



Earnings Results for the quarter ended Sep. 2023 (Q1 FY 9/23)

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

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.

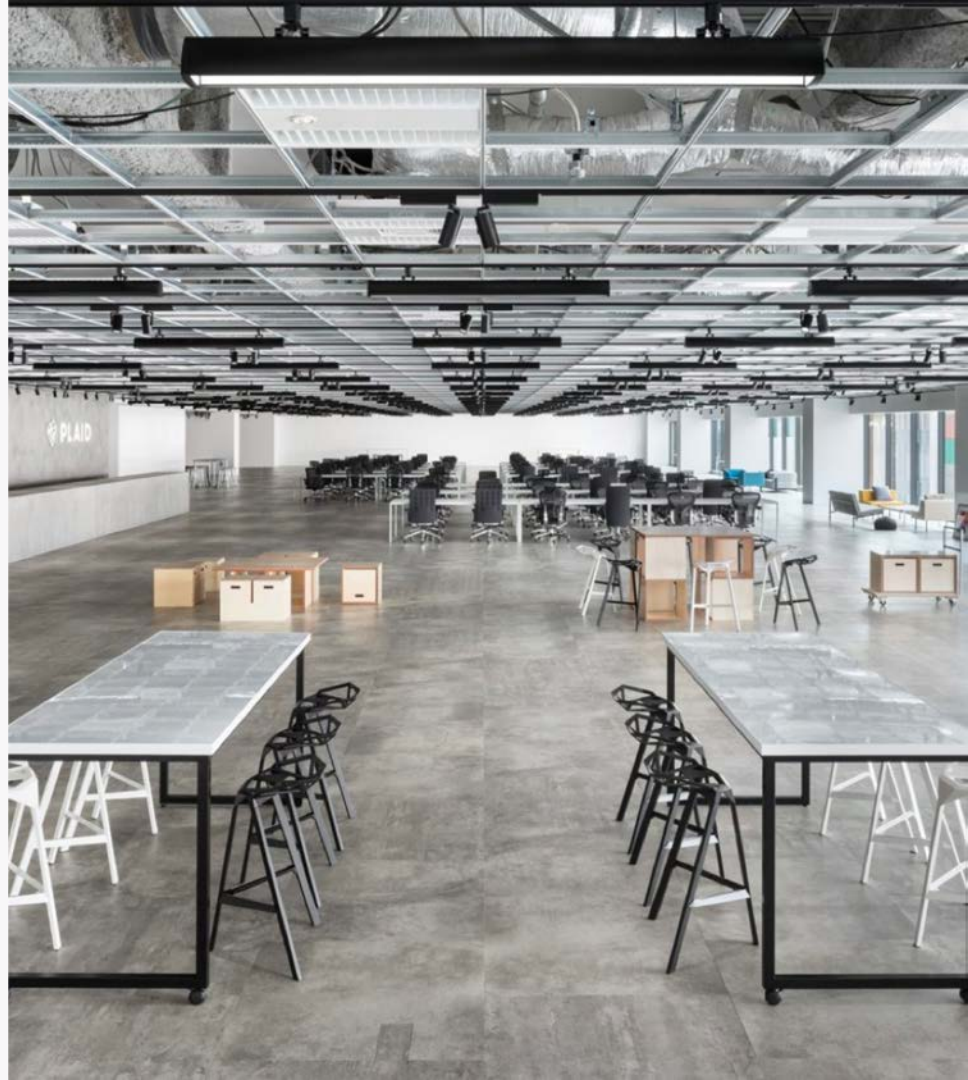
1. Mission and Growth Strategy

2. Earnings Results Q1 FY 9/23

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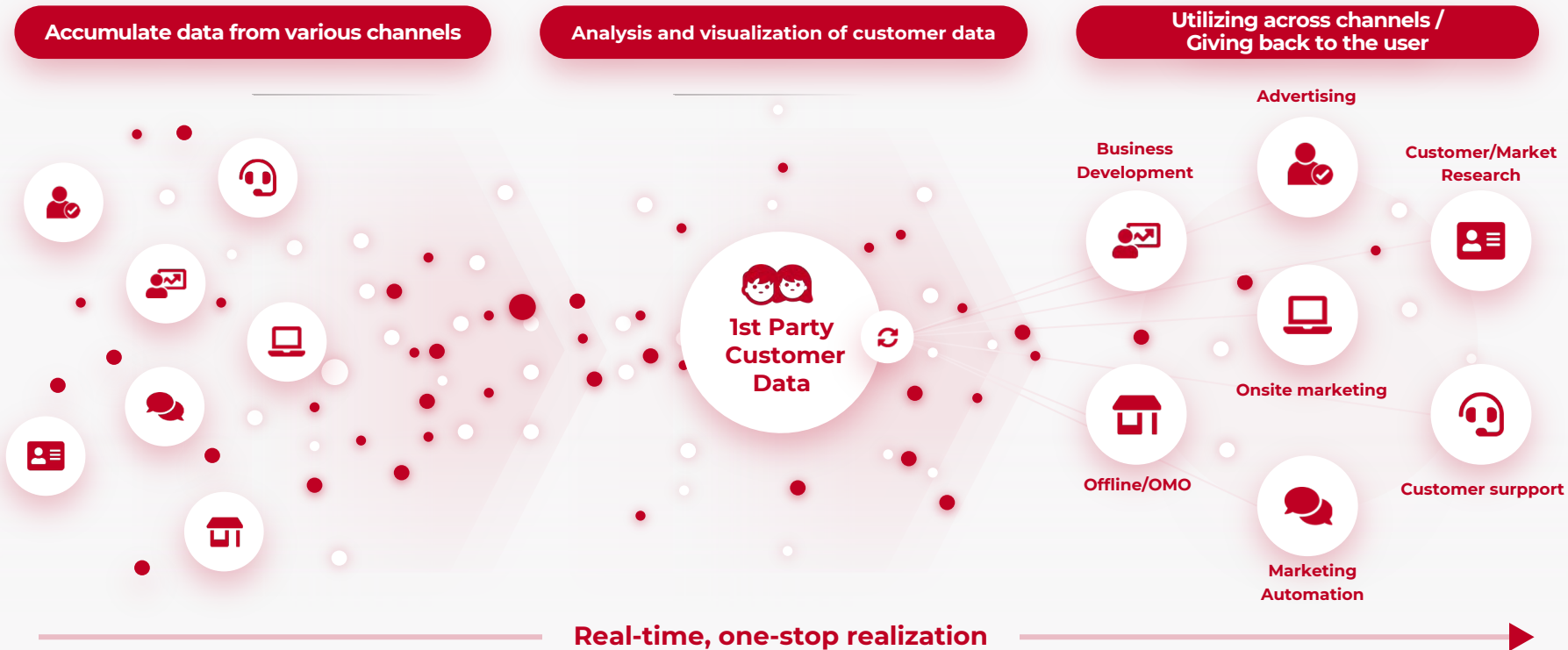
Maximize the Value of People with the Power of Data

No algorithm goes beyond imagination and flexibility of people.

That is why we focus on developing technologies that encourage people's creativity.

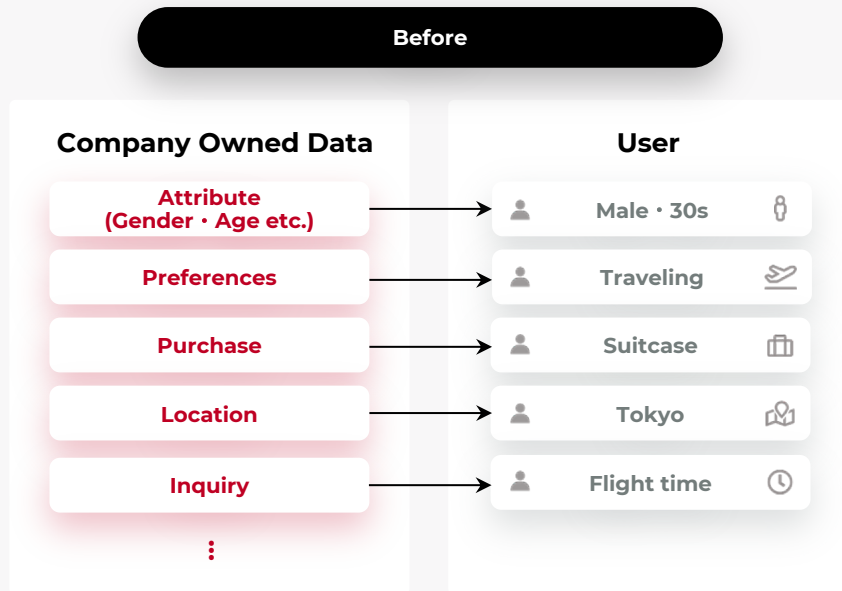
Vision as the Plaid group

- A new one-stop platform for data utilization that provides for “multi-channel”, “1st party customer data”, and “real-time”

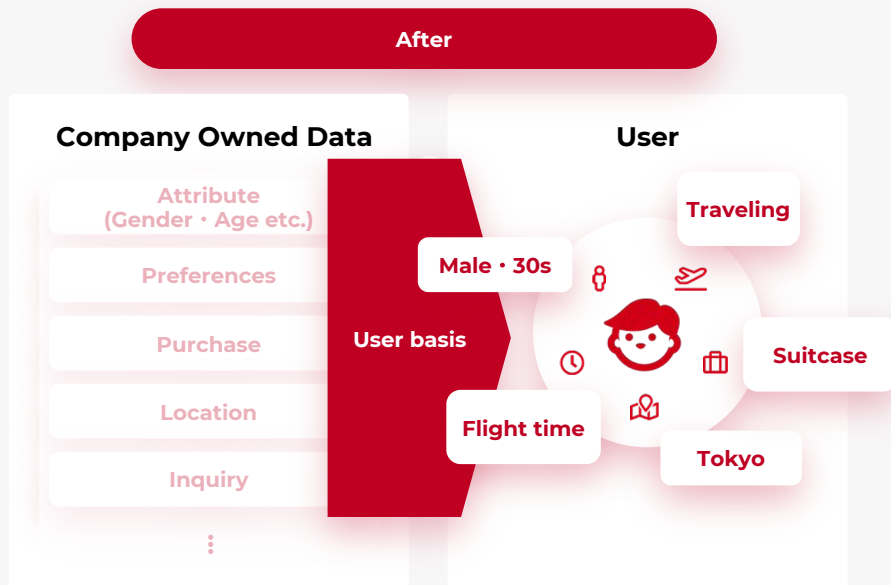


The era to come :

Fragmented user data is integrated and the right customer experience is returned through correct customer understanding



- × Data is fragmented, and even if it is integrated, difficult to capture on a per-user basis
- × Return of user experience not always appropriate



- Data organized and integrated per user for easy handling by companies
- Appropriate improvement of the user experience

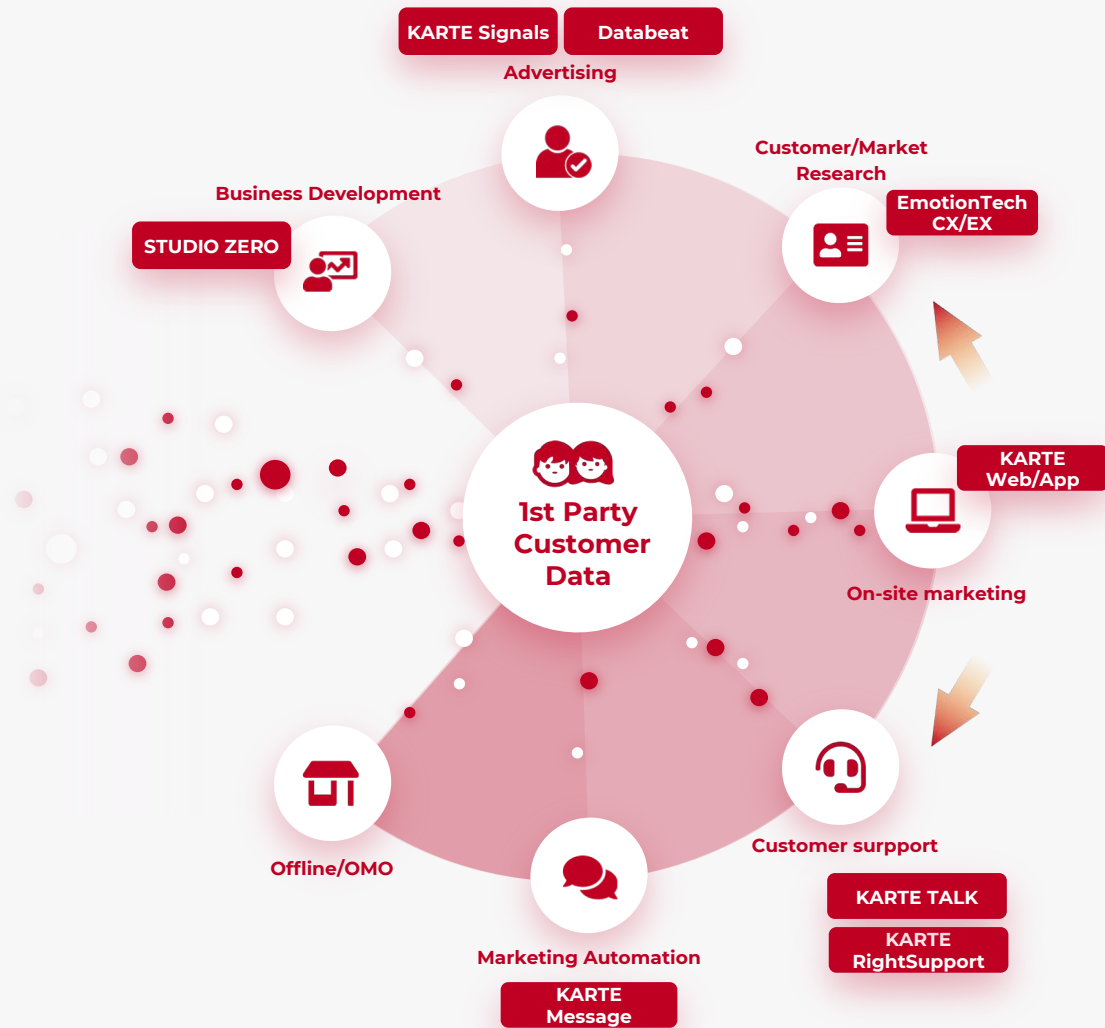
Mission and Growth Strategy

Overall Strategy of the Plaid Group

Initially started our business around on-site marketing area by offering KARTE, which has strengths in per-user real-time data analytics and real-time on-site actions

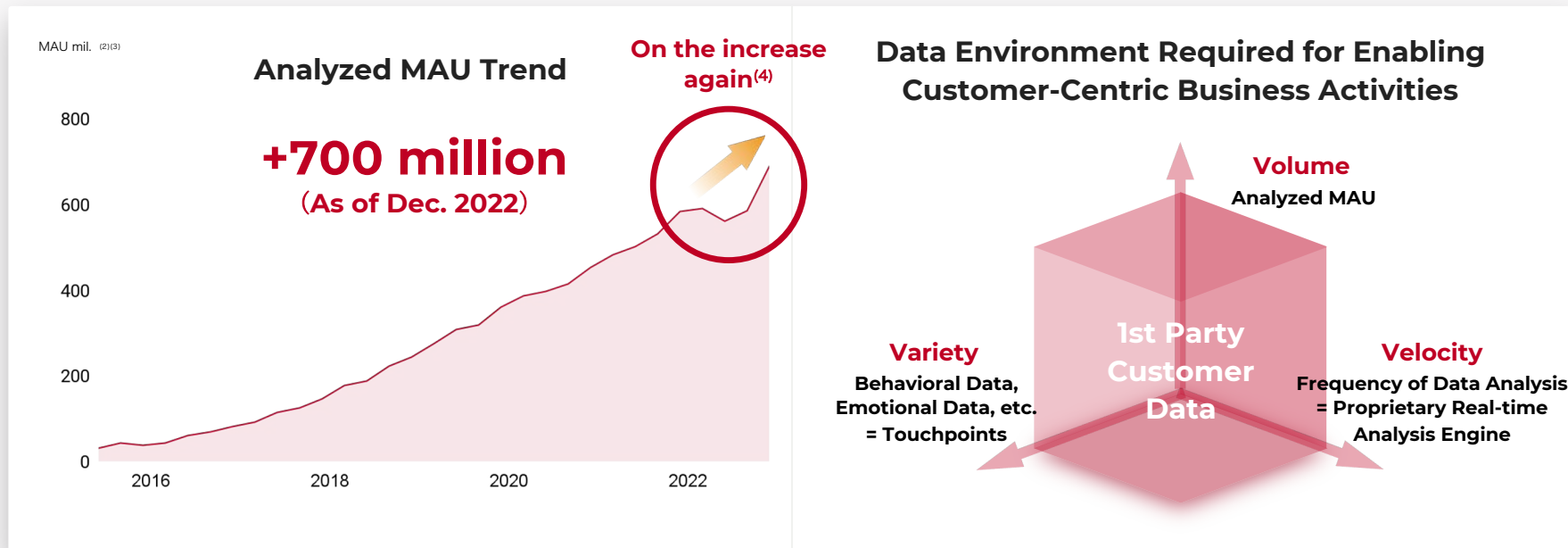
Thereafter expanded touch points and obtained multi-channel contacts with users by offering products and services optimized for specific areas or use cases such as customer support or customer research

Now developing a foundation for a platform with strengths in “multi-channel,” “1st party customer data,” and “real-time.”



1st Party Customer Data Accumulation

- The number of MAUs⁽¹⁾ analyzed in December 2022 exceeded 700 million, and the scale of customer data analysis has continued to grow since KARTE was launched in 2015
- We plan to continuously enrich data environment for supporting customer-focused business activities through product development



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Q1 FY 9/23 Financial Highlights (Consolidated/Non-Consolidated/KARTE domain)

1

Steady growth in net sales

- With the steady growth of KARTE domain's ARR⁽¹⁾ and net sales growth of both of new business domain and group companies, all of consolidated, non-consolidated and KARTE domain's net sales growth exceeded the guidance

2

Maintain stable gross profit margin

- Mainly due to the introduction of a new analytics engine and appropriate cost control of server expenses, the gross profit margin in KARTE domain remained around the level of Long term model, and as a result, both consolidated and non-consolidated gross profit margins maintained favorable levels

3

Lower SG&A than forecasted

- Despite investment for growth, SG&A expenses in KARTE domain were lower than expected due to postponement of some expenses, and as a result, SG&A expenses were lower than expected both on a consolidated and non-consolidated basis

4

Adjusted operating income improved from both the initial plan and the previous quarter

- As a result of the above, adjusted operating income exceeded the guidance in all of consolidated, non-consolidated, and KARTE domain



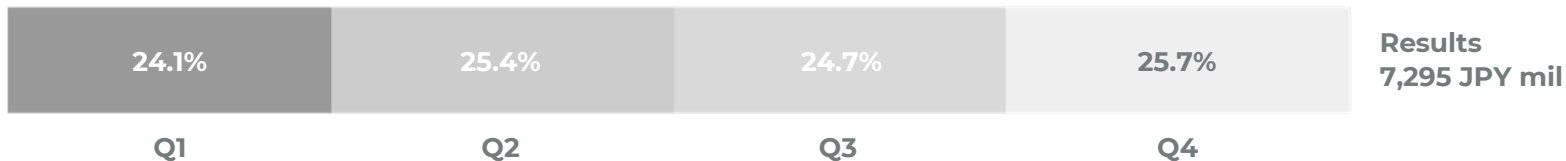
Progress against guidance for this fiscal year

- Q1 FY9/23 progress rate was 22.9%, slightly exceeding the internal plan
- In FY9/22, Q1 progress rate to the full-year net sales was relatively high because ARR dipped in Q3 and the accumulation of the net sales for Q3 and Q4 was not favorable.

Consolidated net sales FY9/23



Consolidated net sales FY9/22



Financial results summary

(JPY mil.)		Q1 FY 9/22	Q1 FY 9/23	Increase / decrease	Increase / decrease(%)
Net sales	Consolidated	1,760	1,952	+192	+10.9%
	Non-consolidated	1,585	1,762	+177	+11.2%
	KARTE domain	1,585	1,699	+114	+7.2%
	New Business domain	0	62	+62	-
	Group companies	184	227	+43	+23.4%
Subscription revenue ⁽¹⁾	Consolidated	1,578	1,686	+108	+6.8%
	Non-consolidated	1,507	1,583	+76	+5.0%
	KARTE domain	1,507	1,576	+69	+4.5%
	Group companies	70	104	+34	+47.8%
Gross profit margin ⁽²⁾	Consolidated	73.2%	73.3%	-	+0.1%
	Non-consolidated	75.3%	73.3%	-	▲2.0%
	KARTE domain ⁽³⁾	75.3%	75.5%	-	+0.2%
Adjusted operating income ⁽⁴⁾	Consolidated	▲139	▲87	+52	-
	Non-consolidated	▲92	▲5	+87	-
	KARTE domain	▲73	55	+128	-
	New Business domain	▲18	▲60	▲42	-
	Group companies	▲46	▲87	▲41	-
ARR ⁽⁵⁾	Consolidated	6,377	6,858	+481	+7.5%
	Non-consolidated	6,089	6,423	+334	+5.5%
	KARTE domain	6,089	6,390	+301	+4.9%

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

KPI results summary

Net sales / YoY Growth rate: Consolidated

1,952 JPY mil. (Q1 FY9/23) / **10.9%**

of Customers⁽²⁾: Consolidated

744 (End of Dec. 2022)

ARR⁽¹⁾ / YoY Growth rate: Consolidated

6,858 JPY mil. (End of Dec. 2022) / **7.5%**

ARPC⁽³⁾: Consolidated

768 JPY thou. (End of Dec. 2022)

Gross profit margin: Consolidated

73.3% (Q1 FY9/23)

Employees: Consolidated / Non-consolidated

339 / 277 (End of Dec. 2022)



Financial Results - PLAID Group (Consolidated) -

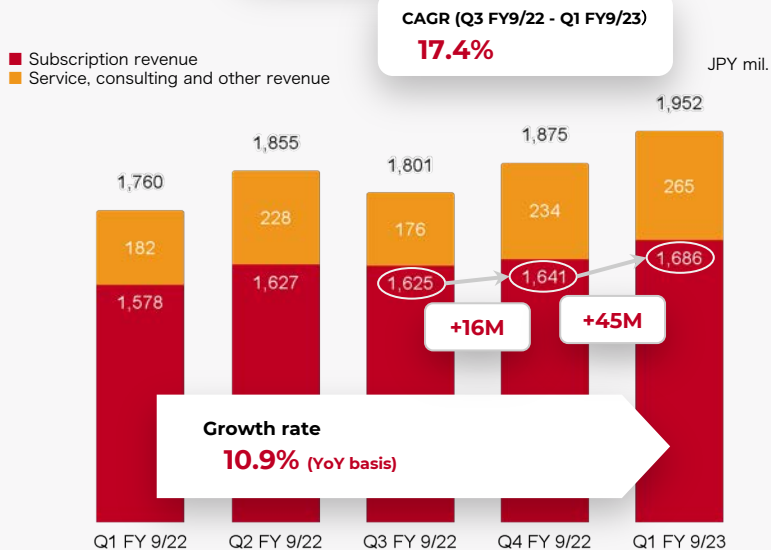
Change in net sales disclosure categories from FY 9/23

FY 9/22	FY 9/23	Definitions
Subscription revenue	Subscription revenue	monthly subscription charges for product offering
Service recurring revenue	Service, consulting and other revenue	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

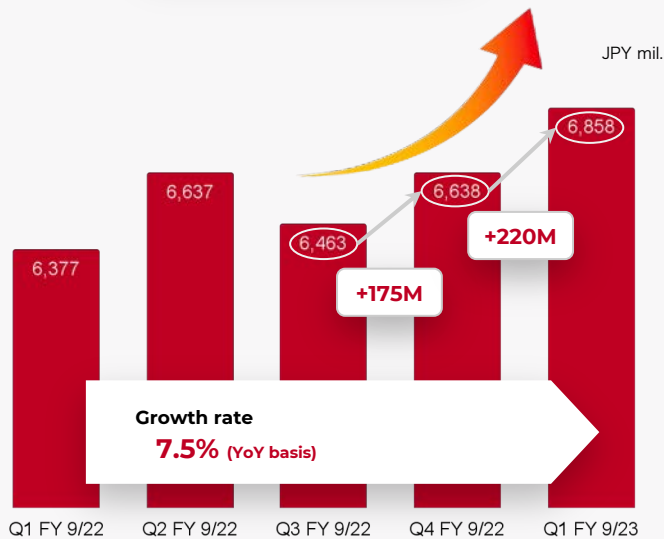
Incremental consolidated net sales and ARR are on rise

- Consolidated ARR was bottomed out after a dip in Q3 FY9/22 mainly due to an improvement in renewal rate resulting from an improved customer value recognition, further accelerating the pace of the growth
- Both increase in Service, consulting and other revenue and growth of RightTouch and EmotionTech's net sales contributed to the acceleration

Consolidated net sales



Consolidated ARR⁽¹⁾

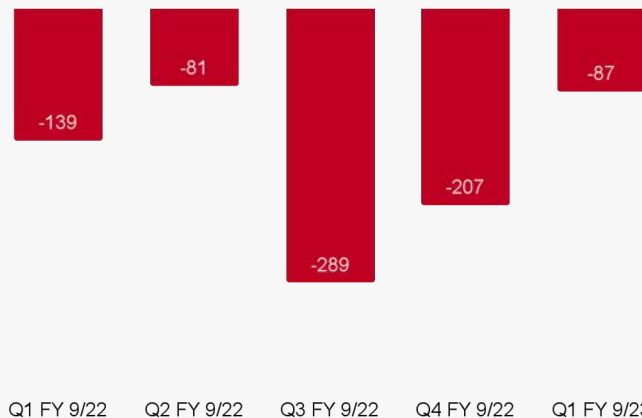


Adjusted operating income⁽¹⁾ improved in comparison with both the guidance and the previous quarter

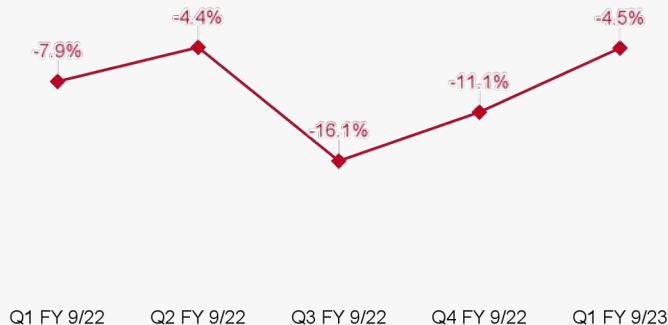
- In addition to the increase in consolidated net sales, efficient spending and the postponement of the using of some expenses resulted in lower-than-expected SG&A expenses

Adjusted operating income

JPY mil.



Adjusted operating margin

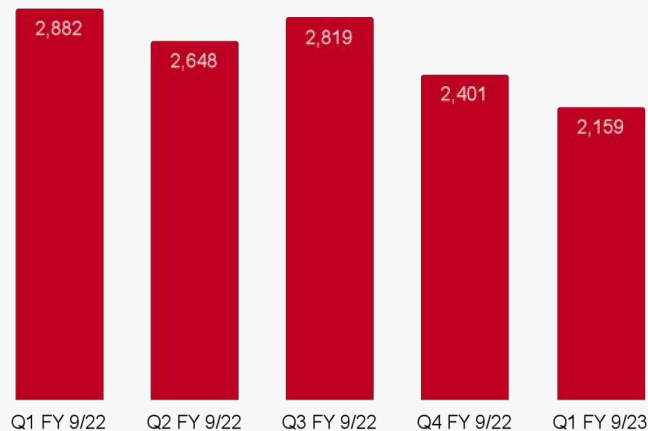


Maintained a sound condition of balance sheet and cash on hands

- Regardless of making necessary investments in the Group, maintained a sound condition of balance sheet and net cash

Net cash

JPY mil.

**Equity**

JPY mil.

■ Equity
— Equity-to-asset ratio

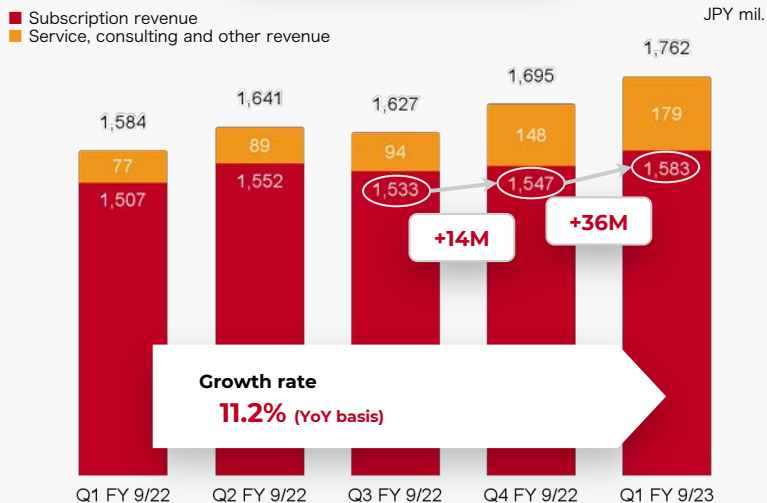


PLAID (Non-Consolidated)

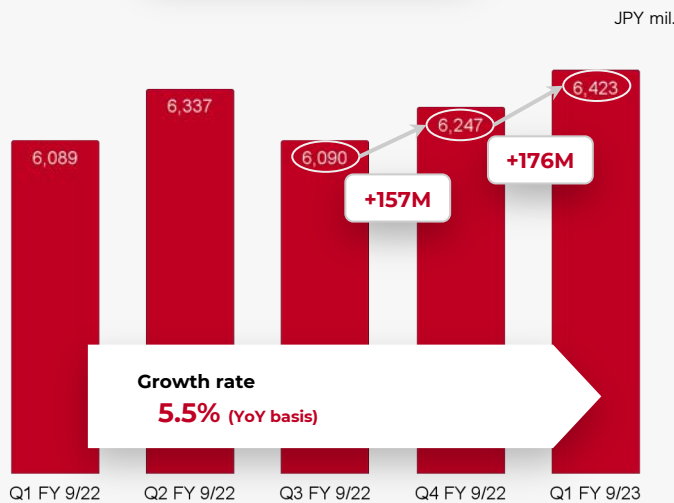
Plaid's growth pace is steadily improving

- While the pace of ARR⁽¹⁾ growth is still in the phase of an improvement, QoQ accumulation is on an increasing trend
- Service, consulting and other revenue resulting from new business domain consisting of STUDIO ZERO and Ecosystem Business is also a substantial growth driver

Net sales



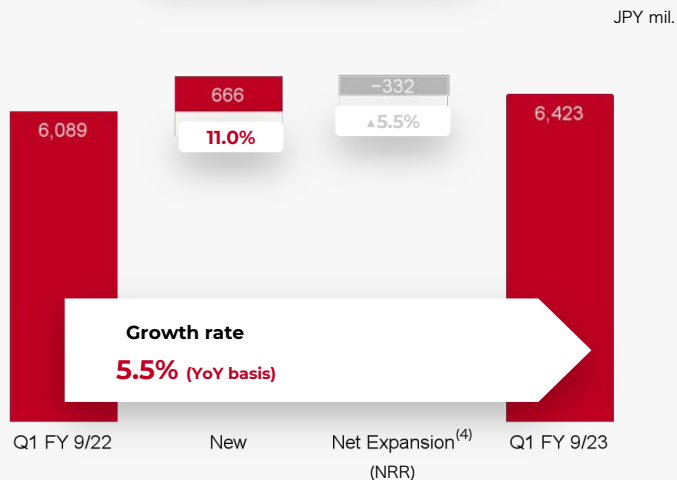
ARR



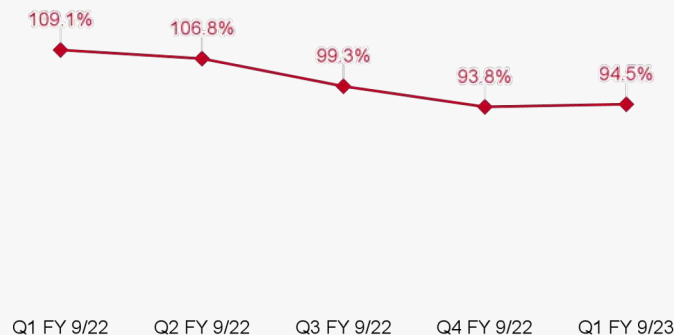
Breakdown analysis of ARR⁽¹⁾ growth

- Strong new customer acquisition continued to contribute to ARR growth
- NRR still below 100% but was bottomed out in Q4 FY9/22
- Customer retentions have been improved substantially due to multiple measures taken, described in P.32

ARR bridge



NRR⁽²⁾⁽³⁾



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. Gross expansion - Contraction

Management Discussion & Analysis (MD&A) on ARR

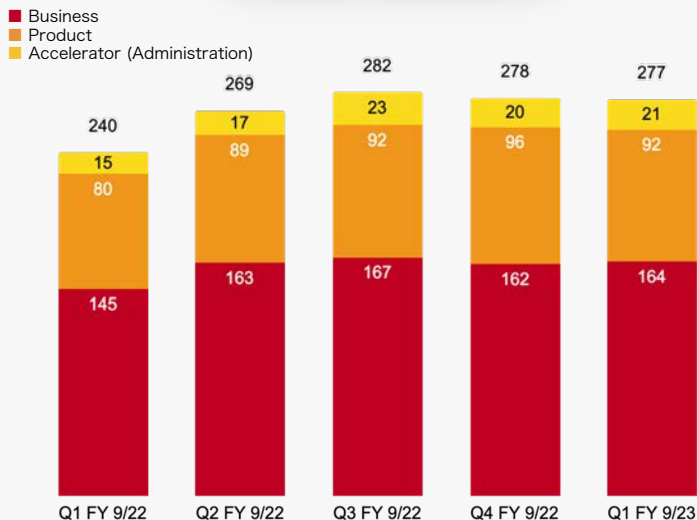
	Analysis	Issues and addressing measures
New customer acquisition	<ul style="list-style-type: none"> ● Both the number and amount of new customers acquisitions exceeded the plan ● Inbound and outbound lead generation went well and closing rate kept at a favorable level ● Average revenue per newly acquired customer was lower-than-expected 	<ul style="list-style-type: none"> · Hiring and nurturing sales professionals: we continue to be focusing on talent acquisition due to the shortage of sales personnel since Q4 FY9/22 · Shifting toward an enterprise-focused sales structure: we are rebuilding enterprise-focused business operations including mental transformation
Gross expansion⁽¹⁾	<ul style="list-style-type: none"> ● Both the number and amount of new customers acquisitions exceeded the plan ● Cross & up selling went well while expansions into different websites within existing customers fell short ● In addition to Datahub and Blocks, Signals and Message were sold well 	<ul style="list-style-type: none"> · Clarifying the responsibility for discovering expansion opportunities: we did it because such responsibilities tend to be left alone between sales and customer success. · Promoting new products to existing customer base: we continue to expect contribution to ARR growth from Blocks, Signals and Marketing Automation as in Q4 FY9/22
Gross contraction⁽¹⁾	<ul style="list-style-type: none"> ● In line with the plan ● Renewal rate⁽²⁾ was slightly above the plan 	<ul style="list-style-type: none"> · Standardizing customer success operations: we aim at better monitoring process of customers' status and efficient operations as in FY22Q4 · Increasing customer success persons: we need to increase those further to internalize some outsourced customer success operations as in Q4 FY9/22



Number of employees remained as planned

- Controlled pace of hiring in Q1 FY9/23 due to review of hiring process in response to organizational changes
- Gradually accelerate hiring sales and customer success persons from Q2 FY9/23 onward due to strong new customer acquisition and customer retention

Number of employees⁽¹⁾



ARR per employee⁽¹⁾



Business Domains

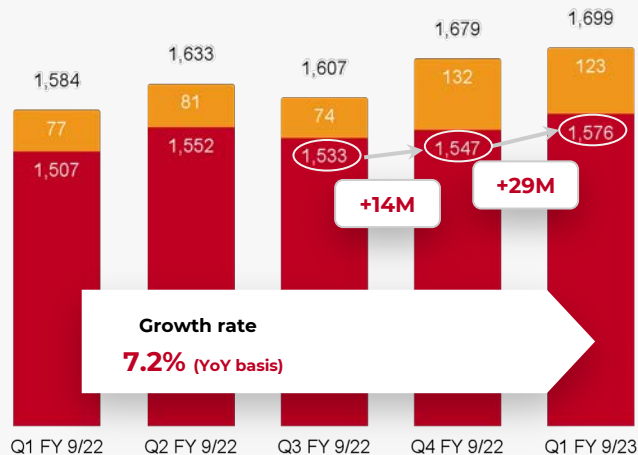
Business operation redesign is progressing well

- Pace of net increase in subscription revenue is improving and will be expected to accelerate further

Net sales

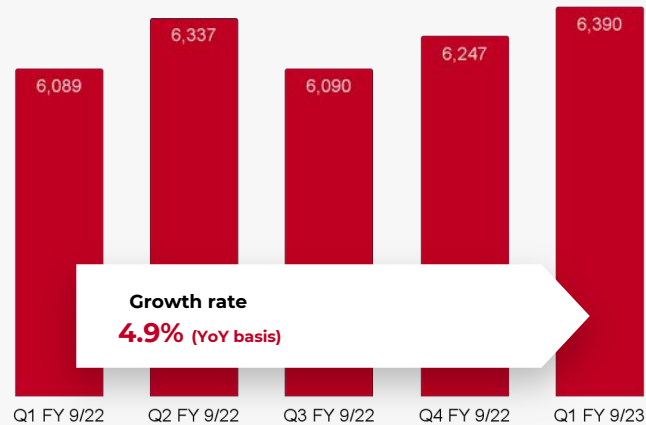
■ Subscription revenue
■ Service, consulting and other revenue

JPY mil.



ARR⁽¹⁾

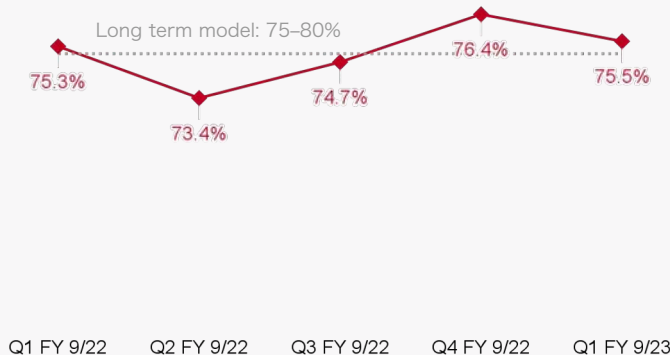
JPY mil.



Gross profit margin maintains a favorable level

- New analytics engine continues to absorb a negative impact from the yen depreciation

Gross profit margin⁽¹⁾

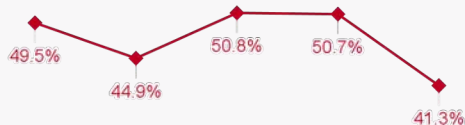
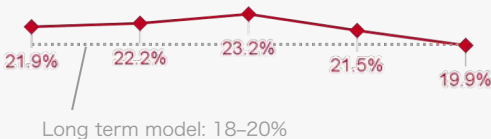
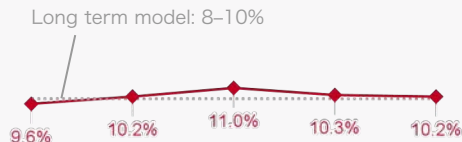


USD/JPY exchange rate

— Effective exchange rate (After currency hedging)
 ... Market rate⁽²⁾



SG&A resulted lower than forecasted due to the postponement of using some expenses in addition to efficient spending

S&M⁽¹⁾ ratioR&D⁽²⁾ ratioG&A⁽³⁾ ratio

Q1 FY 9/22 Q2 FY 9/22 Q3 FY 9/22 Q4 FY 9/22 Q1 FY 9/23

PLAID(Non-Consolidated)

Q1 FY 9/22 Q2 FY 9/22 Q3 FY 9/22 Q4 FY 9/22 Q1 FY 9/23

PLAID(Non-Consolidated)

Q1 FY 9/22 Q2 FY 9/22 Q3 FY 9/22 Q4 FY 9/22 Q1 FY 9/23

PLAID(Non-Consolidated)

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



Q1 FY9/23 adjusted operating income⁽¹⁾ in KARTE domain resulted temporarily in the black due to net sales increase and the postponement of SG&A expenses



Rapid expansion in scale of new business domain⁽¹⁾

- STUDIO ZERO, offering consulting-type services currently, performed well
- Installation of Joint products with external partner companies provided by Ecosystem Business were steadily progressed

Net sales

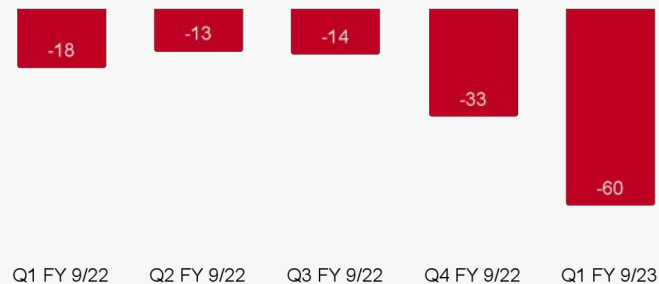
■ Subscription revenue
■ Service, consulting and other revenue

JPY mil.



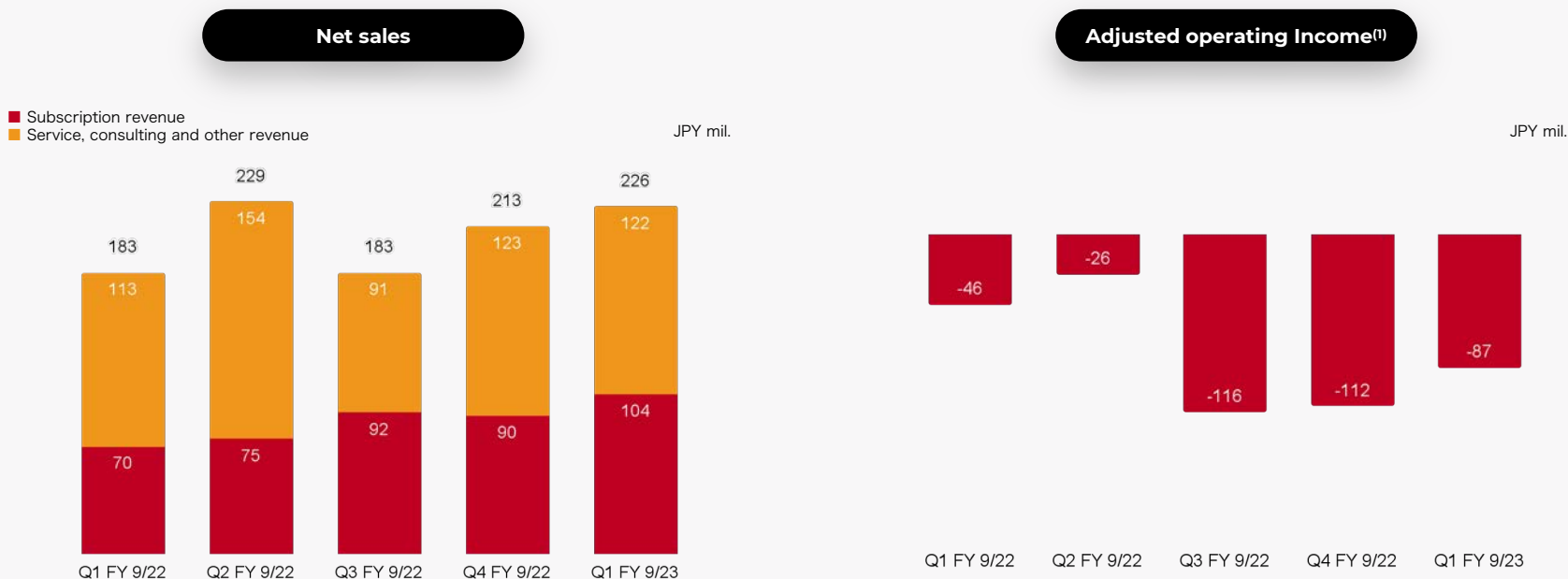
Adjusted operating Income⁽²⁾

JPY mil.



RightTouch and EmotionTech's net sales also expanded steadily

- Subscription revenue increased due to new customer acquisition of RightTouch and expansion with enterprise customers of EmotionTech



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Measures for better customer retention and Q1 performance

- Q1 FY9/23 renewal rate has improved from the level in FY9/22 avg. to the level in FY9/21 avg.

Key measures



Setting of the quantitative scores measured by customer activity, and responses based on that



Actively provided total values consist of experienced engineers and planners for clients with high-priced contracts



Early detection of deteriorating conditions, formulation of recovery plans, and thorough execution of the plans



Renewal rate⁽ⁱ⁾



STUDIO ZERO has accumulated a diverse track records of supporting leading companies in various industries

STUDIO ZERO

Creating an organization where people are
Developed and knowledge is accumulated

BX Business Development

Co-Creation
Operations / Investment

Traveling

Operational support for company-wide publicly solicited
new business development projects

Transportation

New business development support focused on OMO

CX Customer value Development

Strategy Planning/Execution
Experience Design

Insurance

Support for building next-generation sales schemes that
utilize digital marketing

Real estate

Support for Experience Design in Smart Buildings

EX Human Development

Training program
(inhouse/exchange program)

Wholesale

Support for DX human development

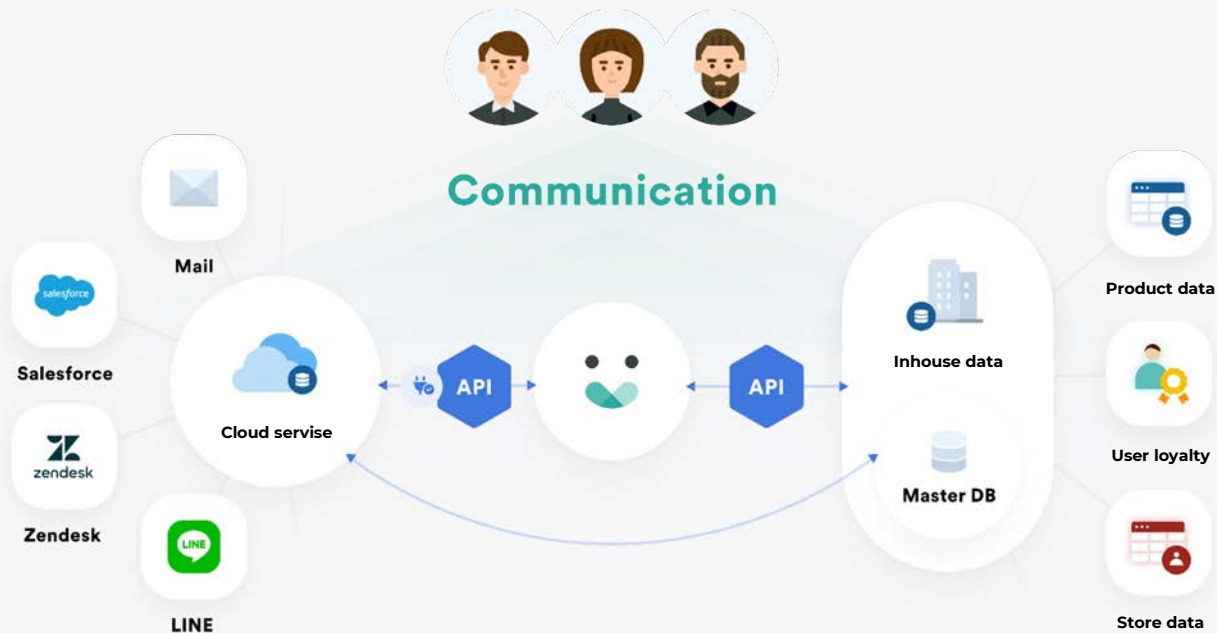
Telecommunications

Support for next generation sales and marketing human development

PLAID Ecosystem created in collaboration with partners

Connecting KARTE's customer data with other systems in real time to solve business issues

We add value for corporate customers to grow their businesses or solve their issues by connecting KARTE's customer data with multiple systems in real-time that our corporate customers use

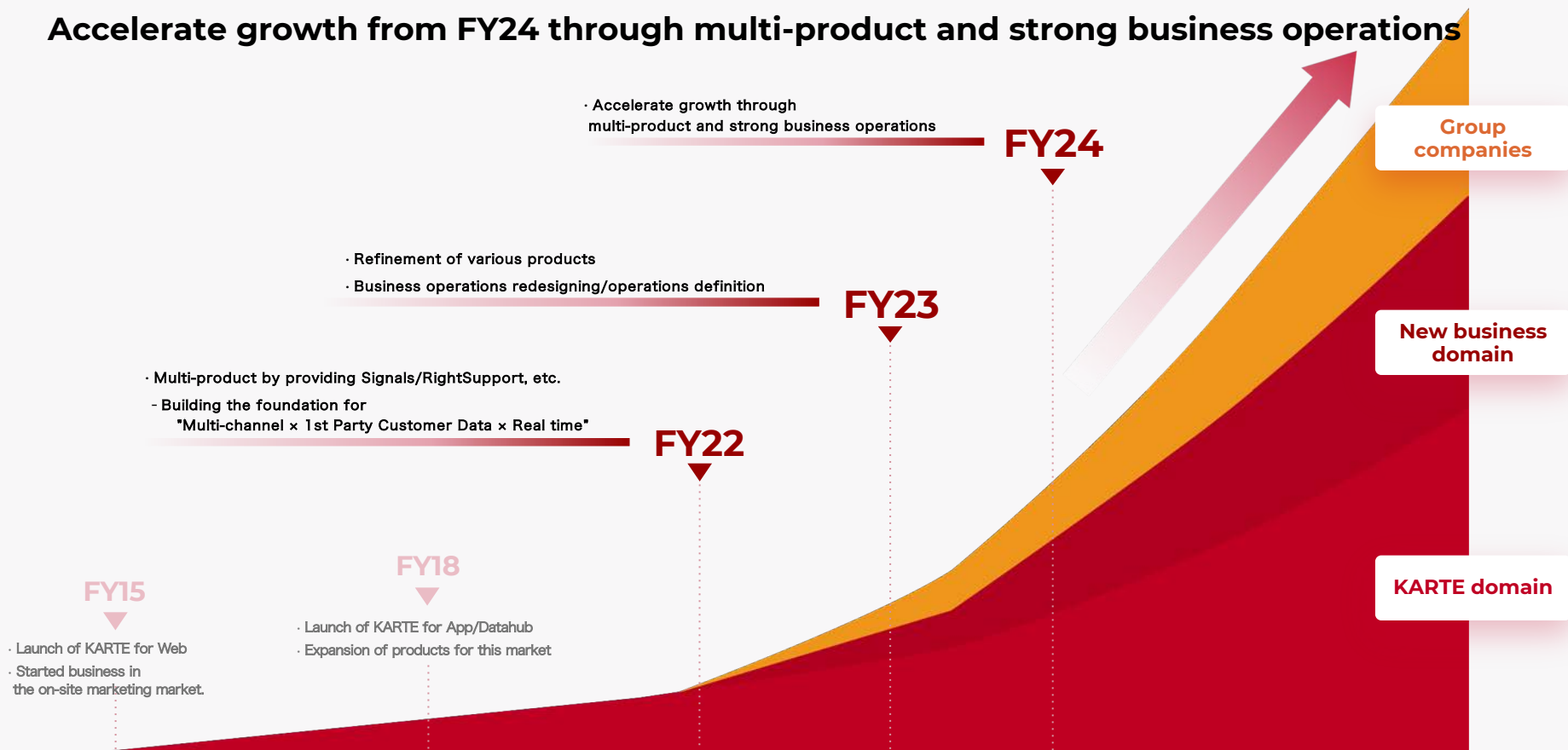


RightTouch exceeds ARR⁽¹⁾ 100 JPY mil. in about 9 months after product launch

- Rapid expansion of the sales scales centering on contracts with enterprise companies in finance, infrastructure, and human resources
- Proceeded not only cross-selling to Plaid's existing customers but also introductions of the products to new customers



Accelerate growth from FY24 through multi-product and strong business operations



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Key Takeaways for FY23Q1

1

Plaid Group's consolidated topline growth on track

The growth of the Group's net sales including KARTE domain as a core of the Group was on track. KARTE domain's ARR⁽¹⁾ was increased mainly due to improved customer retentions in addition to strong growth of New Business domain and Group companies.

2

'Quality growth' in KARTE domain with a well-balance between growth and investments

Balancing growth and investments, KARTE domain is shifting toward so-called 'quality growth'. While making necessary investments or spending on personnel, we carefully considered resource allocations reflecting investment efficiencies and improved productivity.

3

Overall business operations, especially customer success operations, strengthened

By, for example, introducing new service processes or standardizing operations for customer success activities, we successfully improved customer value proposition of existing customers, ultimately improving our customer retention rate.

4

Forming a foundation of a 'hybrid' GTM strategy into Japan's enterprise segment

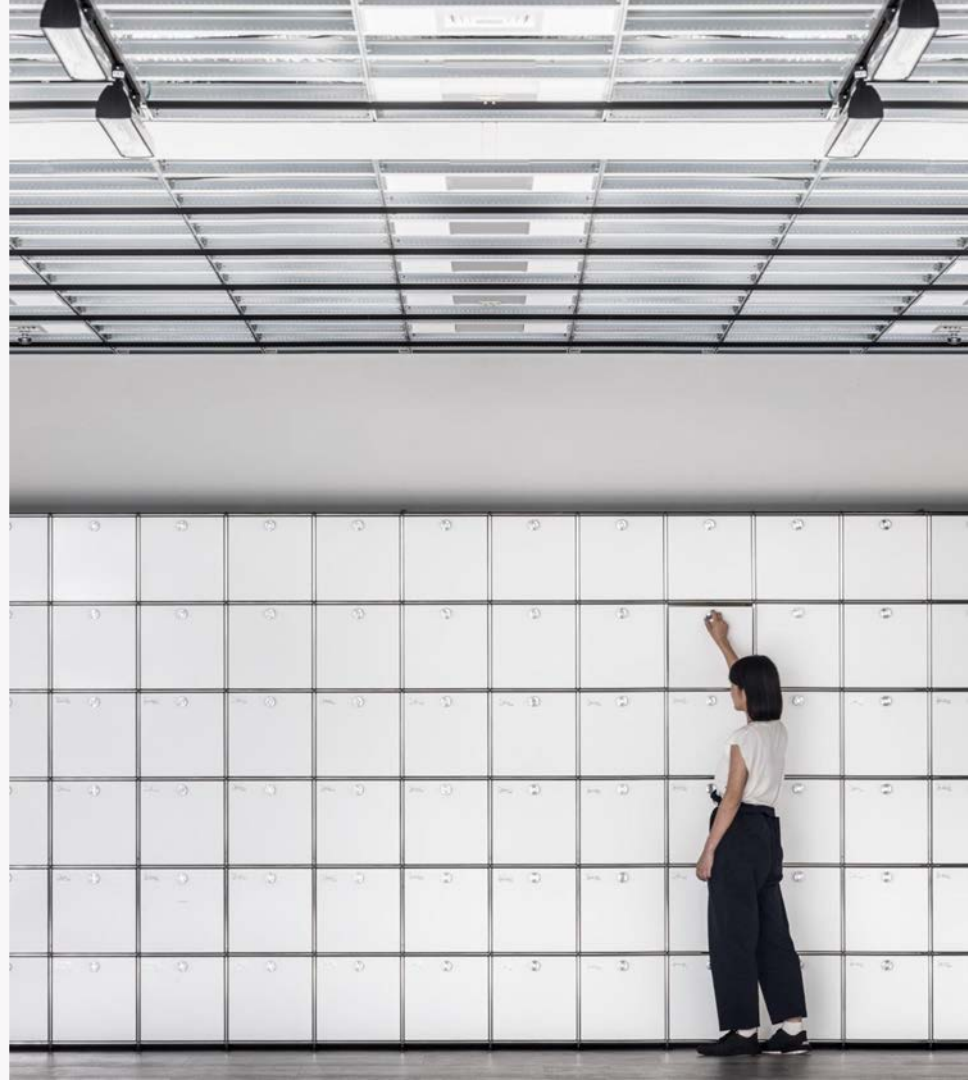
We are compiling a 'hybrid' GTM strategy toward Japan's enterprise segment with STUDIO ZERO and Ecosystem Business.

In Japan's enterprise software and IT service market where customized solutions by 'Sler' are more prevalent than global market, just providing high end products is not good enough. It is necessary to provide solutions or consulting to issues before providing software and to help customers connect products with their existing IT infrastructure.



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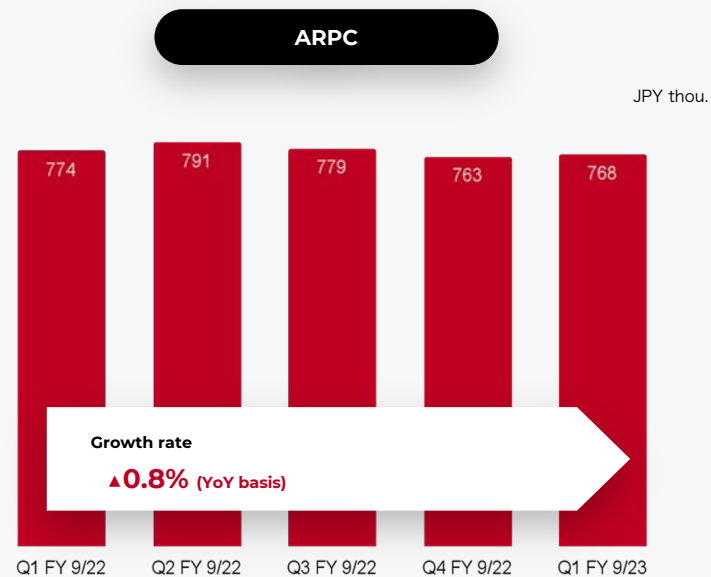
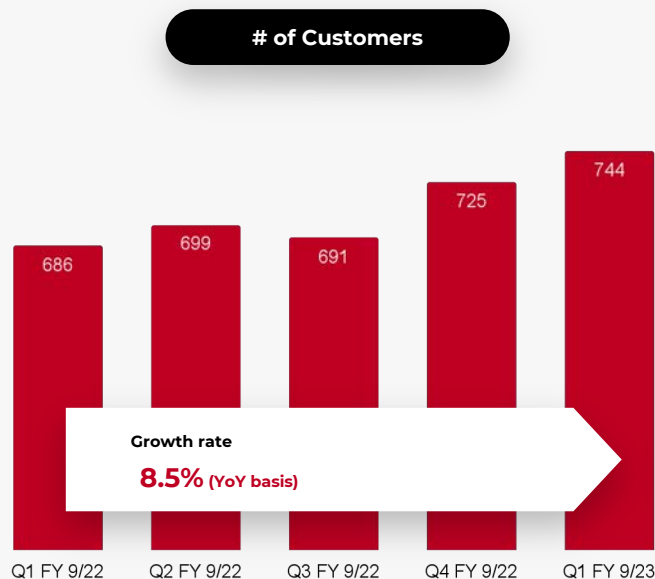
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Financial Information

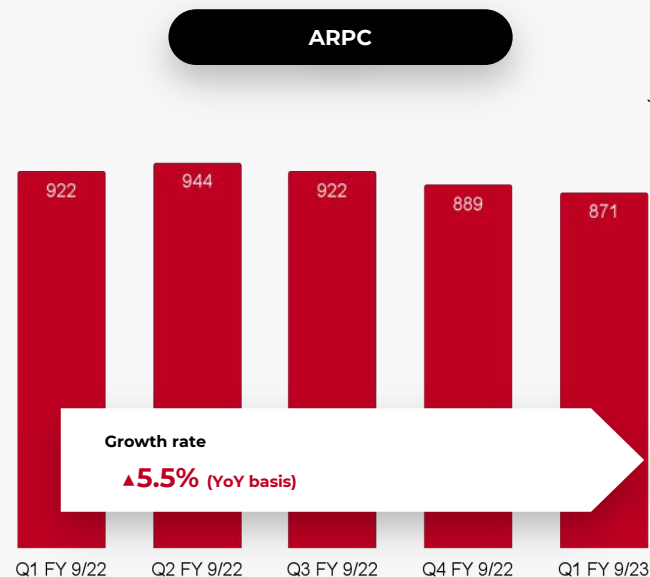
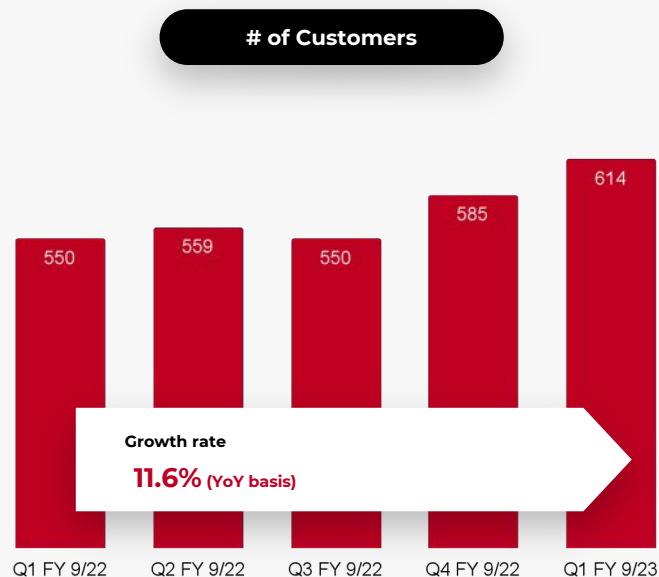
Customers⁽¹⁾⁽²⁾ and ARPC⁽³⁾

- Increased the number of customers due to strong new customer acquisition and customer retention on Plaid



Customers⁽¹⁾ and ARPC⁽²⁾

- Increased the number of customers due to strong new customer acquisition and customer retention



JPY thou.



Income Statement (Quarterly)

(JPY mil.)	Q1 FY 9/23	Q1 FY 9/22	YoY	Q4 FY 9/22	QoQ
Net sales	1,952	1,760	+10.9%	1,876	+4.1%
Subscription revenue	1,686	1,578	+6.8%	1,641	+2.7%
Service, consulting and other revenue	265	182	+45.9%	234	+13.3%
Gross profit⁽¹⁾	1,418	1,285	+10.4%	1,417	+0.1%
Gross profit margin	72.7%	73.0%	▲0.3pt	75.5%	▲2.8pt
SG&A	1,566	1,465	+6.9%	1,665	▲6.0%
% of Net sales	80.2%	83.3%	▲3.1pt	88.8%	▲8.6pt
Personnel expenses	905	734	+23.2%	925	▲2.2%
% of Net sales	46.4%	41.7%	+4.7pt	49.3%	▲2.9pt
Advertising expenses	122	185	▲33.8%	235	▲48.0%
% of Net sales	6.3%	10.5%	▲40.3%	12.6%	▲0.5pt
Other	538	546	▲1.4%	504	+6.7%
% of Net sales	27.6%	31.0%	+3.1pt	26.9%	+7.2pt
Operating income	▲147	▲180	▲18.1%	▲248	▲40.6%
Adjusted operating margin	▲7.6%	▲10.2%	+2.6pt	▲13.3%	+5.7pt
Reconciling items	60	40	+46.5%	40	+46.5%
Goodwill amortization	40	40	+0.0%	40	0.0%
Stock-based compensation expenses	19	0	+2224.1%	0	+2224.1%
Other non-recurring expenses	-	-	-	-	0.0%
Adjusted operating income	▲87	▲139	▲37.2%	▲207	▲57.8%
Adjusted operating margin	▲4.5%	▲7.9%	+3.4pt	▲11.1%	+6.6pt

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

Balance Sheet⁽¹⁾

(JPY mil.)	FY 9/20	FY 9/21	FY 9/22	Q1 FY 9/23
Total current assets	2,642	4,956	5,148	5,125
Cash and deposits	2,091	4,172	4,240	3,935
Notes and accounts receivable, trade	475	645	710	804
Other	75	138	197	385
Total non-current assets	426	2,027	1,942	2,247
Total current liabilities	1,084	1,640	1,881	1,990
Total non-current liabilities	380	390	1,139	1,097
Total net assets	1,604	4,953	4,070	4,285

Note 1. Table on the right shows non-consolidated figures for FY 9/20

Appendix

Long Term Model⁽¹⁾⁽²⁾ (KARTE domain)

	FY 9/20	FY 9/21	FY 9/22	Q1 FY 9/23	Long term model
Gross profit margin	71.2%	73.3%	74.8%	75.5%	75-80%
S&M	61.0%	41.6%	49.0%	41.3%	25-30%
R&D	23.7%	18.7%	22.2%	19.9%	18-20%
G&A	13.4%	9.8%	10.3%	10.2%	8-10%
Operating margin	▲26.9%	3.1%	▲6.6%	4.1%	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

(Re-post from Q4 FY9/22) Analysis of Situation by factor, recognition of issues and efforts to address them

	Analysis of situations by factor	Issue Recognition and measures to be taken
New customer acquisition	<ul style="list-style-type: none"> · Slightly better than the revised plan · Pipelines becoming strong · The number of leads is on rise owing to reinforced marketing activities and the percentage of leads converting into pipelines is increased by a dedicated team's efforts 	<ul style="list-style-type: none"> · Hiring and nurturing sales persons: the number of sales is not sufficient compared with the number of pipelines since we have prioritized the allocation of human resources to customer success
Existing customer expansion	<ul style="list-style-type: none"> · The gross expansion of existing customer exceeded the revised forecast · Especially upselling of web and cross-selling of datahub went well 	<ul style="list-style-type: none"> · Value recognition and retention as the first priority: we commonly understand that our customer feel the value of KARTE by fully utilizing it through expansion of up-selling and cross-selling is also important · Cross-selling of new products to existing customers: we expect contributions from new product lines such as Blocks, Signals or Marketing Automation to be described later
Contraction	<ul style="list-style-type: none"> · Slightly larger MRR contraction due to churn and downsell · It is properly measured whether customers are feeling value by using our products and we are working on to improve customer value 	<ul style="list-style-type: none"> · Standardization of customer success operations: we aim at better monitoring of customers' status and efficient operations · Increasing customer success persons: we need to increase those further to internalize some outsourced customer success operations










Company Information

Company Overview

Company Name	PLAID, Inc.
Founded	October 2011
Headquarter	GINZA SIX 10F, GINZA 6-10-1, Chuo-ku, Tokyo, Japan 104-0061
CEO	Kenta Kurahashi
# of Employees (Consolidated)	339 (as of Dec. 2022)



Overview of Plaid group by business domain

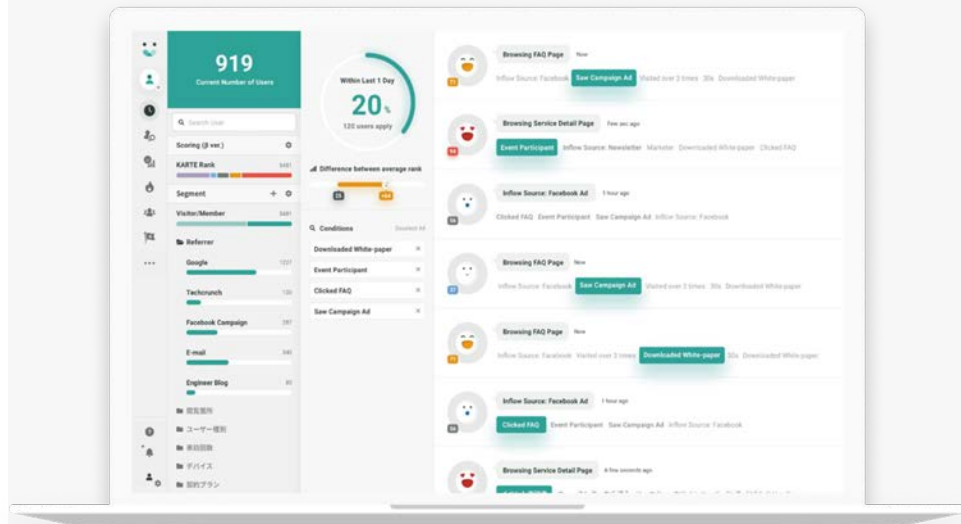
Business domain		Overview	Main product/service
PLAID	KARTE domain	<ul style="list-style-type: none"> Offers products and services centered around KARTE to enrich CX and marketing for companies 	    
	New business domain	<ul style="list-style-type: none"> Create new value with partners through data/technology collaboration by opening Plaid's APIs and various alliances with companies. 	 PLAID Ecosystem STUDIO ZERO
RT/ET /agito	Group companies	<ul style="list-style-type: none"> Offers products and services optimized for areas other than on-site marketing where Plaid is focused on currently 	  

Products



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

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



Feature of KARTE

Feature 1.

**Visualization of
individual customers**

Feature 2.

**Real-time
analysis**

Feature 3.

**End-to-end
solution**

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



Feature 2.

Real-time analysis

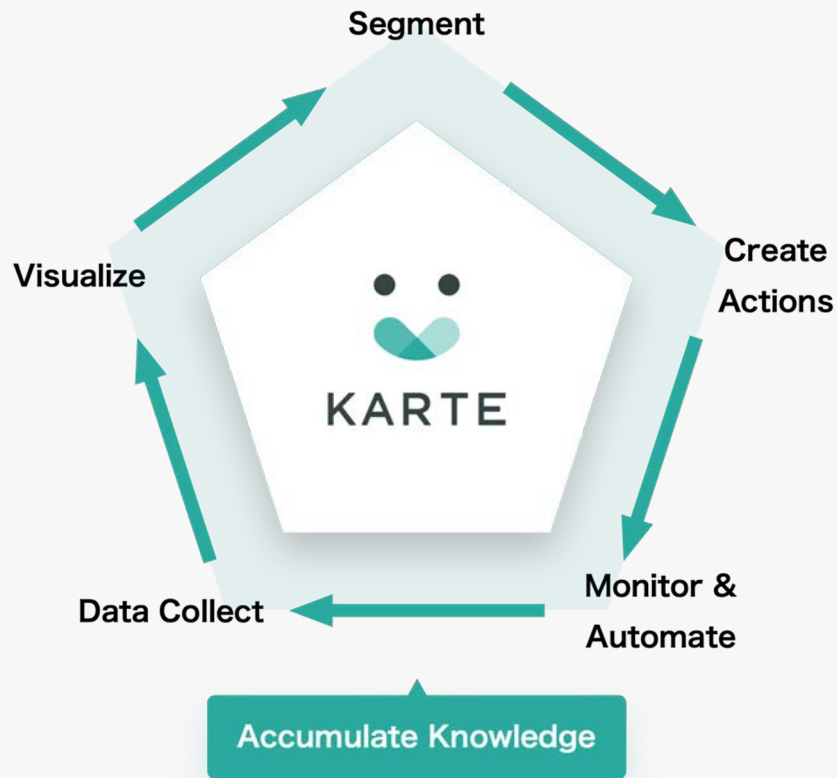
KARTE analyzes the real-time behaviors of customers visiting a website, etc., such as "They have been considering a specific product for a long time," together with the past data. This enables businesses to communicate appropriately with customers, without overlooking a timing or sign of their intent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



Feature 3.

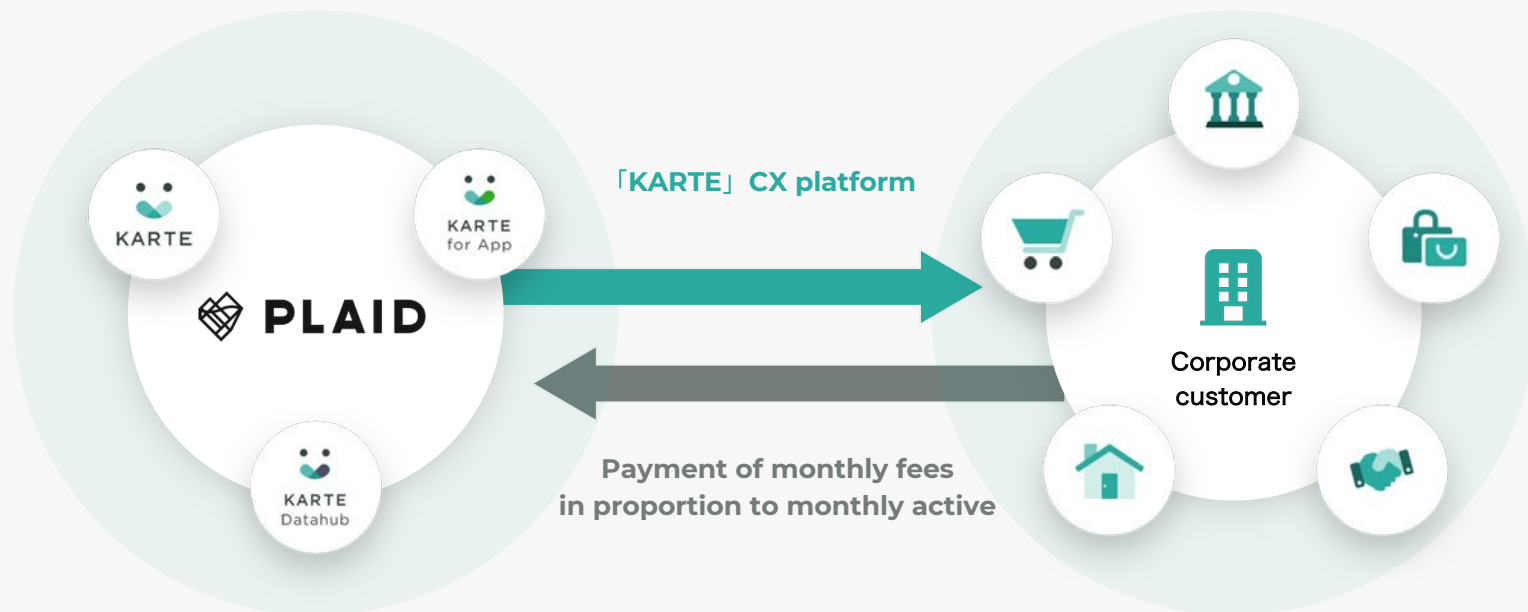
End-to-end solution

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




Business Model

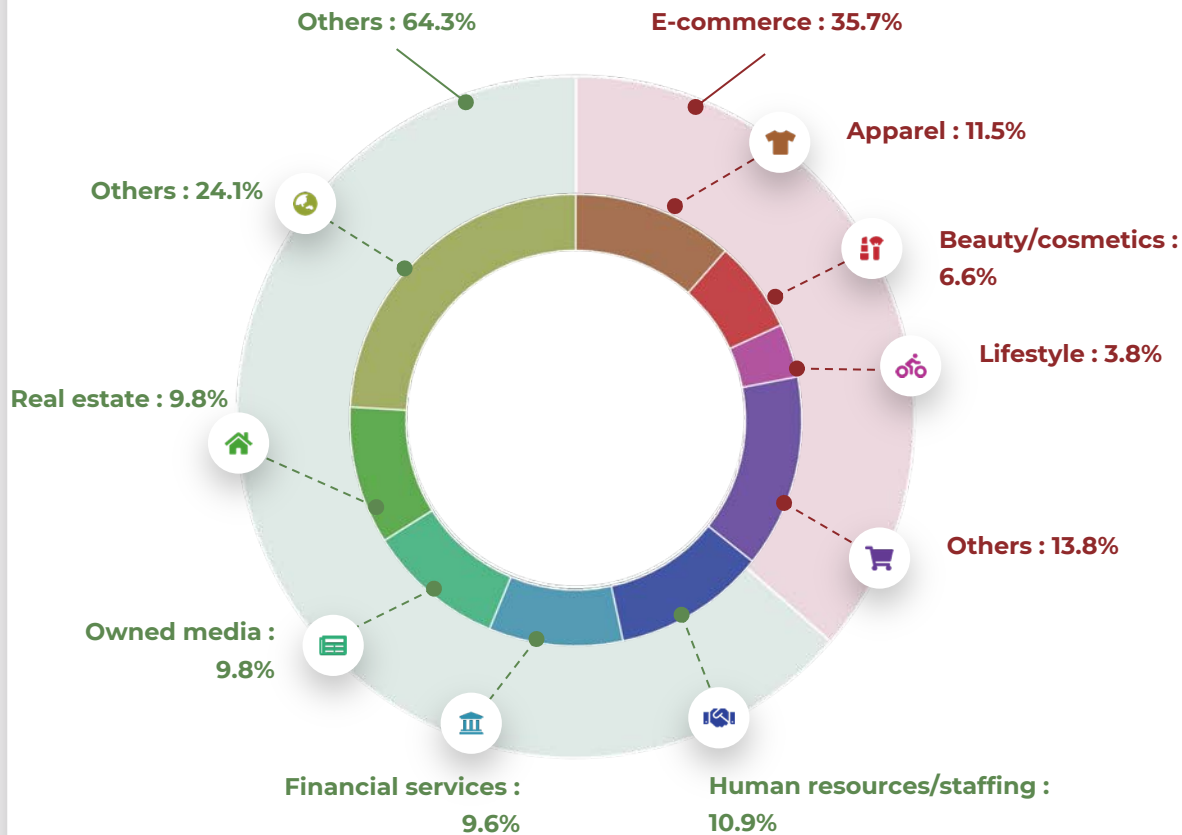
A Subscription model in which pricing is based on monthly active users on website or smartphone app
(Annual contract)



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

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

Percentages of Subscriptions by Industry ⁽¹⁾



Note 1. Industry percentage as of September 30, 2022

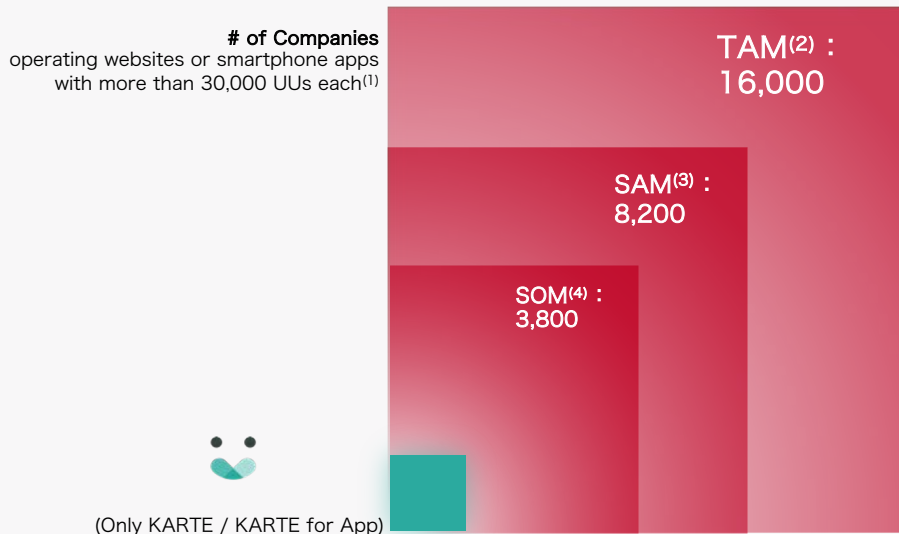
The Potential Market Size of KARTE / KARTE for App

There are about 3,800 companies in Japan that are likely to adopt KARTE / KARTE for App based on its current functions and pricing

Large potential market is existing

ref :

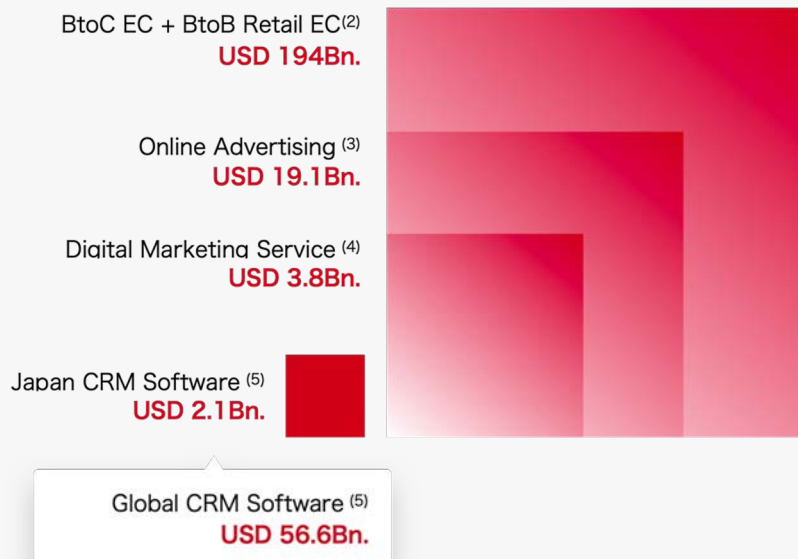
614 companies as of the end of Q1 FY 9/23



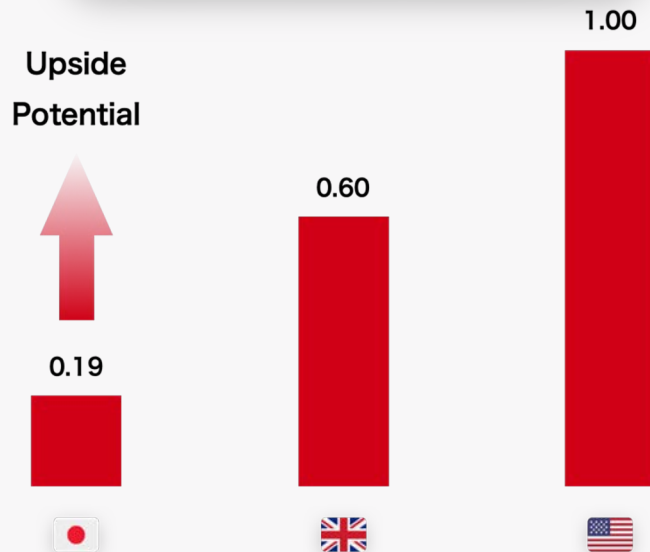
Notes: 1. This is the number of companies operating Japanese website with more than 30,000 UUs per month based on data from SimilarWeb Ltd. as of February 2019 and smartphone apps that have been updated within 365 days and downloaded 5,000 times, based on Appannie's data as of June 2021. They are defined as companies with the potential to adopt KARTE/KARTE for App / 2. TAM: Total Addressable Market. This is the sum of the number of companies operating websites and smartphone apps in Japan, calculated based on the criteria described in (Note 1) / 3. SAM: Service Addressable Market. This is the number of companies that are likely to adopt KARTE/KARTE for App by function enhancements or pricing changes, etc. / 4. SOM: Service Obtainable Market. This is the number of companies in SAM (Note 3) that are expected to have a particularly high potential to adopt KARTE/KARTE for App in light of their industry and business model etc.

Multiple Touchpoints to Large and Extensive TAM

Extensive Estimated TAM in Japan⁽¹⁾

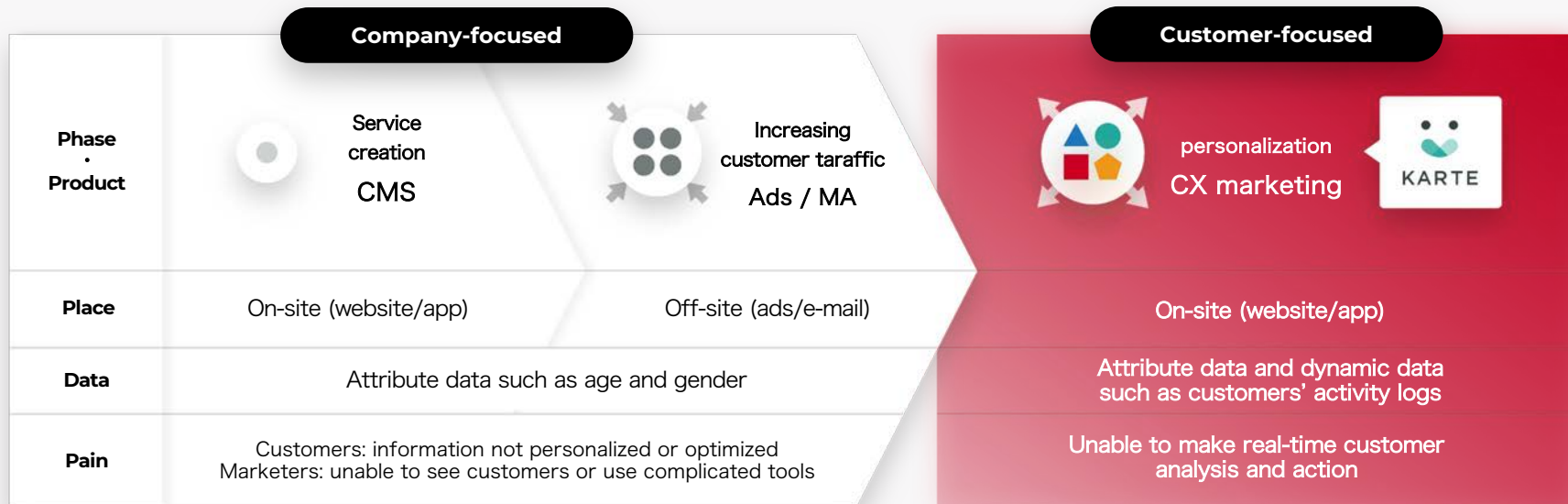


Cloud CRM Software Penetration⁽⁶⁾



Notes: 1. Exchange rate at JPY/USD=110.0 / 2. Ministry of Economy, Trade and Industry, "Results of FY 2019 E-Commerce Market Survey" / 3. Dentsu Inc., "Advertising Expenditures in Japan for 2019". Internet advertising expenditure / 4. IDC, spending in 2019, "Digital Marketing-related Services Market in Japan, 2020-2024" / 5. Gartner, "Forecast: Enterprise Application Software, Worldwide, 3Q20 Update". Market size of customer experience and relationship management excluding digital commerce market in 2019 / 6. Source: Gartner, "Forecast: Enterprise Application Software, Worldwide, 2018-2024, 3Q20 Update", Neha Gupta, et al., 30 September 2020, Penetration = (Market Size of Customer Experience and Relationship Management (CRM) Software CY 2019) / (CY 2019 Total Selling and Marketing Expense by Listed Companies). Market Size of Customer Experience and Relationship Management (CRM) Software includes the market both for listed and private companies. Total Selling and Marketing Expense includes numbers only from listed companies

Paradigm shift in Digital Marketing



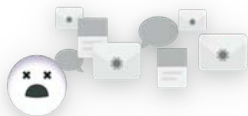
From the phase of service creation and customer attraction
To the phase communicating value to customers

Increasing Frustrations with Digital Marketing

The customers'

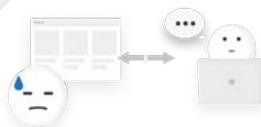


Contents are not
streamlined for individual
customers



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****

*Maximize the value of people
with the power of data*