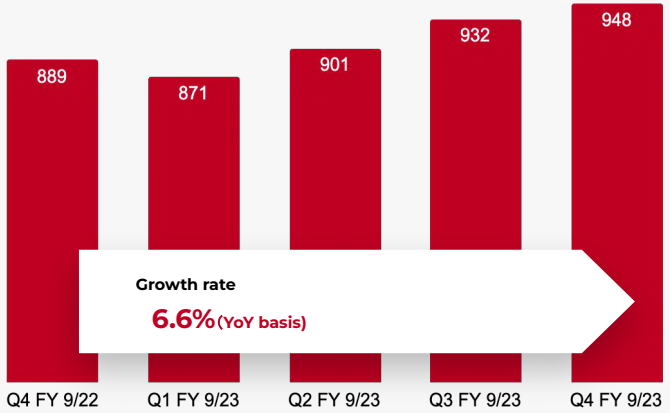
- Number of customers increased by 18 compared with the previous quarter, showing the steady growth
- ARPC continued its upward trend, exceeding the past highest level of 944 thousand JPY in Q2, FY 9/22

Number of Customers



ARPC

JPY thou.



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Notes: 1. Customers who have transactions with PLAID are counted as one company / 2. Calculated by dividing the monthly subscription sales at the end of each quarter by the number of customers of the end of the quarter

Non-Consolidated

Management Discussion & Analysis (MD&A) on ARR

- In FY 9/24, the focus will be on the following ongoing initiatives, aiming for further acceleration in growth

	Analysis	Initiatives
New customer acquistion	• **The increased amount slightly exceeded the plan** ○ ARPC surpassed the plan ○ Number of new customers and closing rates was slightly below the plan	• **Ongoing) Hiring and nurturing enterprise sales professionals :** focus on training sales professionals, continuing recruitment while considering the future growth • **Ongoing) Strengthening vertical sales team :** strength capabilities to deliver optimal proposals aligned with the characteristics of each industry, sector, and customer, under the vertical sales team • **Ongoing) Improvement in pipeline management :** optimize the allocation of sales resources based on business prospects and closing probabilities through rigorous pipeline reviews
Gross Expansion	• **The increased amount was generally in line with the plan** ○ Up/cross-selling exceeded the plan while scaling-out(1) within existing customers was below the plan ○ Sales of various products, primarily Datahub and Message, continued to progress	• **Ongoing) Reinforcing customer success team adapting to an enterprise focus strategy :** customer success aligns with other functions, especially sales, to enhance customer renewal rate and expand up/cross-selling opportunities • **Ongoing) Cross-selling new products to new customers :** promote new offerings as Blocks, Signals, and Message, for existing customer expansions
Contraction	• **Contraction amounts were reduced well against the plan** ○ Renewal rates(2) outperformed the plan, maintaining a favorable level	• **Ongoing) Standardization of customer success operations :** continue to standardize the customer success operations, maintaining a favorable customer renewal rate • **Ongoing) Hiring and nurturing customer success professionals :** hire and train customer success professionals, preparing for further improvement of customer renewal rates and increasing up/cross-selling opportunities with future growth prospects

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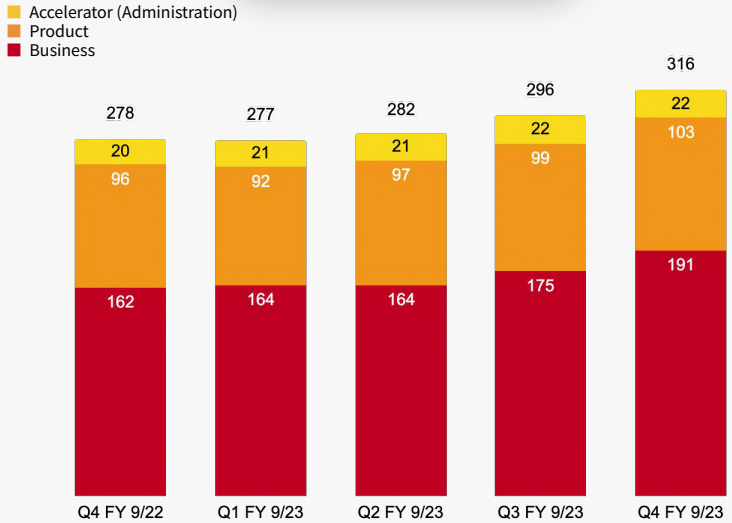
Note 1. New contract to another website or another smartphone application within an existing customer / 2. The total renewal amount during a given period divided by the total renewal principal amount during the same period

Non-Consolidated

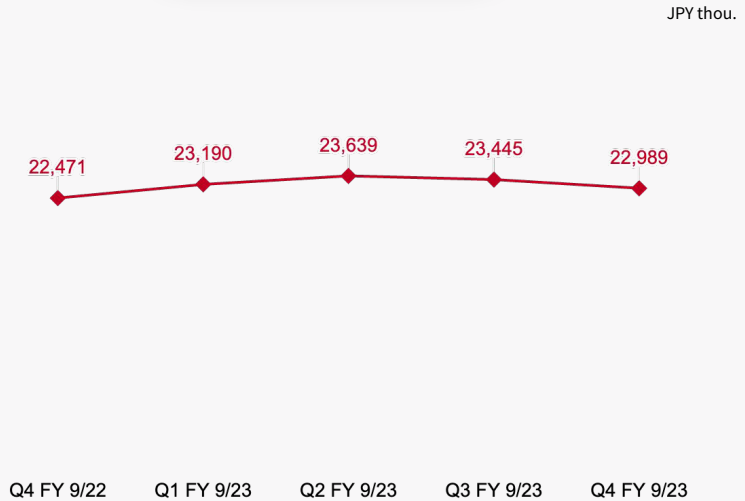
Employees are steadily increased, preparing for a further growth

- In addition to hiring business professionals centered around customer success, recruitment of engineers was also progressed

Number of employees[1]



ARR per employee[1]



Note:1. It includes employees seconded to RightTouch

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Business Domains

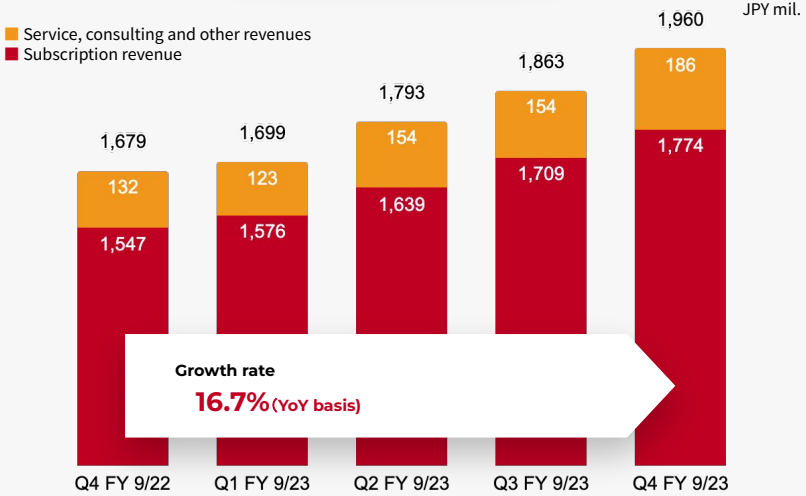
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KARTE domain

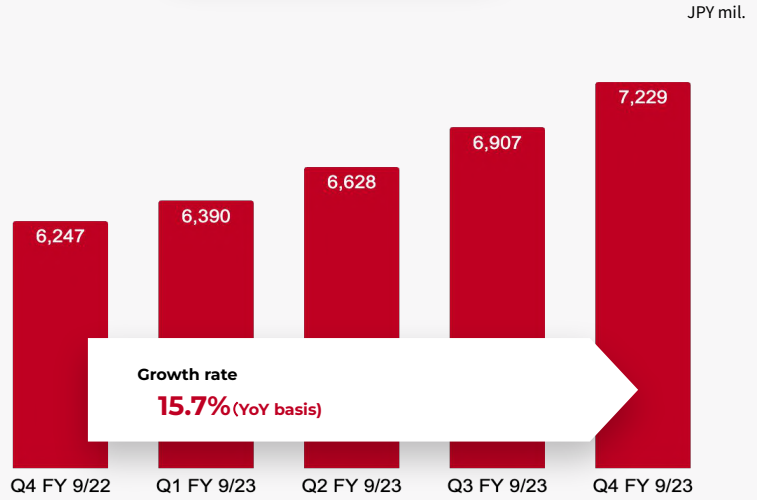
Both net sales and ARR[1] continue to accelerated in growth

- Growth rates of net sales were +16.7% on a YoY basis
- Alongside subscription revenue, service, consulting and other revenues, primarily in professional service, are also expanding

Net sales



ARR



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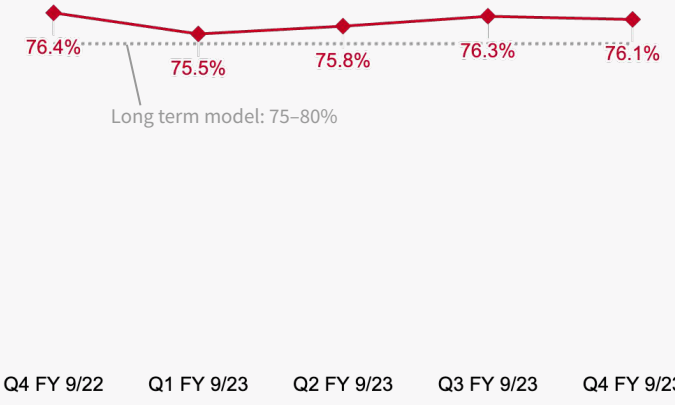
Notes: 1.Annual Recurring Revenue. It is calculated by multiplying the monthly subscription sales at the end of each quarter by 12

KARTE domain

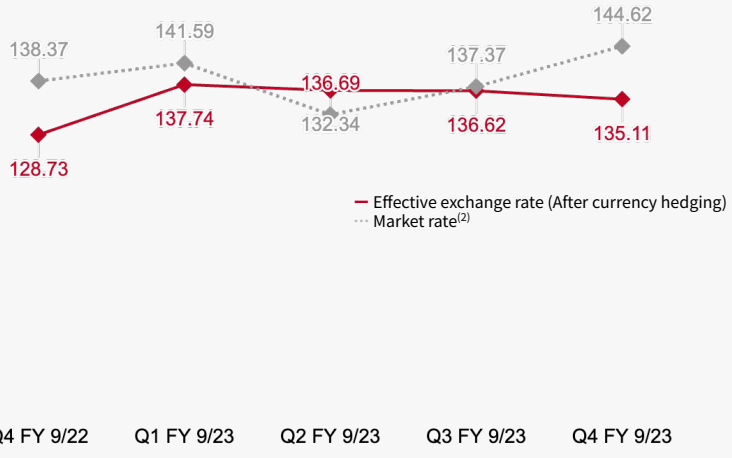
Gross profit margin[1] maintains above the long-term financial model

- Gross profit margin maintains above the target level of the long-term financial model continuously
- The impact of yen depreciation has been well mitigated through foreign currency hedging opeations

Gross profit margin



USD/JPY exchange rate



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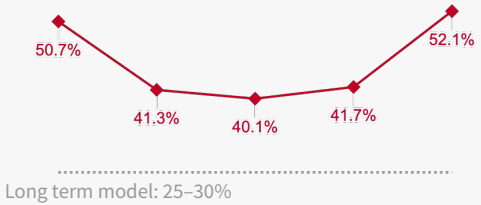
Note: 1. After deduction of provision for loss on order received, and after adjusting intra-group transaction with RightTouch / 2. Average TTM on each month's payment date

KARTE domain

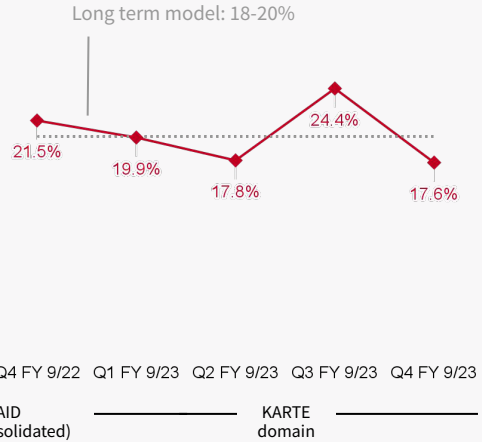
SG&A expenses increased due to making growth investments

- S&M ratio temporarily increased
- Additional growth investments were made in Q4 as net sales exceeded the plan throughout the fiscal year
- R&D ratio decreased as the one-time expenses were recognized in Q3 were no longer present, as planned

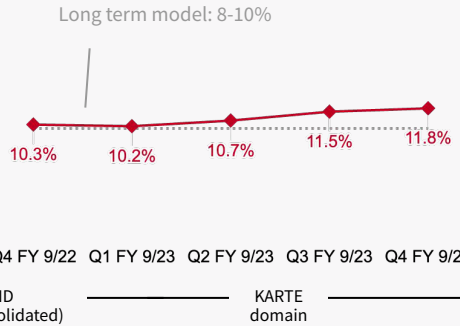
S&M[1] ratio



R&D[2] ratio



G&A[3] ratio



Notes: 1. S&M: Expenses related to sales activities, which consist primarily of salaries and allowances for our sales and marketing personnel and advertising expenses as well as allocated overhead costs, and allocated depreciation and amortization, which are generally allocated based on the number of employees / 2. R&D: Expenses consist primarily of salaries and allowances for our engineering, product and design teams, as well as allocated overhead costs, and allocated depreciation and amortization / 3. G&A: Expenses consist primarily of salaries and allowances for our legal, finance, and HR operations, as well as allocated overhead costs, and allocated depreciation and amortization

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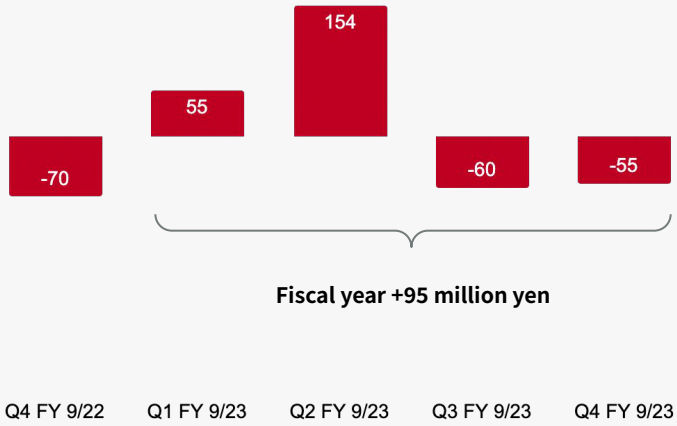
KARTE domain

Adjusted operating income[1] for the fiscal year turned in the black

- Adjusted operating income for the fiscal year was 95 million yen and turned in the black due to the favorable trend in sales and appropriate cost control

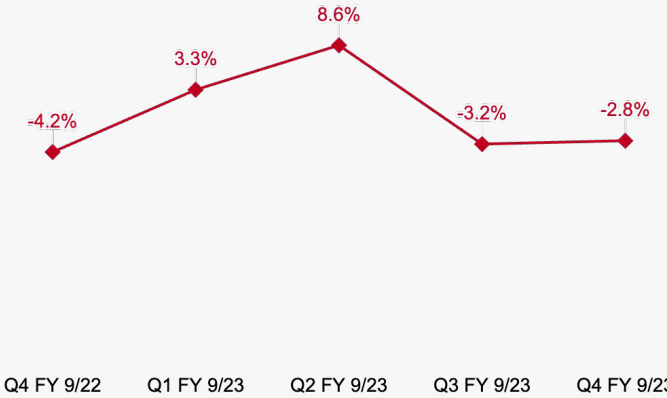
Adjusted operating income

JPY mil.



Fiscal year +95 million yen

Adjusted operating margin



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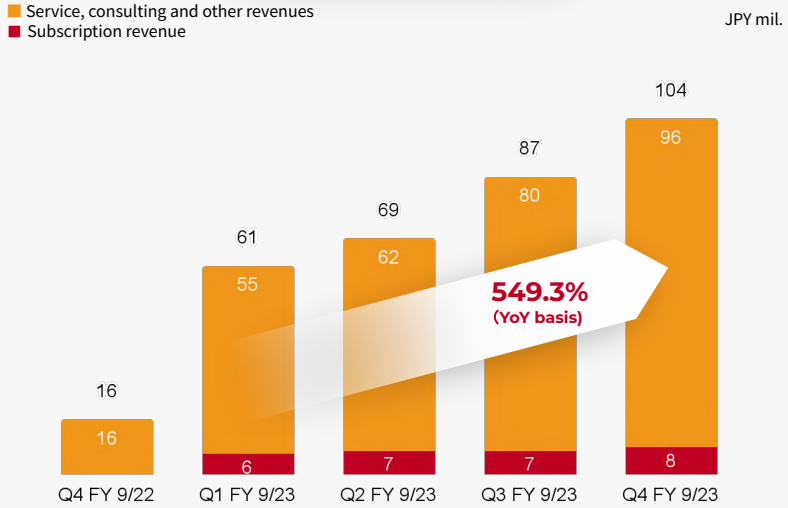
Note: 1.Operating income + Goodwill amortization + Stock-based compensation expenses + Other one-time cost

New Business domain

Net Sales in new business domain continue to expand

- Strong growth in STUDIO ZERO continues, leading further increase in revenue

Net sales



Adjusted operating Income[1]



Note: 1.Operating income + Goodwill amortization + Stock-based compensation expenses + Other one-time cost

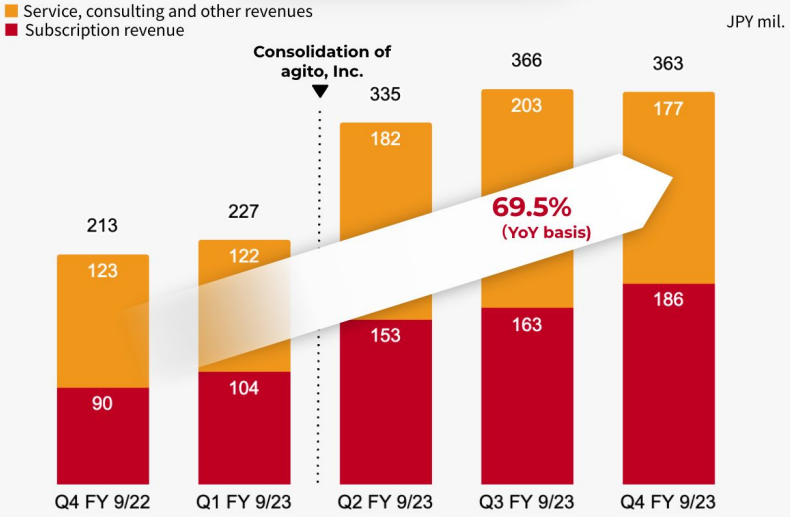
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Group companies

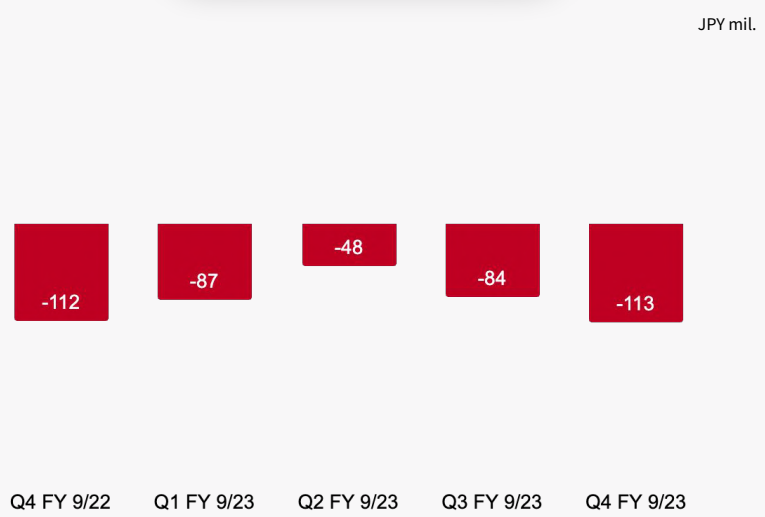
Steady growth continues in total net sales of group companies

- Both subscription revenue and service, consulting and other revenues significantly expanded on a YoY basis
- Meanwhile, Q4 net sales decreased compared to the previous quarter due to the impact of a large consulting project by EmotionTech in Q3

Net sales



Adjusted operating Income



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Note: 1.Operating income + Goodwill amortization + Stock-based compensation expenses + Other one-time cost

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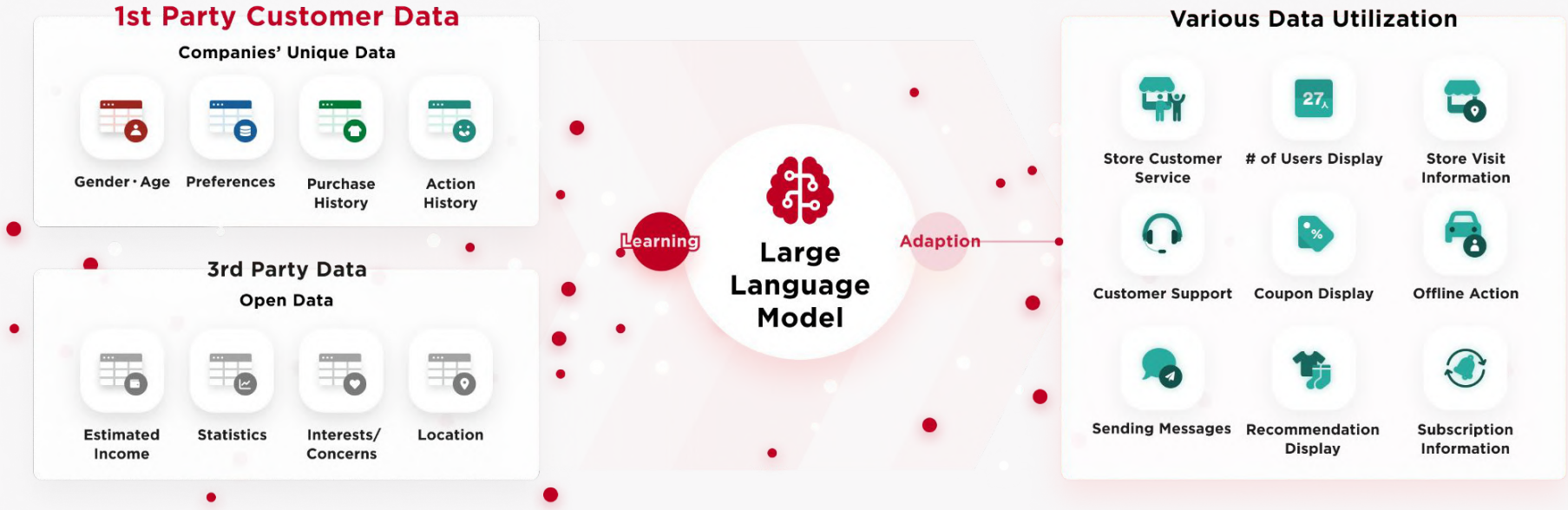
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External Environment

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Rapid advancements in AI technology

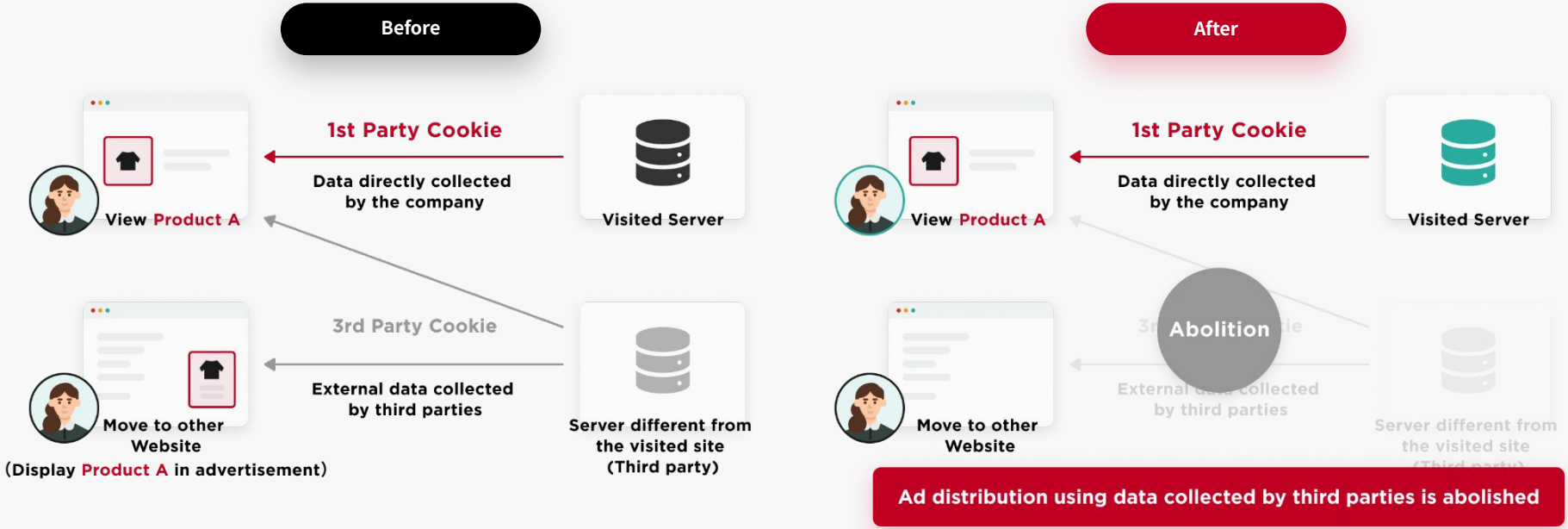
- Generative AI capable of processing vast amounts of data and processing high learning capabilities, which can be utilized in various services, has emerged
- The value of 1st party customer data, unique to service providers, has relatively increased as the type and quality of data used in AI training differentiate services



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The arrival of the cookie-less era

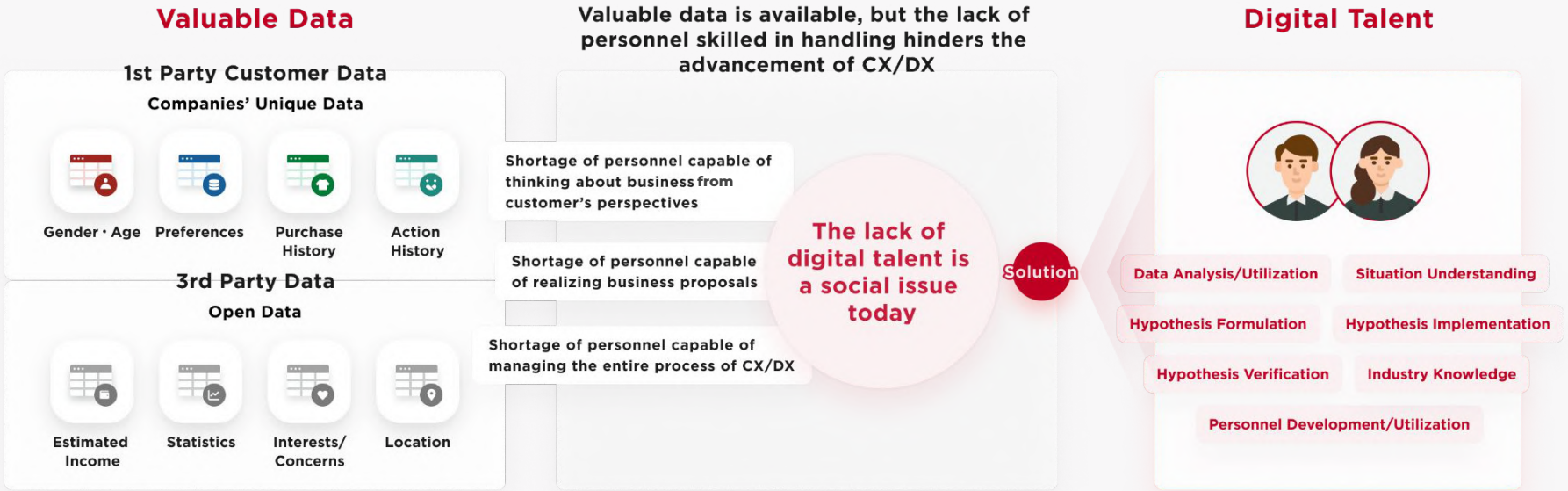
- In the latter half of 2024, third-party cookies used for measuring digital advertising and other purpose will be completely abolished
- Alongside the advancements in AI, the utilization of 1st party customer data is becoming central to companies' data strategies



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Increase in companies' demand for hiring digital talents

- As technologies that are emphasized by AI undergo rapid advancements, the lack of digital talent has emerged as a social issue in Japan
- Companies' demand for securing professionals who can handle the technology and to design the business is significantly increasing



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Our Strengths

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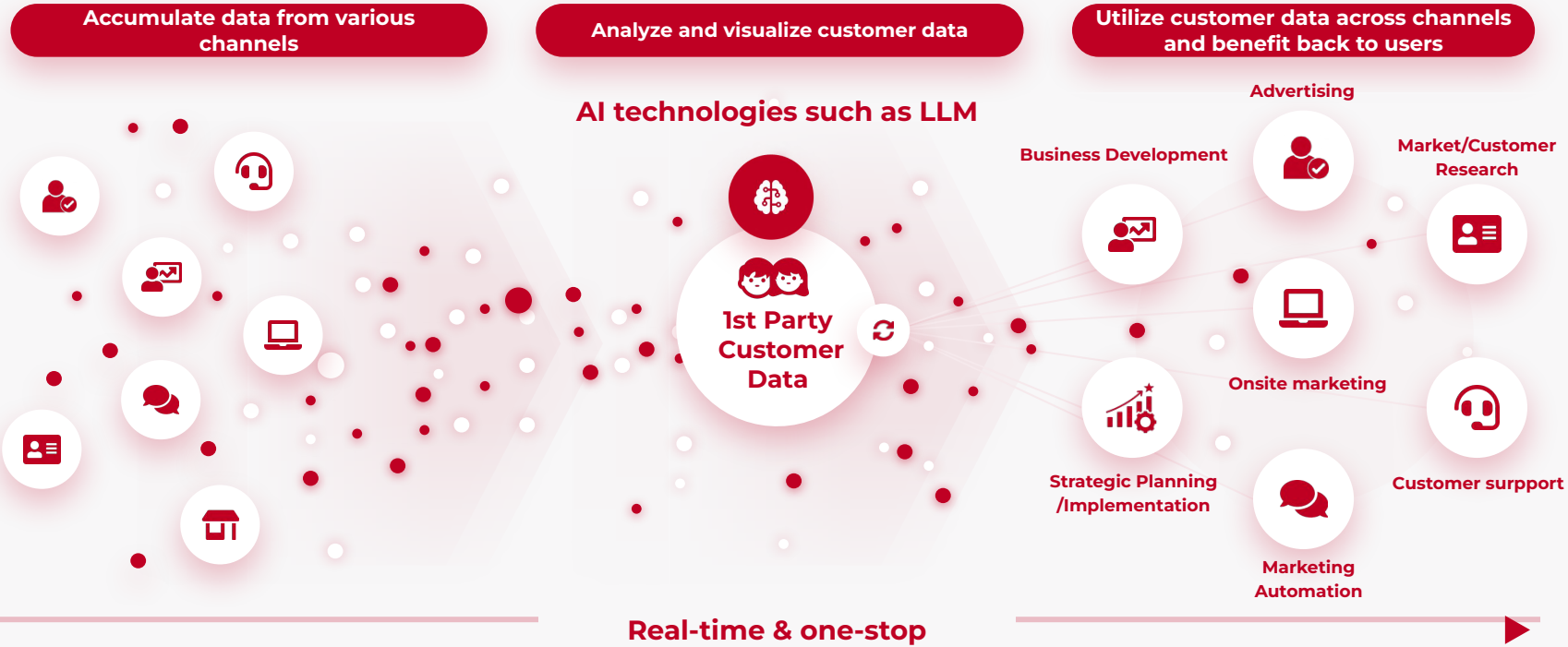
Maximize the Value of People with the Power of Data

Leading the next society by utilizing people's ideas and intuition to maximize their creativity with technology

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Mid-term Vision of The Plaid Group

- A new one-stop platform for data utilization that provides “multi-channel,” “1st party customer data,” and “real-time”
- Fully implement new AI technologies such as LLM in the data analysis/utilization of our products, which will also enhance the overall value of the platform



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Our strengths

Technology

1. The largest domestic 1st party customer data platform
2. Product architecture enabling user-level data accumulation
3. Our unique real-time analysis engine that ensures constantly updated data freshness

Business

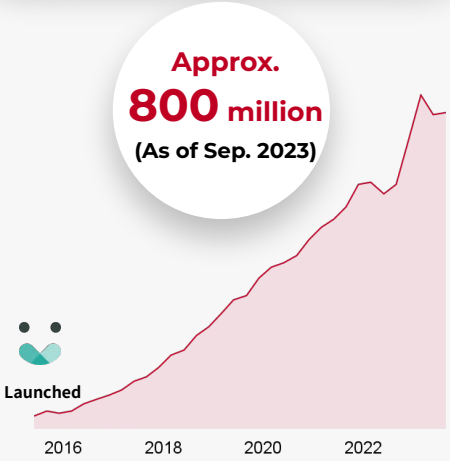
4. A seamless suite of multi-products designed to enable corporate activities, all based on high-resolution understanding of the users
5. Professional service facilitating corporate business transformation and advancement

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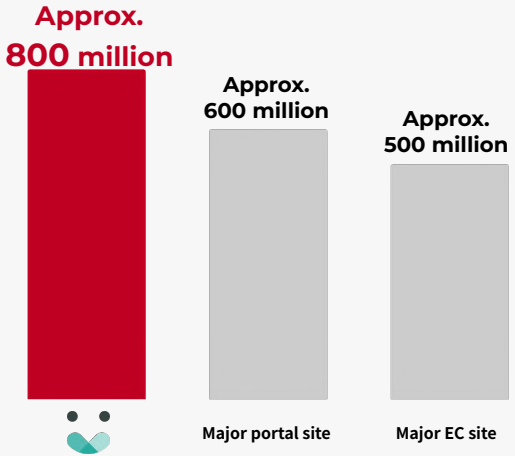
1 The largest domestic 1st party customer data platform

- KARTE has analyzed vast amounts of 1st party customer data since it launched in 2015
- The analyzed MAU[1] in September 2023 reached approximately 800 million. The analyzed GMV[5] share in the BtoC-EC market, a key segment for KARTE, exceeded 10%, establishing its position as one of the largest domestic data platform

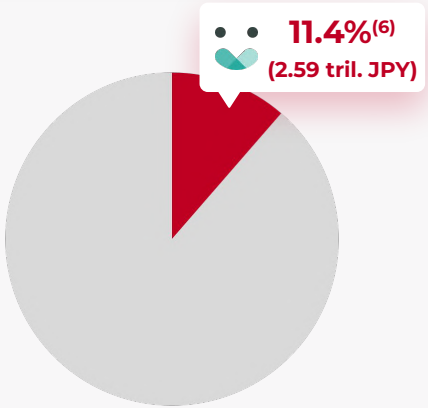
# of MAU[2][3] analyzed by KARTE



Comparison[4] of MAU with top domestic websites



Analysis of the share of GMV in the domestic e-commerce market

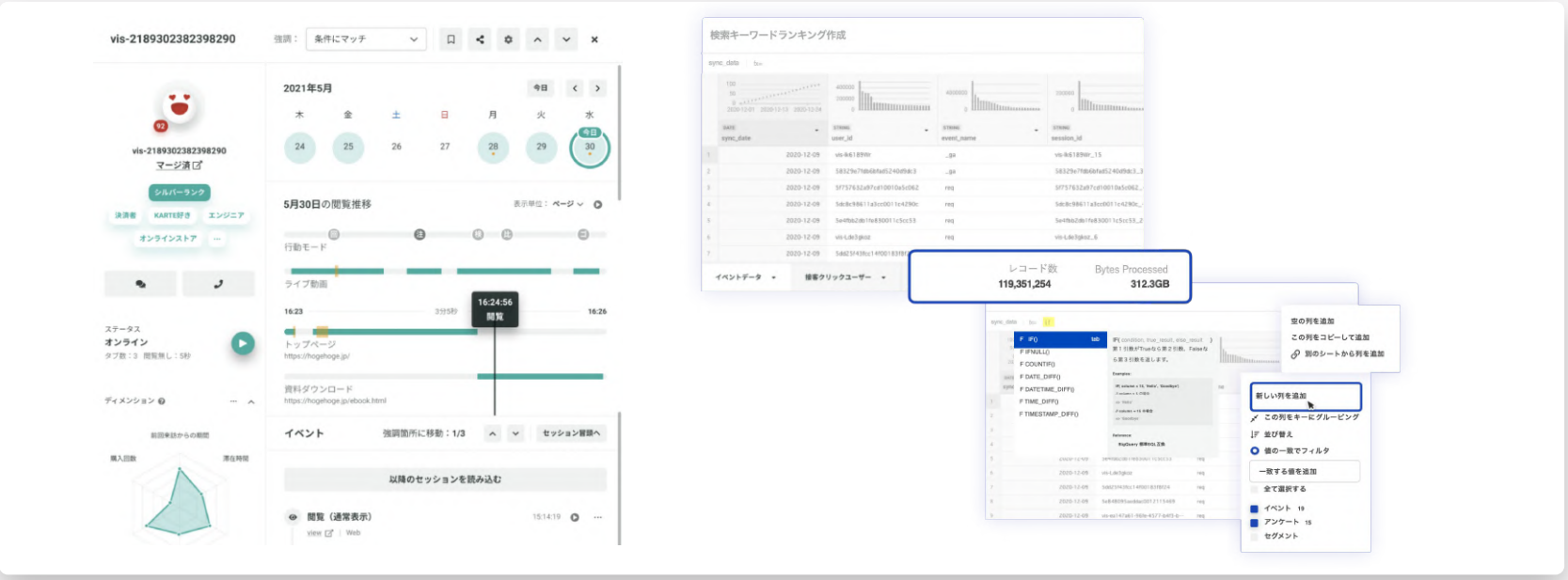


Note 1.MAU: Monthly active users. The number of unique active users for a particular website or mobile application during a particular one-month period / 2.Total of the view events for all websites/applications where KARTE installed / 3. Includes number of MAUs analyzed for R&D / 4. Based on data from Similarweb Ltd., our company compiled the comparison site numbers, which are the total monthly visitors in September 2023. / 5. GMV stands for "Gross Merchandise Value"(Total transaction amount) / 6. The analyzes transaction amount in the EC field from March 2022 to the end of February 2023. The single-year performance is calculated by dividing this amount by the BtoC-EC market size, according to the "*Report on the Results of FY2022 E-Commerce Market Survey (in Japanese)* (Japanese title: "*令和4年日本国内電子商取引に関する市場調査*") "by the Ministry of Economy.

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2 Product architecture enabling user-level data accumulation

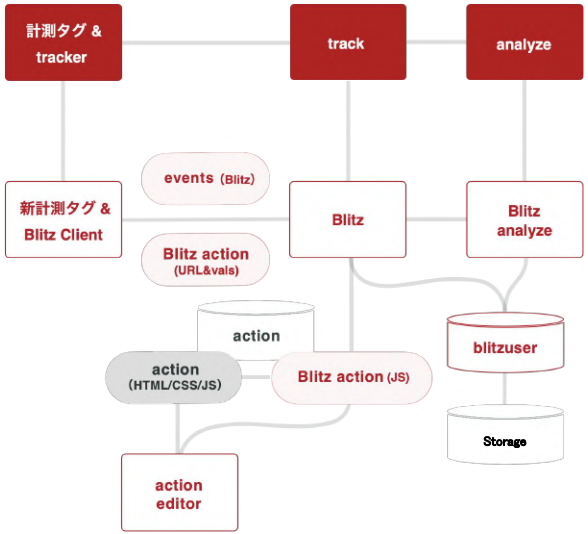
- One of the challenges for companies in promoting CX/DX is the “schema problem,” where the data structure varies depending on the type of user data, causing data that originally belongs to one user to be fragmented. This makes it difficult to easily utilize or integrate data on a per-user basis
- KARTE is designed with an architecture that accumulates various types of data on a per-user basis, allowing companies to immediately build a data environment that is easy to utilize without requiring in-house development

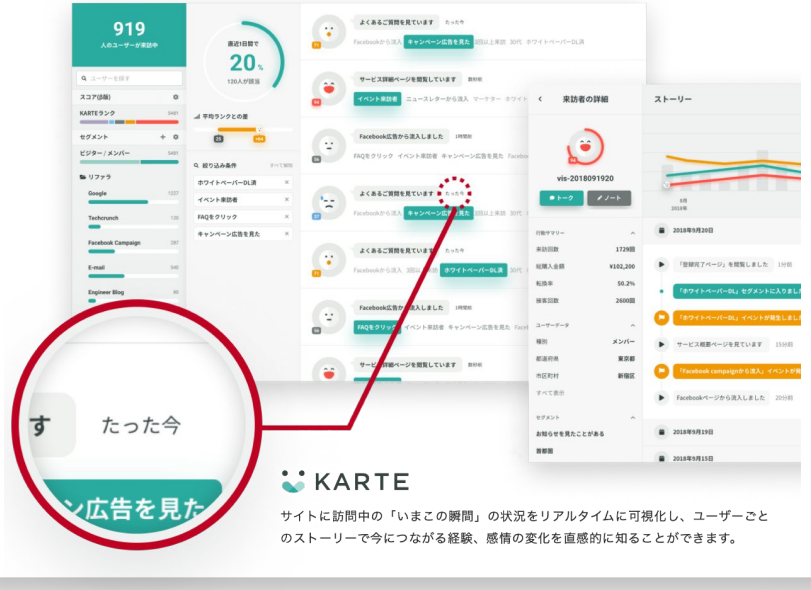


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3 Our unique real-time analysis engine that ensures constantly updated data freshness

- To enable interactive response optimized to each individual user online, which was difficult to solve with existing distributed data processing systems, a unique real-time analysis engine was developed (Our new engine “Blitz” developed in 2022 has achieved greater speed and lightness)
- It provides companies with a high-quality data environment that is always up-to-date without any time lag





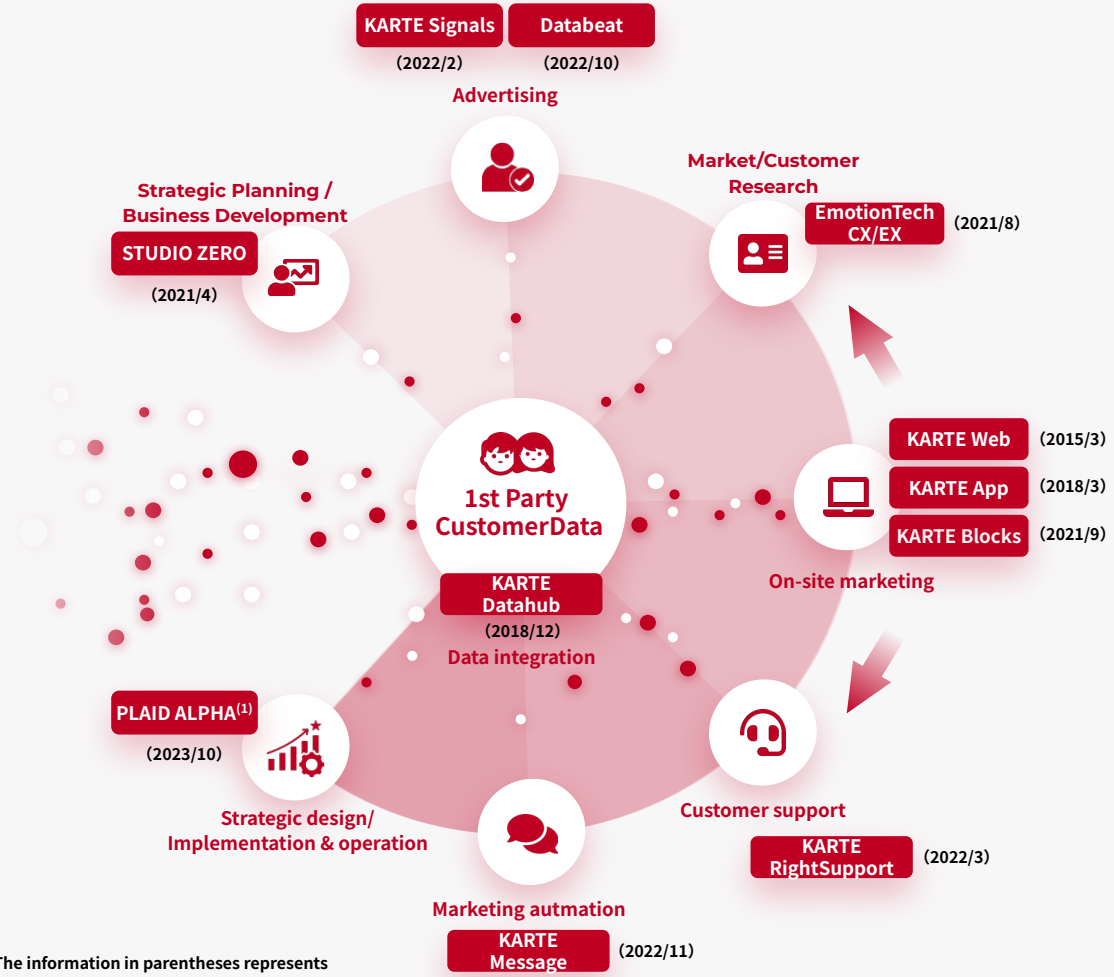
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4 A seamless suite of multi-products enabling corporate activities based on high-resolution user understanding

Initially started our business around on-site marketing area by offering KARTE Web/App

Thereafter, while using the real-time analysis engine as a common infrastructure, it has released applications optimized for various areas such as customer support and marketing automation, and promoted a seamless multi-product strategy

Currently, marketing coverage has been expanding across all fields, and going forward. Alongside further strengthening of this domain, our advancement will be promoted in peripheral areas, such as customer support



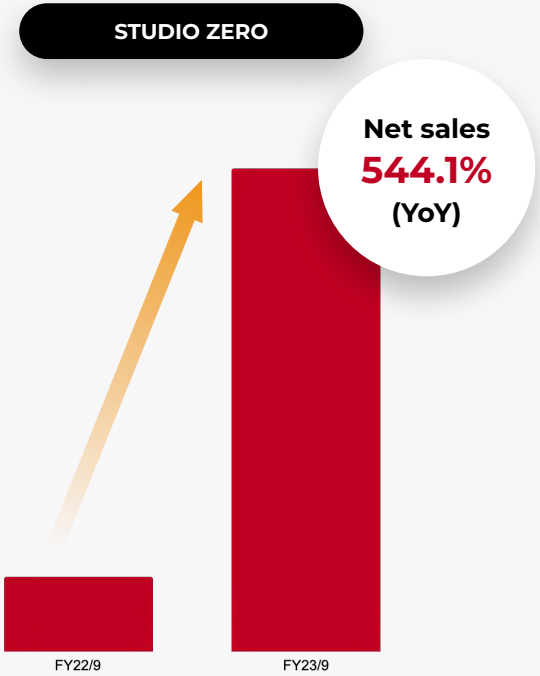
The information in parentheses represents the launch/grouping period

Note 1. After expanding the value of the professional service that was previously provided as “TEAM”, it was revamped. After changing the name to “PLAID ALPHA,” we started full-scale business development from the fiscal year ending September 2024

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5 Professional service facilitating corporate business transformation and advancement (1 of 2)

- In response to the growing customer needs for business reform and organizational transformation, STUDIO ZERO is growing rapidly



BX
Business development

Tourism Industry
Support for the operation of company-wide open recruitment new business development projects

Infrastructure Industry
Support for new business development related to EV

CX
Customer value development

Insurance Industry
Support for building next-generation sales schemes using digital marketing

Real Estate Industry
Support for experience design in smart buildings

EX
Talent development

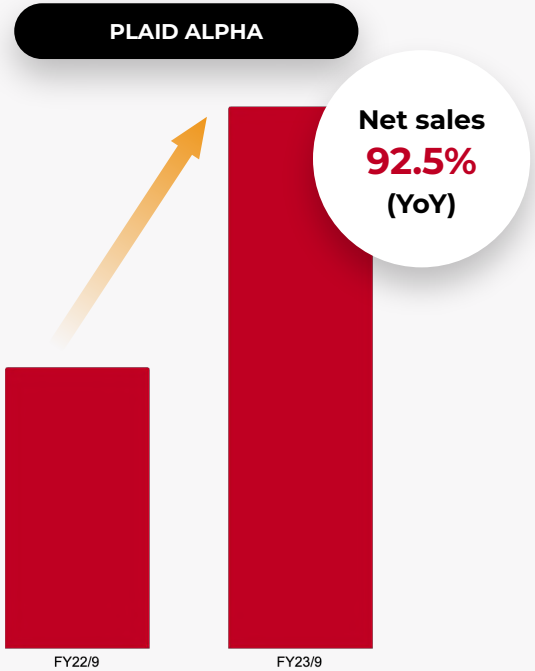
Wholesales Industry
Support for company-wide DX talent developoment

Information and Communication Industry
Support for the development of next-generation sales and marketing talent

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5 Professional service facilitating corporate business transformation and advancement (2 of 2)

- In response to the significant increase in demand for the predecessor service “TEAM” (with sales approximately doubling from last year), under the new name “PLAID ALPHA” business, support services from strategic design based on data analysis to implementation/operation will be initiated from FY 9/24



Consulting

Apparel Industry
Support for the planning of customer experience strategies and measures based on new/loyal customer analysis

Financial Industry
Support for the conception of next-generation customer services centered on the use of customer data and AI

Integration

Distribution Industry
Cross-departmental integration of customer data and reconstruction of customer touchpoints/experiences by KARTE products

Publishing Industry
Support for the formulation of a med-term IT roadmap plan centered on a personalization strategy

Growth& Operation

Media
Undertaking of marketing planning and operation tasks aimed at improving customer experience/retention

Financial industry
Technical support/implementation support related to advanced personalization measures

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Our Business Strategy

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Key Initiatives for Mid-term Growth

- Leveraging our strengths, a hybrid model of “Multi-product × Professional service” will be provided to enterprise companies
- In addition, AI technology will be fuly integrated to achieve advanced analysis of action data and improve usability, thereby further strengthening our products

Our strengths

1. **The largest domestic 1st party customer data platform**
2. **Product architecture enabling user-level data accumulation**
3. **Our unique real-time analysis engine that ensures constantly updated data freshness**
4. **A seamless suite of multi-products designed to enable corporate activities, all based on high-resolution understanding of the users**
5. **Professional service facilitating corporate business transformation and advancement**



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Enterprise

“Product × Professional service”: Hybrid model for strengthening approach to enterprise companies

- Shifting to a “Product × Professional service” hybrid model to strengthen deployment to enterprise companies
- Solving customer problems through multifaceted value provision that goes beyond just product provision

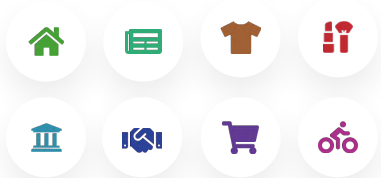
Hybrid model of “Product × Professional service”



Solving high-level customer problems by leveraging the strengths of a product company while also providing professional service

Promoting product improvement and solution development by deepening customer understanding through value provision in the hybrid model

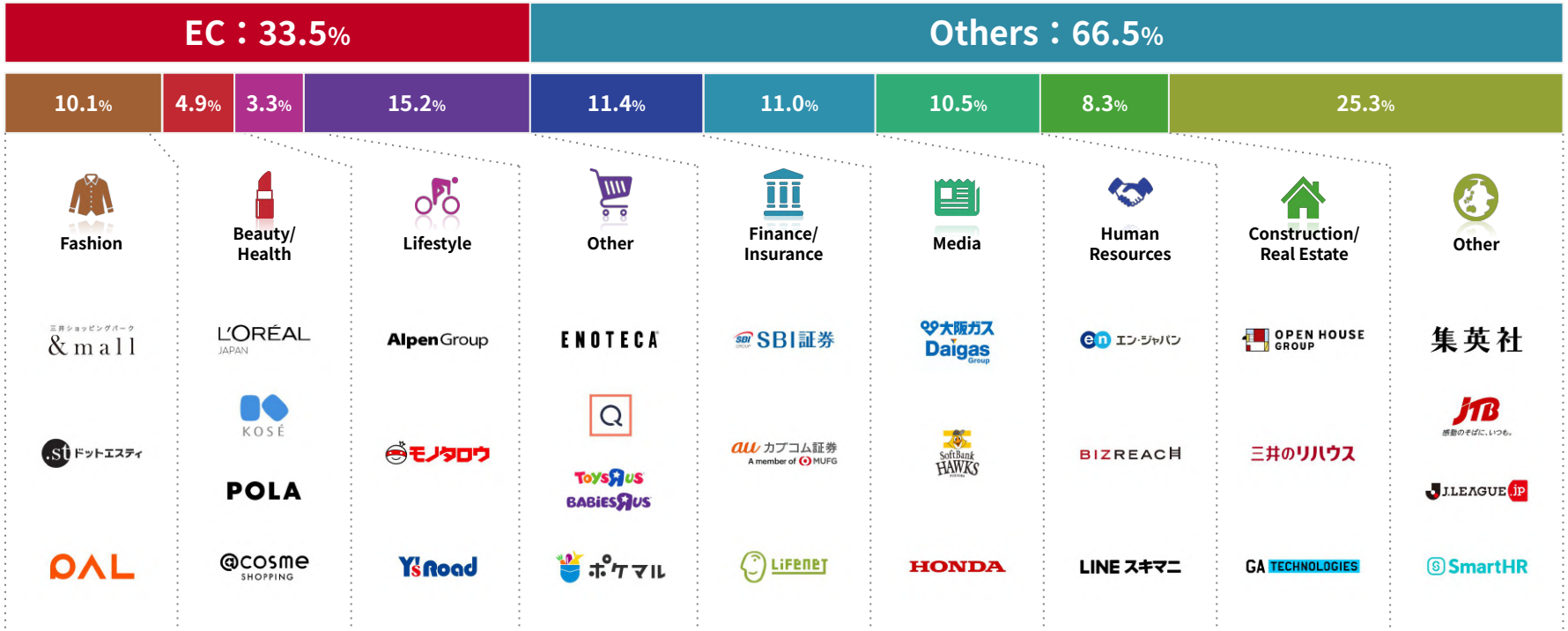
Enterprise companies



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Industry-wide proportion of KARTE-introduced websites and apps (the end of Sep. 2023)(1)

- Since the launch of KARTE, its installation by leading enterprise companies across various industries in Japan has been steadily progressing



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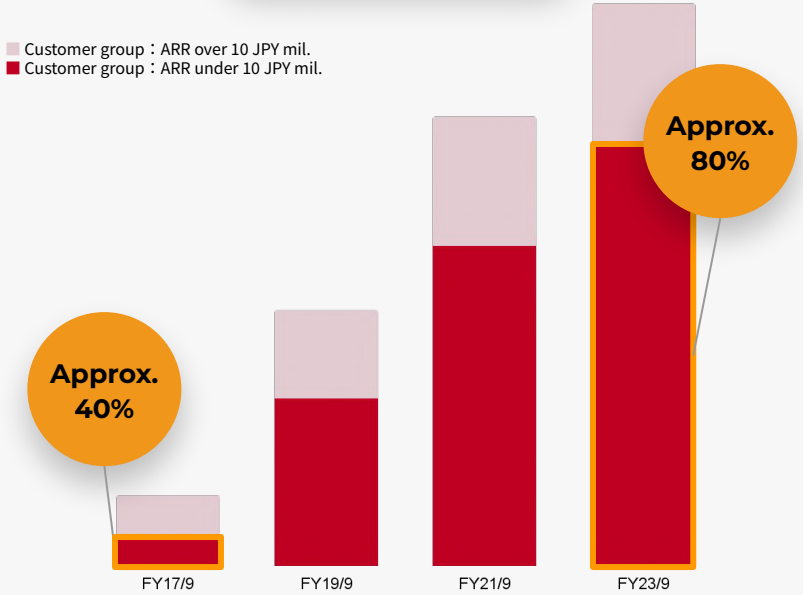
Note 1. Calculated by dividing the total number of introduced websites and smartphone apps in each industry as of the end of September 2023 by the total number of all introduced websites and smartphone apps.

Enterprise

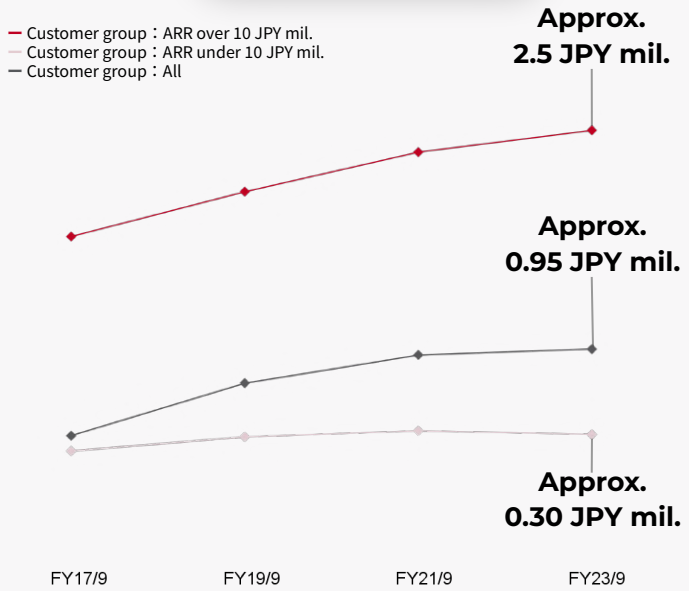
The high-price range customer group accounts for 80% of the total ARR

- Proportion of the high-price range customer group (with an ARR 10 million JPY) in the Plaid's standalone ARR has been increasing
- ARPC of this customer group is about 2.5 million JPY, which is about 2.6 times the overall average of about 950 thousand JPY

ARR composition ratio by customer group



ARPC per customer group[1]



Note 1. Calculated by dividing the monthly subscription sales for each customer group at the end of each fiscal year by the number of customers for each customer group.

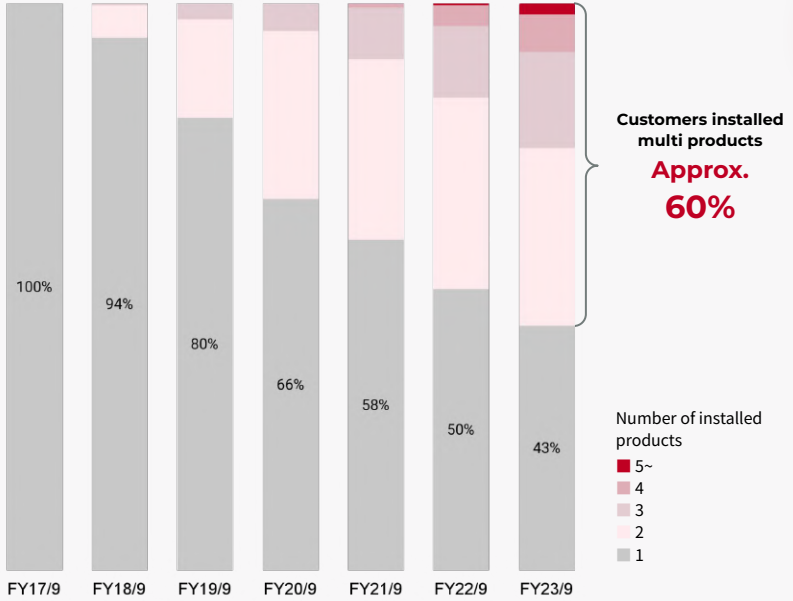
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Multi-Product

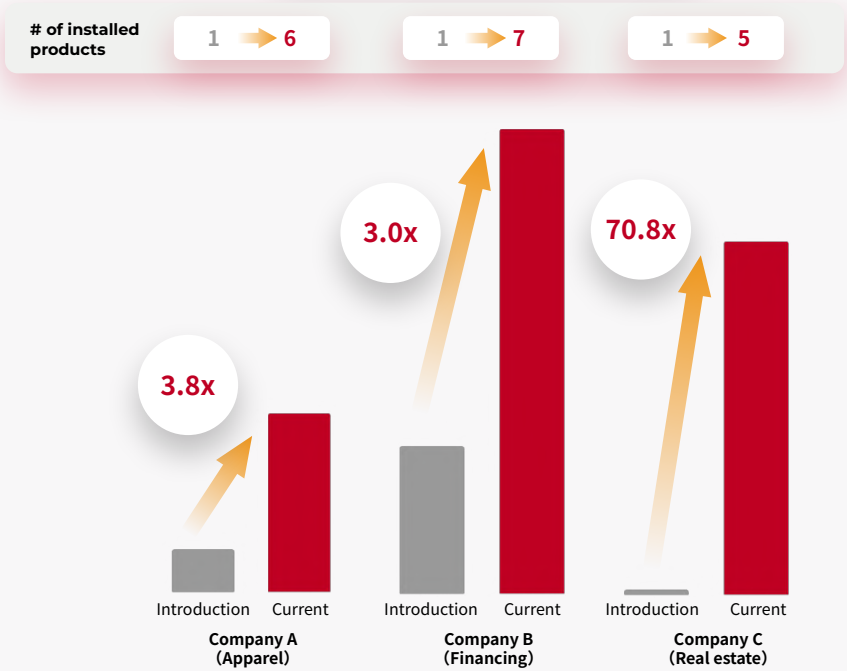
Multi-products is boosting cross-selling

- Approximately 60% of our customers have installed multi products, and this cross-selling has greatly contributed to increase in ARPC

Number of products installed per customer



Examples[1] of increase in ARPC



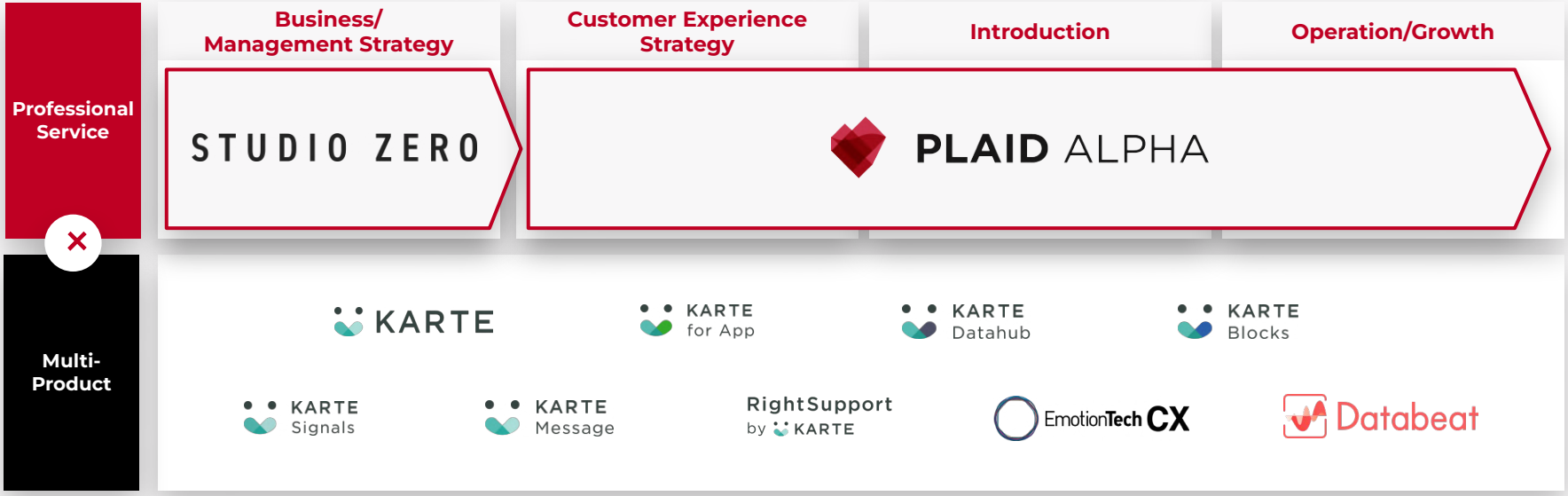
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Note 1. The bar graph shows monthly subscription revenue.

Professional Service

Seamless value provision through the hybrid model of "Product x Professional Service”

- Providing one-stop support from upstream to downstream of customer challenges based on multi-channel product lineup



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Professional Service

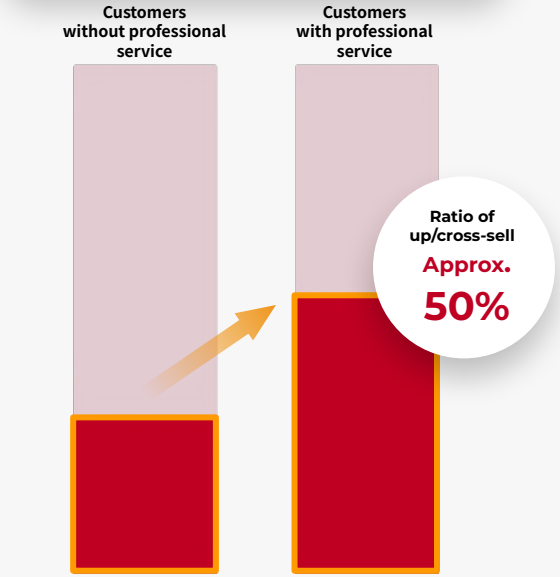
Professional service significantly raises total ARPC

- Average price of professional service is approximately 60% of the average price of products
- Professional service also increases the unit price of products to drive up/cross-selling, resulting in a significant increase in the total APRC

Average price of professional service[1][2][3]



Ratio of up/cross-sell for products[3][4]



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Notes 1.The graphs represent monthly sales revenue / 2. The average price of professional service when the product average price for customers offering both products and professional service is set to 100. / 3. As of the end of September 2023. / 4. The percentage of customers who received up/cross-sell orders for products by September 2023 among those that were provided with professional services in the fiscal year ended September 2022.

AI

Data×AI : Fully leveraging new AI technologies such as LLM(1) in data analysis and utilization

- Due to the significant changes in this era driven by new AI technologies such as LLM, the strategic utilization of closed proprietary data held by each company will become crucial in the future business landscape
- By leveraging our strength in data infrastructure and incorporating generative AI technologies from multi perspectives, we aim to enhance our value proposition, promote AI-driven data utilization, and achieve improvements in service delivery

Action data with LLM	• **Data analysis with LLM / Foundation Model utilization** Example）Advancing segmentation, Labeling thorough natural language processing, etc…
UX with LLM	• **Enhancement in UX(2) of customer companies' websites/services/products by utilizing LLM** Example）Automatic generation of components, Automatic proposals, etc…
People with LLM	• **Expansion of application areas of data utilization, considering the collaboration between people and LLM** Examples）Orchestration of numerous AI skills and automation of human tasks, Automatic planning, etc…

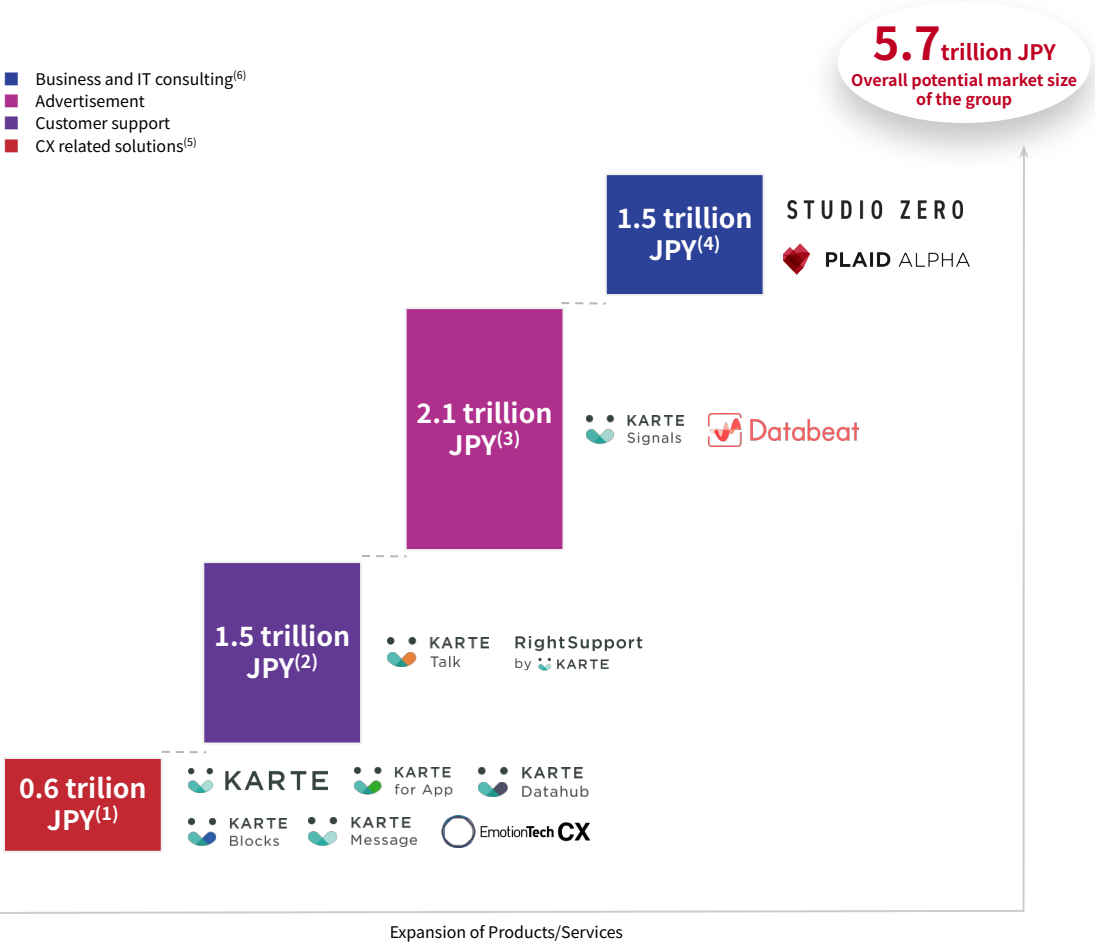
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Notes 1. LLM stands for "Large Language Models." / 2. UX stands for "User Experience."

Overall potential market size of the group

At the core of strategy, the group expands its product/service lineup by leveraging its unique analysis engine that visualizes 1st party customer data in real-time

The overall potential market size of the group has expanded from 0.6 trillion JPY at the beginning of the business to 5.7 trillion JPY, and we will develop each market through the execution of our strategy



Notes 1. Calculated by our company based on the "*顧客接点・CX変革ソリューション市場分析2023年版* (Customer Touchpoint • CX Transformation Solution Market Analysis 2023 Edition)" by Fuji Chimera Research Institute, Inc., the projected product market size for 2027./ 2. The combined market size of the call center service market and the contact center solution market for 2024, calculated and created by our company based on "*コールセンターサービス市場/コンタクトセンターソリューション市場調査（2022年）*(Call Center Service Market/Contact Center Solution Market Research (2022))" by Yano Research Institute Ltd., announced on November 15, 2022. / 3.Calculated by our company based on "*2022 Advertising Expenditures in Japan*" by DENTSU Inc. / 4. Calculated by our company based on "*国内ビジネスコンサルティング市場予測、2023年～2027年* (Domestic Business Consulting Market Forecast, 2023-2027)" by IDC Japan. / 5. Mainly corresponds to on-site marketing, data integration, market/customer research, and marketing automation in our group's business domain. / 6. Mainly corresponds to business/organizational development, strategy formulation/introduction/operation in our group's business domain.

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2. Earnings results Q4 FY 9/23
3. Mid-term management vision
4. **Earnings guidance for FY9/24**
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Earnings guidance for FY9/24

- Consolidated net sales are expected 10,666 million yen (+23.5% YoY)
- Consolidated adjusted operating income is expected to turn in the black due to improved profitability of Plaid standalone
- Plans to turn in the black one fiscal year ahead of initial target of FY9/25

(JPY mil.)	FY9/23 Results	FY9/24 Updated guidance	FY9/24 Difference
Net Sales			
Consolidated	**8,633**	**10,666**	**2,032**
YoY	**18.3%**	**23.5%**	**+5.2pt**
PLAID（non-consolidated）	7,644	9,126	1,481
YoY	16.7%	19.4%	+2.7pt
Adjusted Operating Income			
Consolidated	**▲490**	**14**	**504**
PLAID（non-consolidated）	▲192	379	571

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Key Takeaways

External Environment	• In the irreversible trend of the advancement of AI and the complete abolition of 3rd party cookies, the core of companies' data strategy is inevitably shifting towards 1st party customer data • As data strategy changes, the demand for talent acquisition in companies is increasing due to a shortage of technology talent capable of utilizing data and business talent capable of realizing monetization
Internal Environment	• Since the establishment of Plaid, our business has consistently expanded to provide a platform that integrates "Multi-channel × 1st Party Customer Data × Real-time" • Within that situation, our 1st Party Customer Data platform has grown to become the largest in Japan, besides, products launched in the recent years have individually grown significantly, contributing to the formation of a robust multi-product lineup • Our highly scalable product lineup and professional service naturally have synergistic effects. Moreover, external environment is becoming favorable, presenting a great opportunity to significantly enhance the value proposition for enterprise customers
Performance	• The group's profitability has been increased as seen in the improved profitability of Plaid standalone and the updated plan for achieving consolidated adjusted operating income in the black one year earlier in FY 9/24 • The alignment of external and internal environments has become favorable, enabling the group to steadily capture business opportunities and achieve sustained, high growth

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Financial Information

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Net sales disclosure categories from FY 9/23

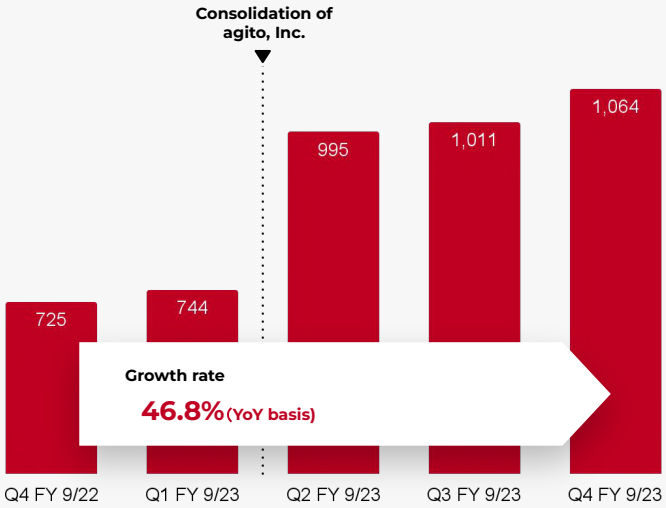
FY 9/22	FY 9/23	Definitions
Subscription revenue	**Subscription revenue**	monthly subscription charges for product offering
Service recurring revenue	**Service, consulting and other revenues**	monthly charges for services provided and earned on a recurring basis
Others		net sales not included above, such as one-time service fees, consulting revenue or initial set-up fee

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Consolidated

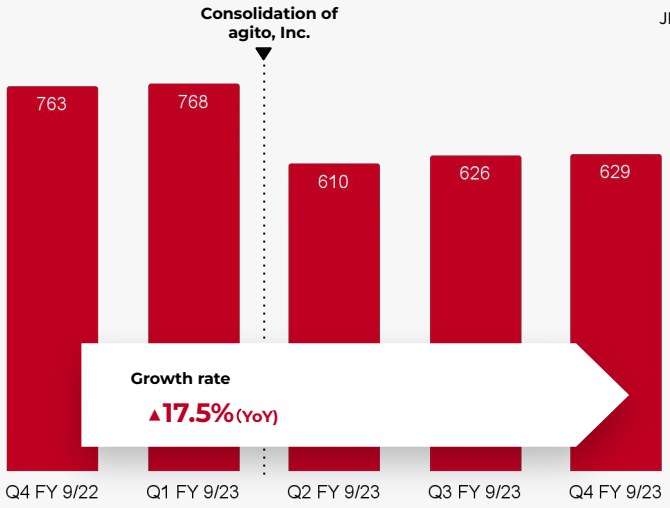
Number of Customers[1][2] and ARPC[3]

Number of customers



ARPC

JPY thou.



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Notes: 1. Customers who have transactions with both PLAID and Emotion Tech are counted as one company / 2. Total number of customers utilizing our products as of the end of each quarter / 3. Calculated by dividing the monthly subscription sales at the end of each quarter by the number of customers of the end of the quarter

Appendix

Income Statement (Quarterly)

(JPY mil.)	Q4 FY 9/23	Q4 FY 9/22	YoY	Q3 FY 9/23	QoQ
Net sales	**2,322**	**1,876**	**+23.8%**	**2,210**	**+5.1%**
Subscription revenue	1,968	1,641	+19.9%	1,879	+4.7%
Service, consulting and other revenues	354	234	+50.9%	330	+7.1%
Gross profit[1]	**1,696**	**1,417**	**+19.7%**	**1,535**	**+10.5%**
Gross profit margin	73.0%	75.5%	▲2.5pt	69.4%	+3.6pt
SG&A	**2,030**	**1,665**	**+21.9%**	**1,873**	**+8.4%**
% of Net sales	87.4%	88.8%	▲1.4pt	84.7%	+2.7pt
Personnel expenses	1,007	925	+8.9%	953	+5.6%
% of Net sales	43.4%	49.3%	▲5.9pt	43.1%	+0.2pt
Advertising expenses	188	235	▲19.9%	181	+3.9%
% of Net sales	8.1%	12.6%	▲4.4pt	8.2%	▲0.1pt
Other	833	504	+65.2%	738	+13.0%
% of Net sales	35.9%	26.9%	+9.0pt	33.4%	+2.5pt
Operating income	▲333	▲248	+34.0%	▲338	▲1.4%
Adjusted operating margin	▲14.3%	▲13.3%	▲1.1pt	▲15.3%	+0.9pt
Reconciling items	115	40	+182.4%	109	+6.1%
Goodwill amortization	48	40	+21.0%	48	▲0.0%
Stock-based compensation expenses	67	0	+7731.9%	60	+10.9%
Other non-recurring expenses	-	-	-	-	-
Adjusted operating income	**▲217**	**▲207**	**+4.8%**	**▲229**	**▲5.0%**
Adjusted operating margin	▲9.4%	▲11.1%	+1.7pt	▲10.4%	+1.0pt

Note 1. After deduction of provision for loss on order received

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Appendix

Income Statement (Q1-Q4)[1]

(JPY mil.)	FY 9/23	FY 9/22	YoY
Net sales	**8,633**	**7,295**	**+18.3%**
Subscription revenue	7,335	6,473	+13.3%
Service, consulting and other revenues	1,298	822	+57.9%
Gross profit[1]	**6,236**	**5,367**	**+16.2%**
Gross profit margin	72.2%	73.6%	▲1.3pt
SG&A	**7,118**	**6,249**	**+13.9%**
% of Net sales	82.4%	85.7%	▲3.2pt
Personnel expenses	3,778	3,394	+11.3%
% of Net sales	43.8%	46.5%	▲2.8pt
Advertising expenses	633	679	▲6.8%
% of Net sales	7.3%	9.3%	▲2.0pt
Other	2,706	2,175	+24.4%
% of Net sales	31.3%	29.8%	+1.5pt
Operating income	▲881	▲882	-
Adjusted operating margin	▲10.2%	▲12.1%	+1.9pt
Reconciling items	391	163	+138.7%
Goodwill amortization	185	160	+15.8%
Stock-based compensation expenses	205	3	-
Other non-recurring expenses	-	-	-
Adjusted operating income	**▲490**	**▲718**	**-**
Adjusted operating margin	▲5.7%	▲9.9%	+4.2pt

Note 1. After deduction of provision for loss on order received

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Appendix

Balance Sheet(1)

(JPY mil.)	FY 9/20	FY 9/21	FY 9/22	FY 9/23
Total current assets	2,642	4,956	5,148	5,300
Cash and deposits	2,091	4,172	4,240	3,827
Notes and accounts receivable, trade	475	645	710	980
Other	75	138	197	492
Total non-current assets	426	2,027	1,942	918
Total current liabilities	1,084	1,640	1,881	2,461
Total non-current liabilities	380	390	1,139	1,009
Total net assets	1,604	4,953	4,070	2,748

Note: 1. Table on the right shows non-consolidated figures for FY 9/20 and before, and consolidated figures for FY 9/21 only

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Appendix

Cash Flow Statement(1)

(JPY mil.)	FY 9/20	FY 9/21	FY 9/22	FY 9/23
Cash flow from operating activities	▲1,012	410	▲809	▲325
Cash flow from investing activities	▲167	▲1,330	▲135	▲89
Cash flow from financing activities	1,897	2,999	1,012	0
Net change in cash and cash equivalents	717	2,080	68	▲413
Cash and cash equivalents at end of period	2,091	4,172	4,240	3,827

Note 1.For the table on right, the figures of FY 9/20 are on non-consolidated-basis, while those for FY 9/21 and onwards are on a consolidated basis.

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Long Term Model[(1)(2)]
(KARTE domain)

	FY 9/20	FY 9/21	FY 9/22	FY 9/23	Long term model
Gross profit margin	71.2%	73.3%	74.8%	75.9%	75–80%
S&M	61.0%	41.6%	49.0%	44.2%	25–30%
R&D	23.7%	18.7%	22.2%	19.7%	18–20%
G&A	13.4%	9.8%	10.3%	11.6%	8–10%
Operating margin	▲26.9%	3.1%	▲6.6%	0.4%	20–25%

Note: 1. This long term model is forward-looking, is subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company, and is based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material due to a number of factors, including those described in the “Risk Factors” section of the Offering Circular issued as of December 17, 2020. Nothing in this presentation should be regarded as a representation by any person that this long term model will be achieved, and the Company undertakes no duty to update its model as circumstances change / 2. Until FY9/22, Plaid non-consolidated and before deduction of provision for loss on order received. From FY9/23, KARTE domain and deduction of provision for loss on order received , and after adjusting intra-group transaction with RightTouch

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Company information

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Appendix

Company Overview

Company Name	**PLAID, Inc.**
Founded	**October 2011**
Headquater	**GINZA SIX 10F, GINZA 6-10-1, Chuo-ku, Tokyo, Japan 104-0061**
CEO	**Kenta Kurahashi**
# of Employees (Consolidated)	**389 (as of September 2023)**



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Overview of Plaid group by business domain

Business domain		Overview	Main product/service
PLAID	KARTE domain	· Offers products and services centered around KARTE to enrich CX and marketing for companies	KARTE / KARTE for App / KARTE Datahub / KARTE Blocks / KARTE Signals / KARTE Message / PLAID ALPHA
	New business domain	· Create new value with partners through data/technology collaboration by opening Plaid's APIs and various alliances with companies.	PLAID Ecosystem / STUDIO ZERO
RT/ET/ agito	Group companies	· Offers products and services optimized for areas other than on-site marketing where Plaid is focused on currently	RightSupport by KARTE / EmotionTech CX / Databeat

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Main products / Services -1

Domain	Product/Service	Summary
Onsite Marketing	KARTE / KARTE for App	Visualize the “now” of each customer online and support marketing activities of companies through flexible action design based on analysis results
Onsite Marketing	KARTE Blocks	By breaking down every element of a website into blocks and enabling fast revisions, hypothesis testing, and performance measurement, allowing for continuous performance improvement and lean site operations
Data Integration	KARTE Datahub	By connecting data owned by customers to KARTE and enabling advanced segmentation and action by integrating/analyzing/visualizing data scattered data from internal and external sources as big data
Customer Support	RightSupport by KARTE	Visualize the issues of each customer who needs support online, and match them to appropriate support channels such as FAQs to achieve early resolution to issues
Advertising	KARTE Signals	Realize consistent customer communication both on and off the website through integration with various advertising media such as accumulated data by KARTE
Marketing Automation	KARTE Message	KARTE marketing automation enables customers to have communication outside the website via e-mail, SMS, etc., using our unique customer journey function

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Main products / Services -2

Domain	Product/Service	Summary
Product Utilization/ Technical Support	PLAID ALPHA	Professional services including support for utilizing KARTE and consulting on CX. Also assisting customers in resolving challenges related to their resources and capabilities and creating value.
Strategic Planning / Business Development	STUDIO ZERO	An organization committed to advancing all industries through data, and collaborating with companies, government agencies, and public institutions to create new value and foster business growth
Customer/ Market Research	EmotionTech CX	Products and consulting services to collect/analyze customer emotional data, including NPS®(1), provided by EmotionTech, which joined the Group from September 2021.
Advertising	Databeat	Providing a Marketing Data Platform that enables automatic collection/accumulation of advertising-related data, analysis, and flexible data output. Also supporting marketers in customer companies by reducing operational workload and assisting in the establishment of a data utilization environment

Note: 1. Net Promoter®, NPS®, NPS Prism®, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld

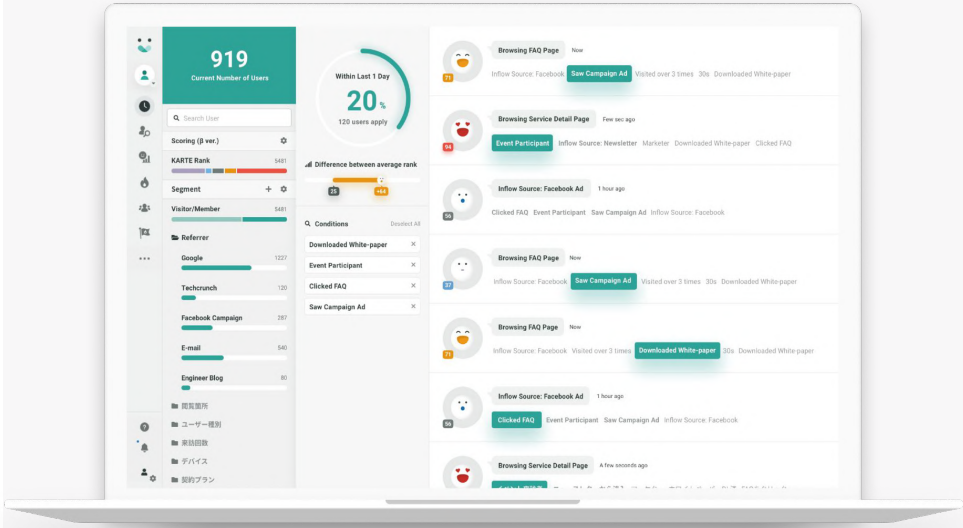
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Products

KARTE

Visualize the “Now” of Each Customer
with Proprietary Real-time Analysis Engine

Realize Flexible Actions (Customer Experience Design)
based on Analysis Results



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Feature of KARTE

Feature 1.	Feature 2.	Feature 3.
Visualization of individual customers	**Real-time analysis**	**End-to-end solution**

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Feature 1.

Visualization of individual customers

KARTE accumulates behavioral data of customers visiting a website on a customer-by-customer basis and visualizes those by customer. This enables business operators to understand the status and needs of individual customers intuitively and to implement and examine measures to provide a better experience to customers



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Feature 2.

Real-time analysis

KARTE analyzes the real-time behaviors of customers visiting a website, etc., such as "They have been considering a specific product for a long time," together with the past data. This enables businesses to communicate appropriately with customers, without overlooking a timing or sign of their intent to purchase or similar factor

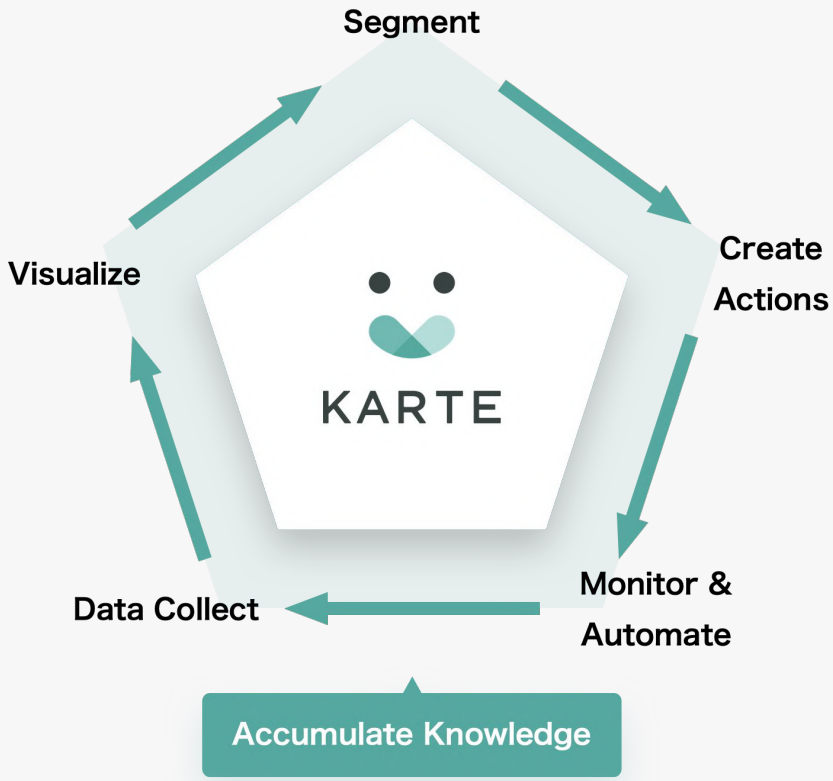


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Feature 3.

End-to-end solution

Unlike dedicated marketing tools for customer analysis, e-mail delivery, Web chat, delivery via social media, or other specific purposes, KARTE enables organizations to implement customer-related operations, from customer analysis to the automating actions



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The uniqueness of KARTE (comparison in the on-site marketing area)

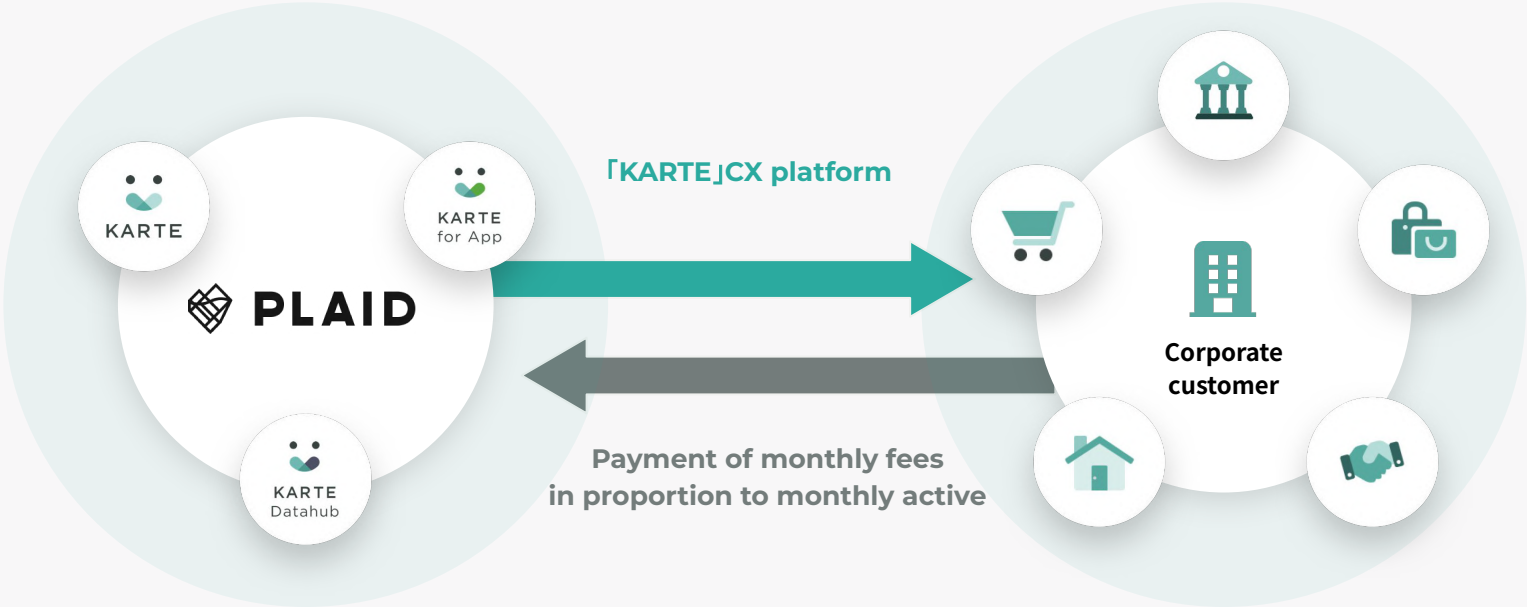
	KARTE	Integrated marketing tools	Other marketing tools
Real-time performance	✔✔✔ Consistent real-time accumulation/analysis/action	✔ - ✔✔ Non-real time/ Only some part (limited functionality, etc.)	✔ - ✔✔ Non-real time/ Only some part (limited functionality, etc.)
Data storage/ Utilization Channels	✔✔✔ Multi-channel (Web/app/email/SMS, etc.)	✔✔✔ Multi-channel (Web/app/email/SMS, etc.)	✔ Single-channel
In-depth understanding of users	✔✔✔ Both attribute/behavioral data can be accumulated and flexible visualization on a per-user basis	✔ Attribute data-centric and difficult to visualize per user	✔ Attribute data-centric and difficult to visualize per user

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Note: 1.Age, gender, etc.

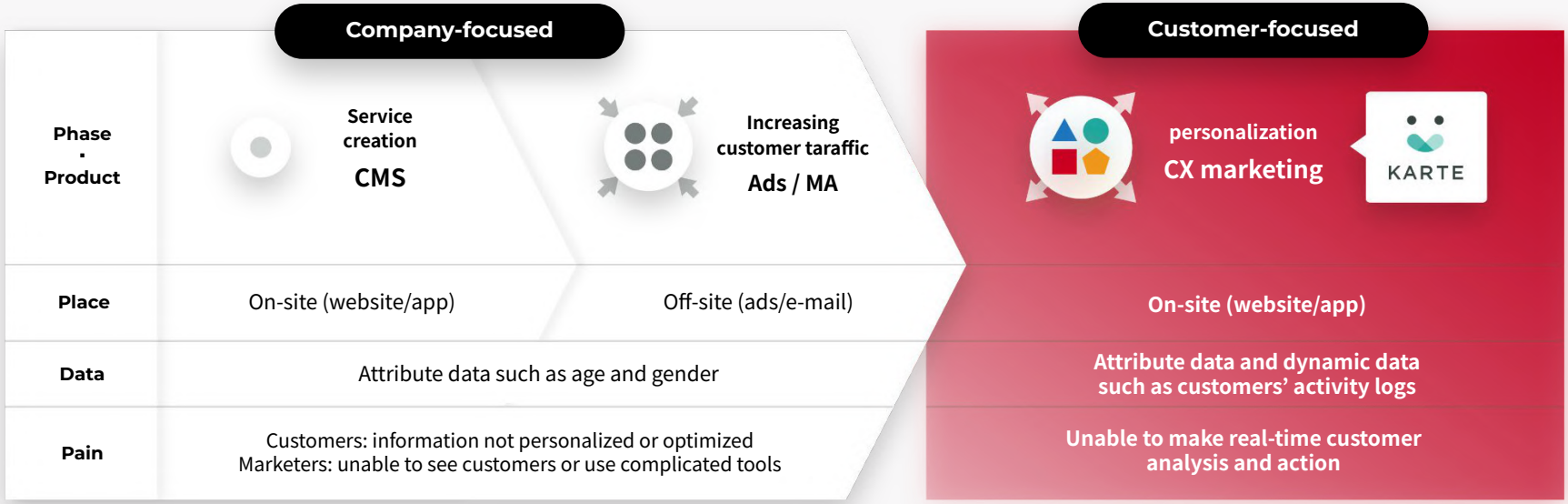
Business Model

A Subscription model in which pricing is based on monthly active users on website or smartphone app
（Annual contract）



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Paradigm shift in Digital Maketing



From the phase of service creation and customer attraction
To the phase communicating value to customers

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Increasing Frustrations with Digital Marketing

The customers'

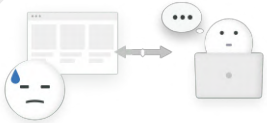


Contents are not streamlined for individual customers



Overwhelming amount of information and repetitive messages from marketers

Marketers'



Unable to understand website customer behavior and make actions to them on real-time basis



Lack of basis for "individual" and "personalized" actions

Digital marketing initiatives taken by companies without understanding their customers do not necessarily contribute to the improvement of the user and customer experience

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Maximize the value of people with the power of data

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