



Earnings Results for the quarter ended Sep. 2023 (Q3 FY 9/23)

PLAID, Inc. (4165, TSE Growth) | August 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 Q3 FY 9/23
3. Earnings Guidance for FY 9/23
4. Appendix

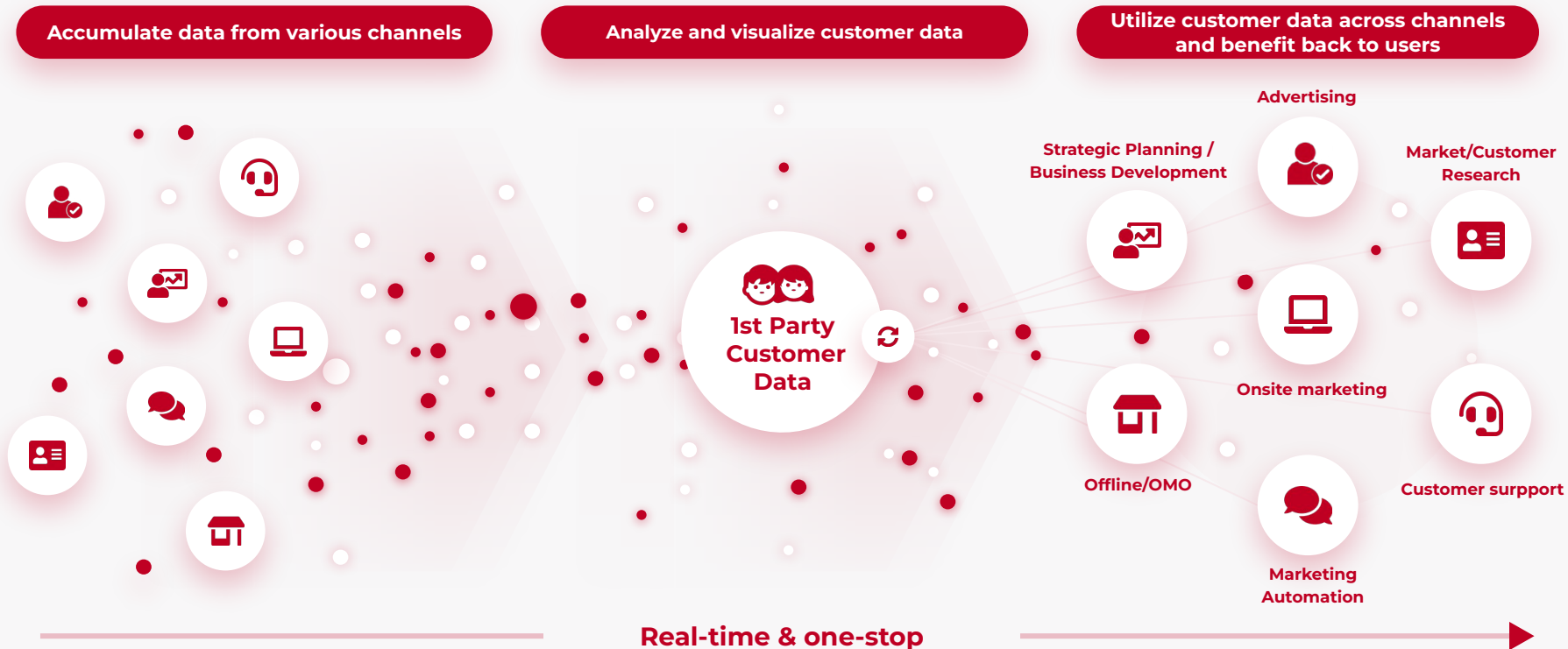


Maximize the Value of People with the Power of Data

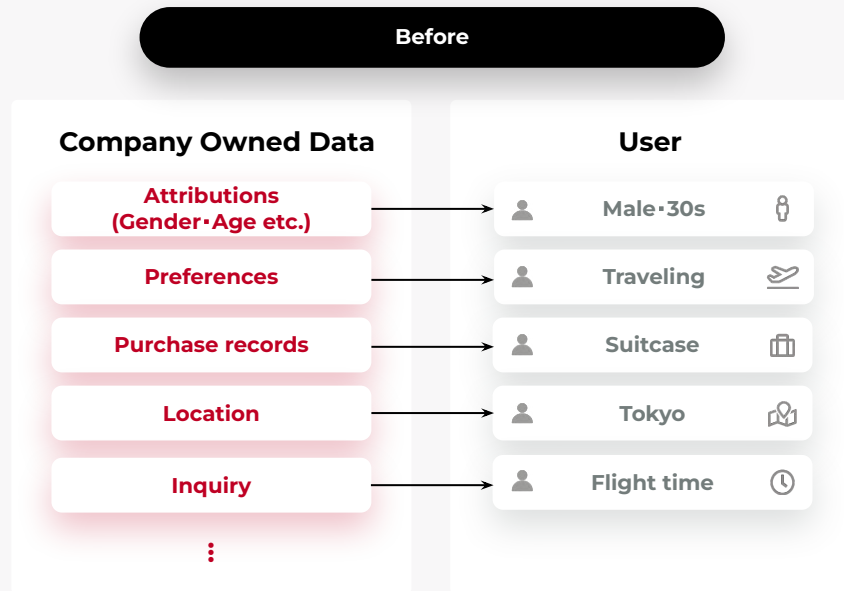
Leading the next society by utilizing people's ideas
and intuition to maximize their creativity with technology

Vision of The Plaid Group

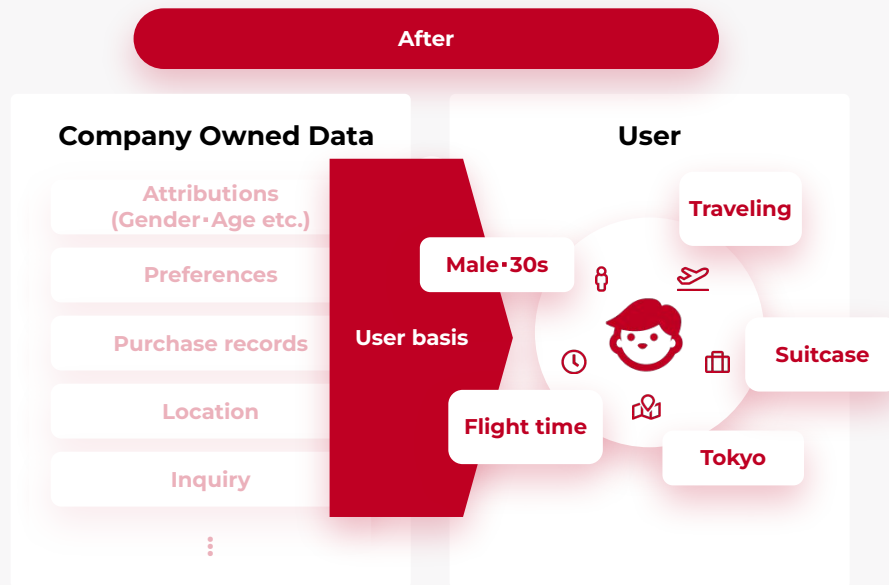
- A new one-stop platform for data utilization that provides “multi-channel,” “1st party customer data,” and “real-time”



The era we lead : Integrating fragmented user data, enhancing customer insights, and delivering comfortable customer experiences



- × Data is fragmented, and even if it is integrated, it is difficult to capture on a per-user basis
- × Users do not obtain better customer experience as a return for the data provided



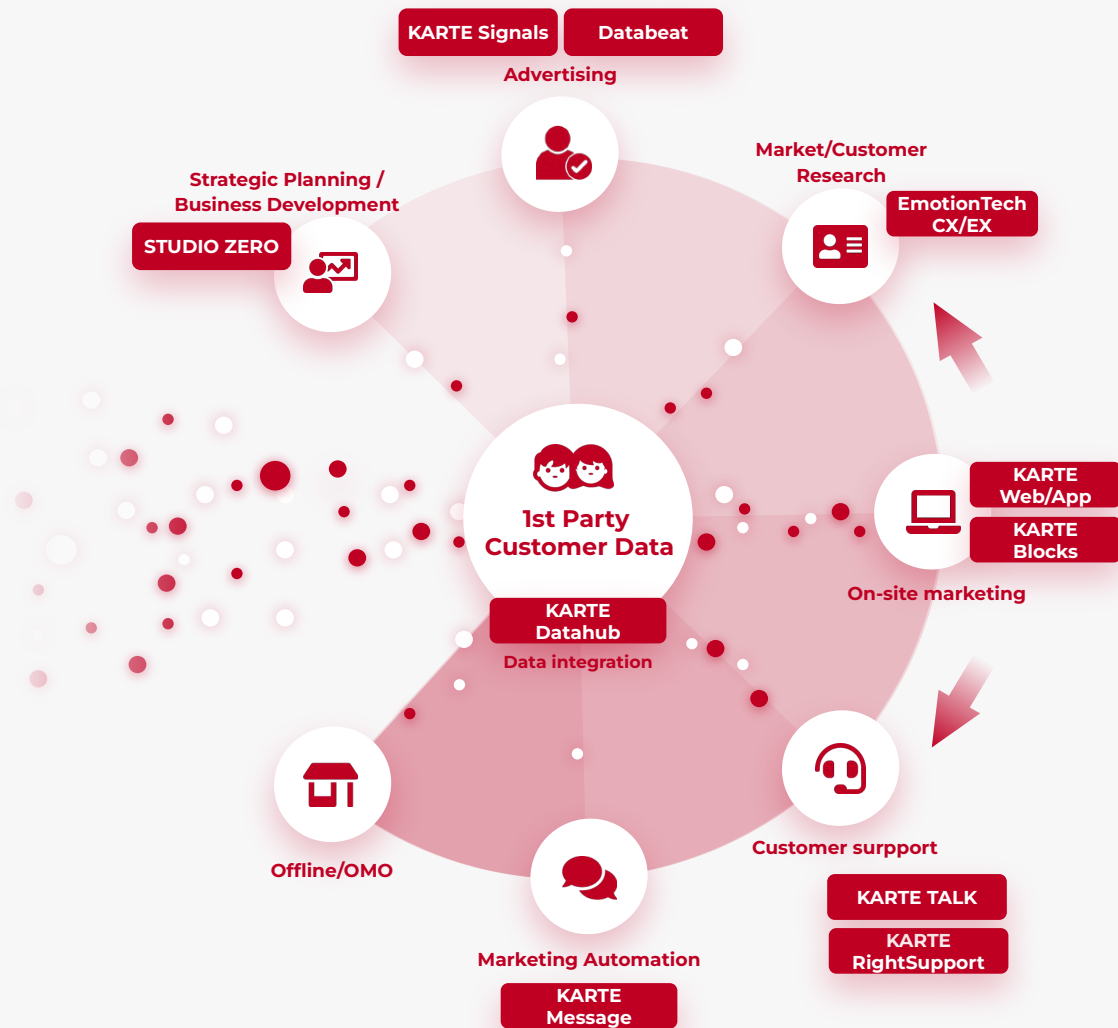
- Data is organized and integrated per user basis, making companies easily handle data
- Users obtain better customer experience as a return for the data provided

Overall Strategy of the Plaid Group

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

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

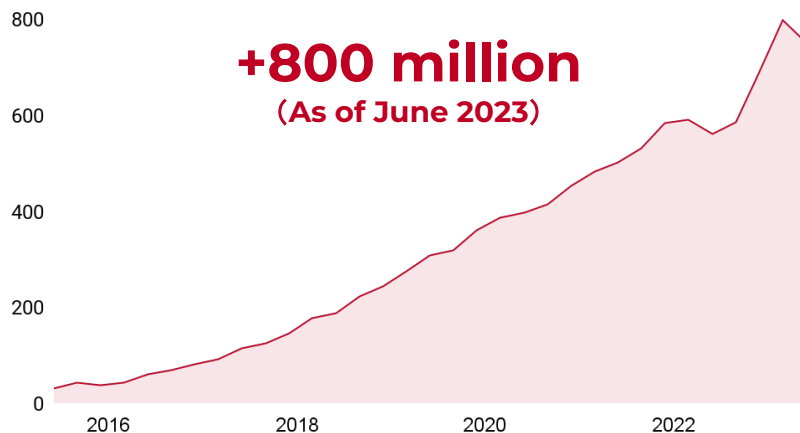


1st Party Customer Data Accumulation

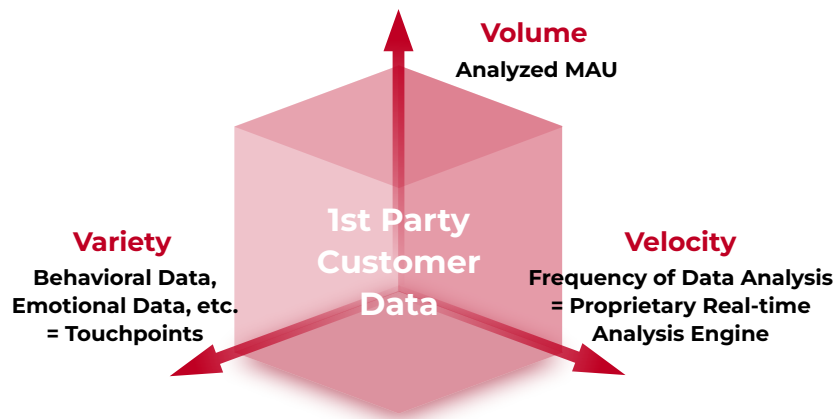
- The number of MAUs⁽¹⁾ analyzed in June 2023 exceeded 800 million, and the scale of 1st party customer data analysis has continued to grow since KARTE was launched in 2015
- We plan to continuously enrich data environment for supporting customer-focused business activities through product development

MAU mil. (2/3/4)

Analyzed MAU Trend



Data Environment Required for Enabling Customer-Focused Business Activities



Contents

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- 2. Earnings Results Q3 FY 9/23**
3. Earnings Guidance for FY 9/23
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Q3 FY 9/23 Financial Highlights

1

Net sales grew steadily

- Both consolidated and non-consolidated net sales in Q3 exceeded our initial plan, hereafter “the plan”

2

A gross profit margin maintained stable

- Appropriately controlled COGS, maintaining a stable gross profit margin

3

SG&A expenses were well under control

- In Q3, despite expending unused server commitments as R&D expenses, SG&A expenses remained mostly in line with the plan due to efficient spending on other expenses

4

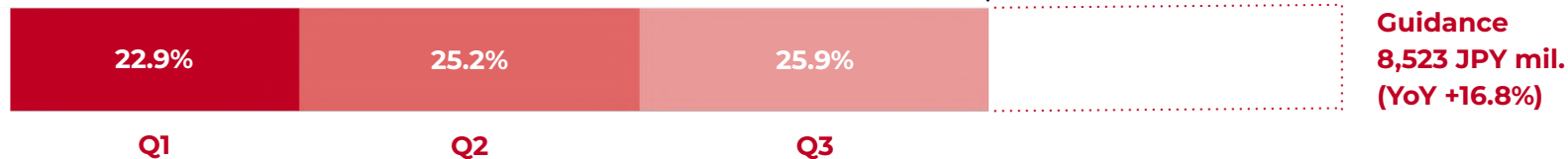
Adjusted operating income exceeded the plan consecutively as in Q1 and Q2

- Based on the above, the annual guidance for adjusted operating income in FY 9/23 has been revised upward

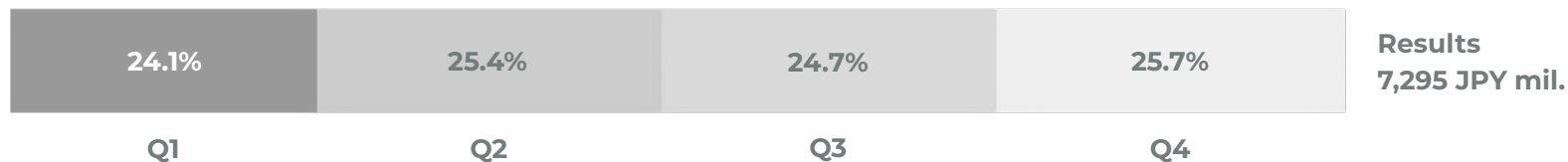
Progress against the guidance for this fiscal year

- Q3 progress rate of consolidated net sales against the guidance was 25.9%, with a cumulative progress rate up to Q3 of 74.0%
- Net sales for this fiscal year are expected to slightly exceed the guidance, as described more detail on page 32 “Earnings Guidance for FY 9/23”

Consolidated net sales FY9/23



Consolidated net sales FY9/22



Financial results summary

(JPY mil.)		Q3 FY 9/22 ⁽¹⁾	Q3 FY 9/23 ⁽¹⁾	Increase / decrease	Increase / decrease(%)
Net sales	Consolidated	1,801	2,210	409	+ 22.7%
	Non-consolidated	1,628	1,952	324	+19.9%
	KARTE domain	1,608	1,864	256	+15.9%
	New Business domain	20	88	68	+339.7%
	Group companies	183	366	183	+100.2%
Subscription revenue ⁽²⁾	Consolidated	1,625	1,879	254	+ 15.6%
	Non-consolidated	1,533	1,716	183	+11.9%
	KARTE domain	1,533	1,709	176	+11.4%
	Group companies	92	163	71	+77.4%
Gross profit margin ⁽³⁾	Consolidated	73.0%	72.0%	-	▲1.0pt
	Non-consolidated	75.0%	73.4%	-	▲1.6pt
	KARTE domain ⁽⁴⁾	74.7%	76.3%	-	+1.6pt
Adjusted operating income ⁽⁵⁾	Consolidated	▲289	▲229	60	-
	Non-consolidated	▲176	▲152	24	-
	KARTE domain	▲162	▲60	102	-
	New Business domain	▲14	▲92	▲78	-
	Group companies	▲116	▲84	32	-
ARR ⁽⁶⁾	Consolidated	6,463	7,603	1,140	+ 17.6%
	Non-consolidated	6,090	6,939	849	+14.0%
	KARTE domain	6,090	6,907	817	+13.4%

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

KPI results summary

Net sales / YoY Growth rate: Consolidated

2,210 JPY mil. (Q3 FY9/23) / **22.7%**

of Customers⁽³⁾: Consolidated

1,011 (End of June 2023)

ARR⁽¹⁾ / YoY Growth rate: Consolidated

7,603 JPY mil. (End of June 2023) / **17.6%**

ARPC⁽⁴⁾: Consolidated

626 JPY thou. (End of June 2023)

Gross profit margin⁽²⁾: Consolidated

72.0% (Q3 FY9/23)

Employees: Consolidated / Non-consolidated

370 / 296 (End of June 2023)

Financial Results - PLAID Group (Consolidated) -

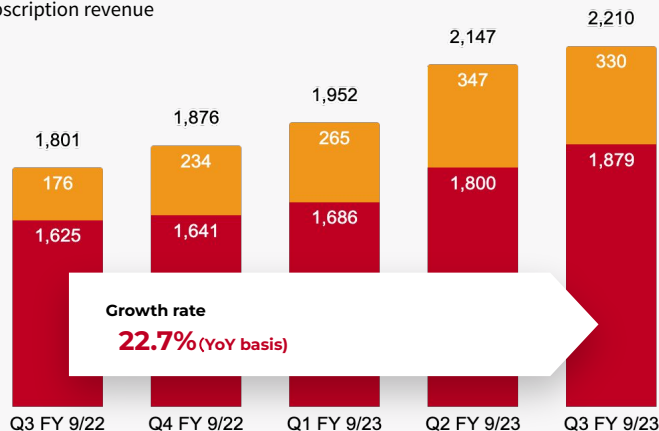
Growth rates of consolidated net sales and ARR⁽¹⁾ have been recovering on a YoY basis

- Consolidated subscription revenue increased in line with Plaid's standalone ARR growth
- Service, consulting and other revenue also increased on a YoY basis, mainly due to major project revenues from STUDIO ZERO and EmotionTech

Consolidated net sales

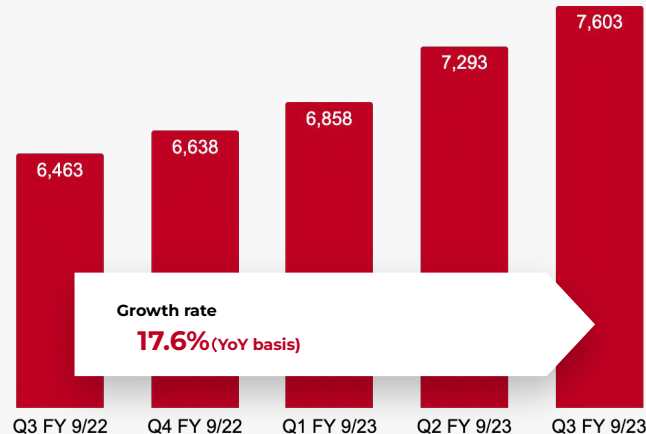
JPY mil.

- Service, consulting and other revenue
- Subscription revenue



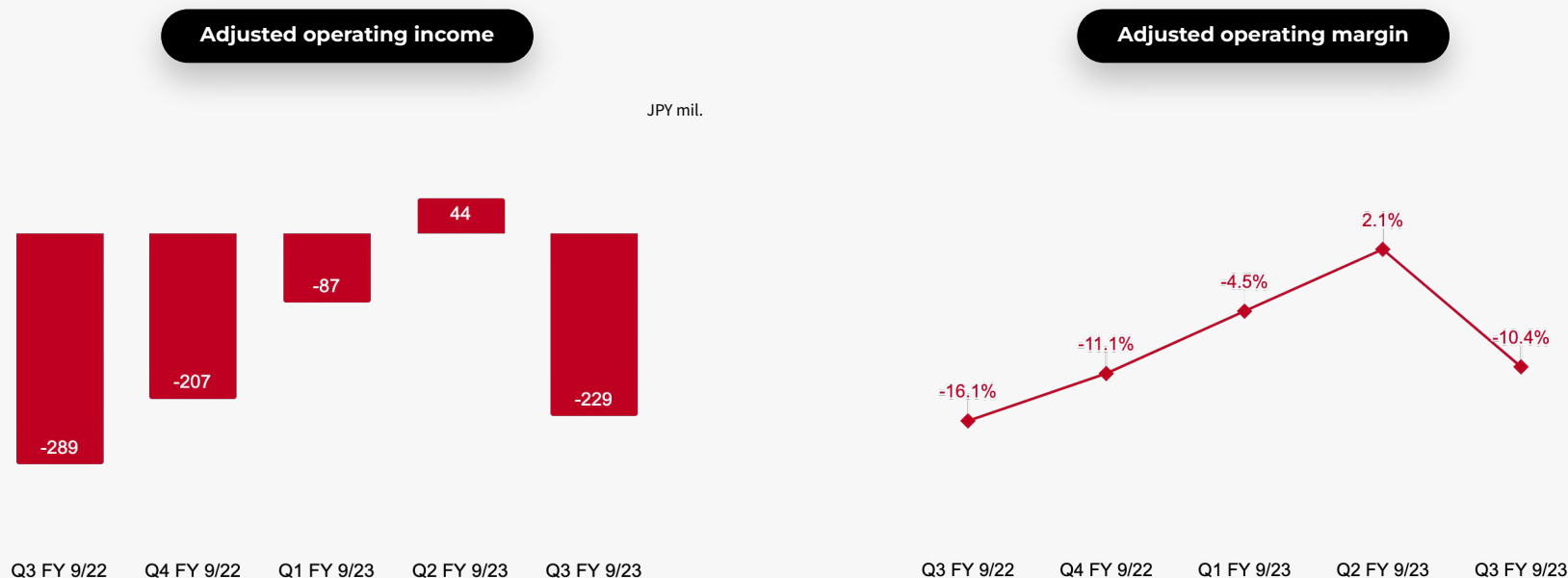
Consolidated ARR

JPY mil.



Q3 Adjusted operating income⁽¹⁾ exceeded the plan consecutively as in Q1 and Q2

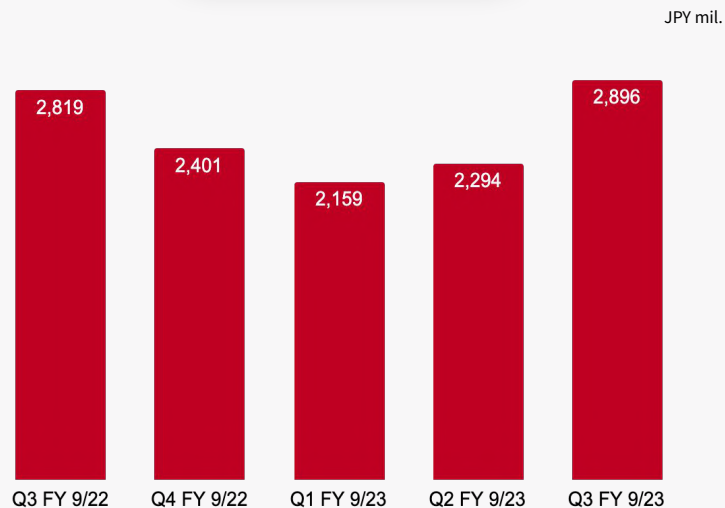
- Q3 adjusted operating income was ▲229 million JPY due to recognizing the unused server commitments as R&D expenses
- Nevertheless, Q3 adjusted operating income surpassed the plan as a result of favorable net sales trends and effective cost control



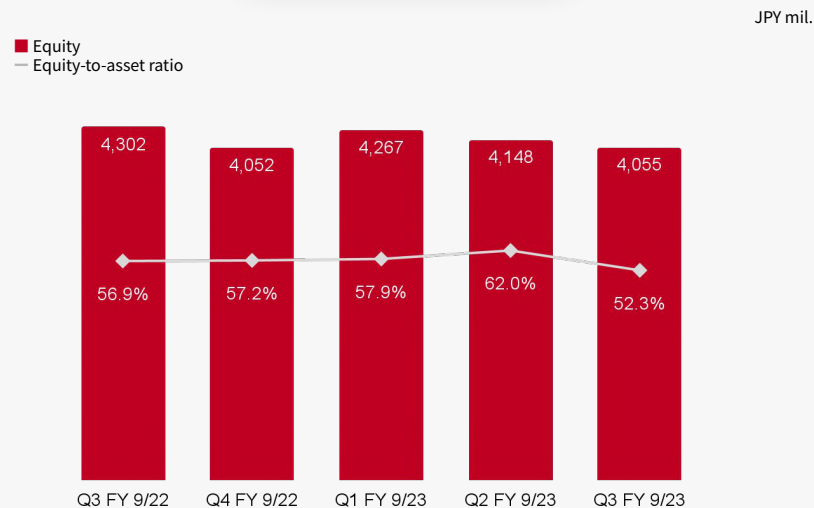
Cash on hands and equity ratio maintained at sound levels

- Keeping a sound financial condition with an enough level of cash on hands while making growth investments within the Group
- In May 2023, EmotionTech raised a total of 580 million JPY through a third-party allotment of new shares⁽¹⁾

Net cash



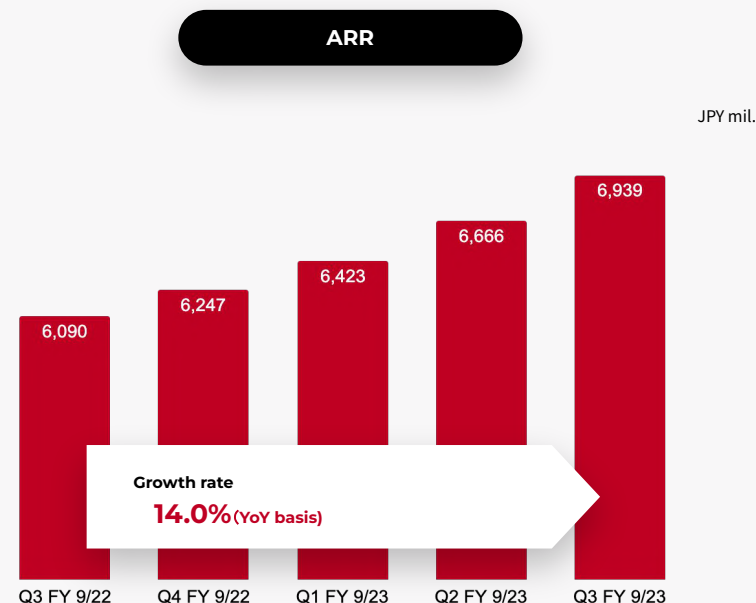
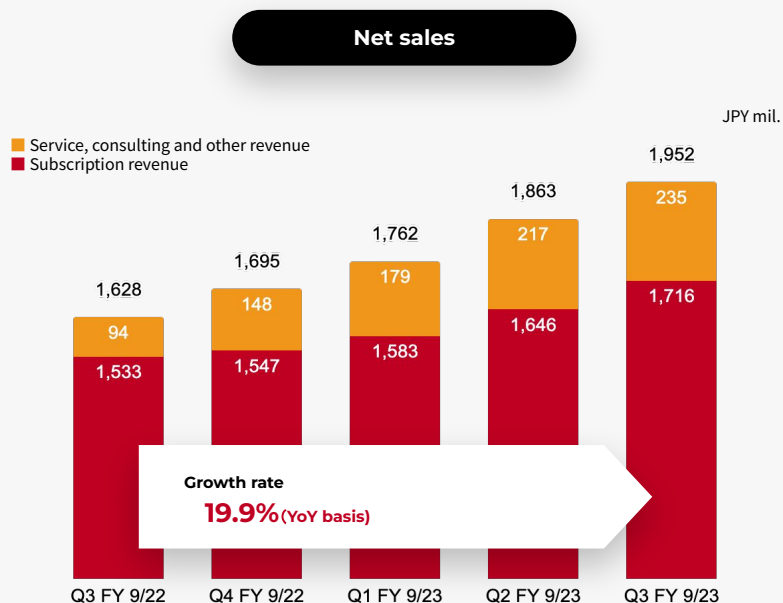
Equity



PLAID (Non-Consolidated)

Recovery in growth rates for both net sales and ARR⁽¹⁾ on a YoY basis

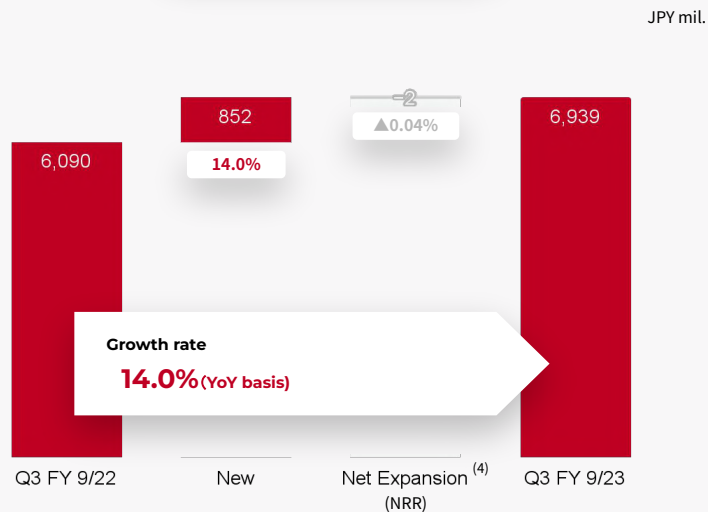
- Both subscription revenue and service, consulting and other revenue contributed to a steady increase in non-consolidated net sales
- ARR has been steadily expanding since Q3 FY 9/22



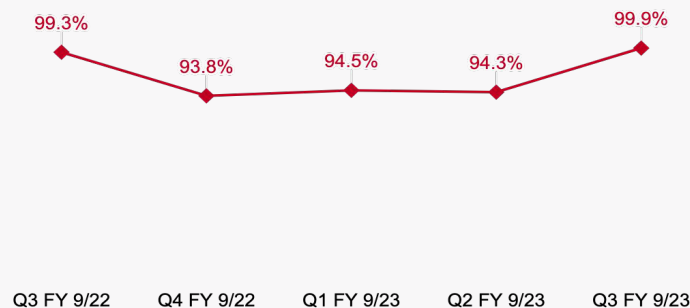
Attribution analysis of ARR⁽¹⁾ growth

- NRR⁽²⁾⁽³⁾ reached its trough in Q4 FY 9/22 and has recovered almost 100%
- ARR exceeded the plan
- Aiming to further increase NRR with a higher renewal rate and more up/cross-selling

ARR bridge



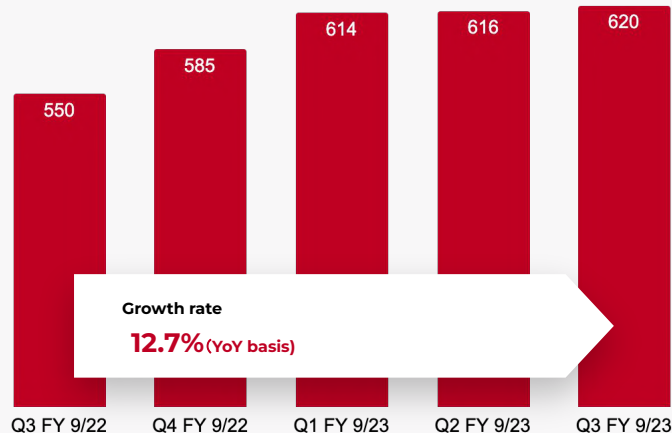
NRR



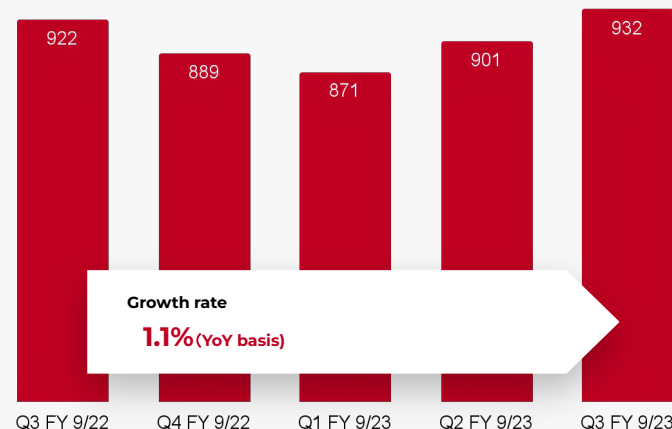
Customers⁽¹⁾ and ARPC⁽²⁾

- Due to the new customer acquisition falling below the plan and a certain amount of churn among low-price range customers, the net customer count showed a slight increase, following Q2
- Meanwhile, ARPC continued to rise, exceeding the plan due to a sound renewal rate⁽³⁾ and outperforming the plan in up/cross-selling to existing customers

of Customers



ARPC



JPY thou.

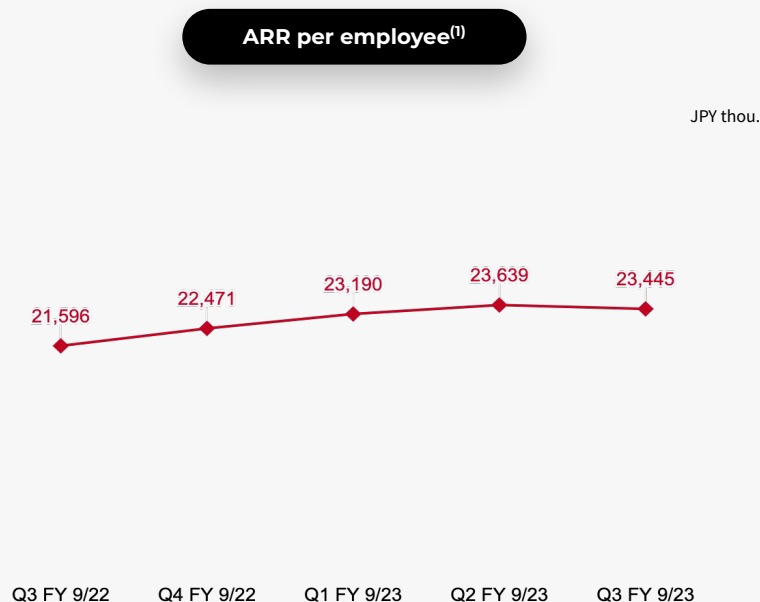
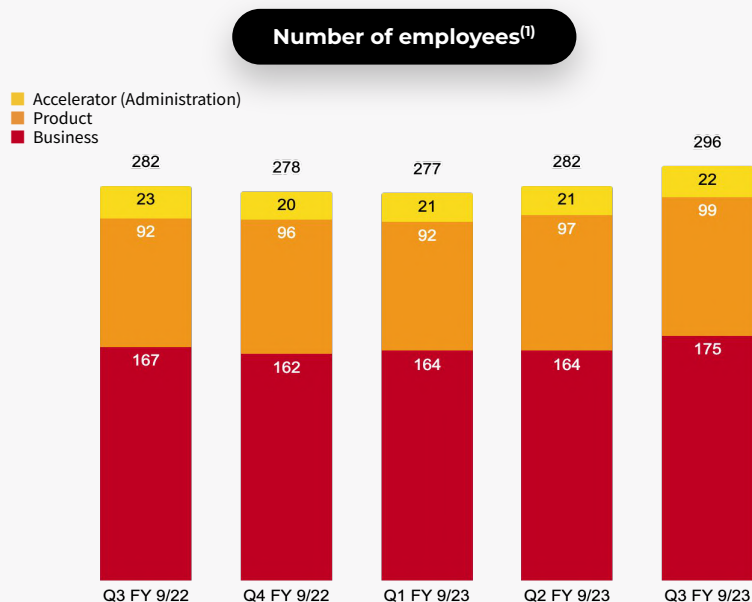
Management Discussion & Analysis (MD&A) on ARR

	Analysis	Initiatives
New customer acquisition	<ul style="list-style-type: none"> • Underperformed the plan <ul style="list-style-type: none"> ◦ Customer unit price resulted almost as planned ◦ Closing rates and # of new customers resulted lower than expected 	<ul style="list-style-type: none"> • Ongoing) Hiring and nurturing enterprise sales professionals : train sales professionals after successfully hiring sales professionals in Q3, controlling the hiring pace in line with growth prospects going forward • Ongoing) Strengthening vertical sales team : strength capabilities to deliver optimal proposals aligned with the characteristics of each industry, sector, and customer, under vertical sales team • New) Improvement in pipeline management : optimize sales resources allocation based on business prospects and closing probabilities with more strict pipeline reviews
Gross Expansion	<ul style="list-style-type: none"> • Outperformed the plan <ul style="list-style-type: none"> ◦ Up/cross-selling reached the plan while scaling-out⁽¹⁾ within existing customers fell below the plan ◦ Datahub and Message were sold well among up/cross-selling 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Smaller than planned <ul style="list-style-type: none"> ◦ Q3 renewal rate⁽²⁾ was higher than the plan 	<ul style="list-style-type: none"> • 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 beyond Q4



Employees mainly in business area increased from Q2

- Plaid's standalone employees increased by 14 from Q2 mainly in sales and customer success departments



Business Domains

Subscription revenue and ARR⁽¹⁾ are showing steady growth

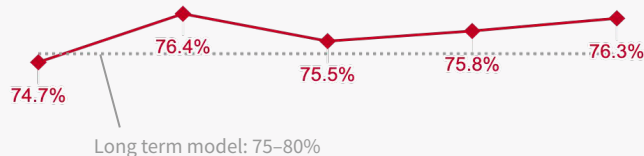
- A favorable renewal rate and a steady progress in up/cross-selling drove ARR growth of 13.4% on a YoY basis



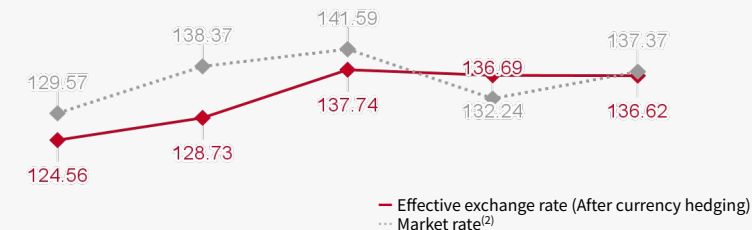
Gross profit margin⁽¹⁾ maintains above the long-term financial model

- A gross profit margin maintains above the target level of the long-term financial model through appropriate cost control measures

Gross profit margin



USD/JPY exchange rate



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

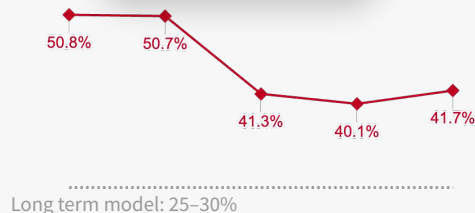
Q3 FY 9/22 Q4 FY 9/22 Q1 FY 9/23 Q2 FY 9/23 Q3 FY 9/23



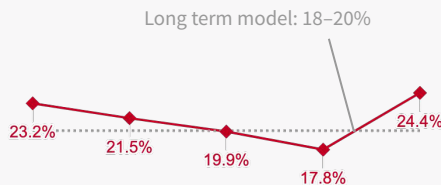
SG&A expenses in Q3 resulted in slightly exceeding the plan

- Since part of pre-committed server usage was used in Q3 as R&D expenses, R&D ratio was temporarily increased as a result
- The commitment unable to consume was originally projected to be 290 million JPY, but it was reduced as a result of efforts to control it

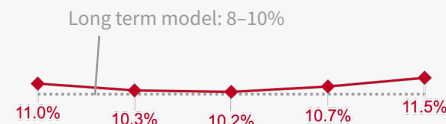
S&M⁽¹⁾ ratio



R&D⁽²⁾ ratio



G&A⁽³⁾ ratio



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

— PLAID (Non- Consolidated) — KARTE domain —

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

— PLAID (Non- Consolidated) — KARTE domain —

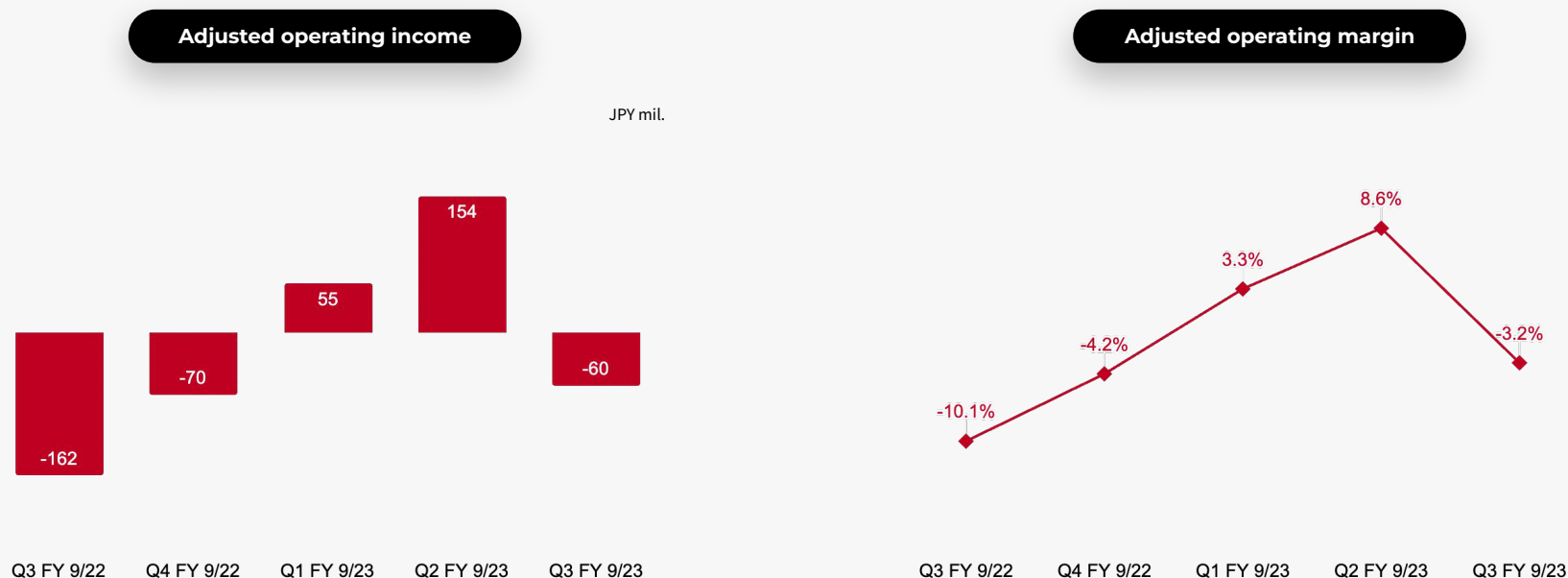
Q3 FY 9/22 Q4 FY 9/22 Q1 FY 9/23 Q2 FY 9/23 Q3 FY 9/23

— PLAID (Non- Consolidated) — KARTE domain —

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

Q3 adjusted operating income⁽¹⁾ was mostly in line with expectations

- Both net sales and gross profit exceeded the plan, and adjusted operating income resulted mostly as planned, even after including the cost of unutilized server commitments



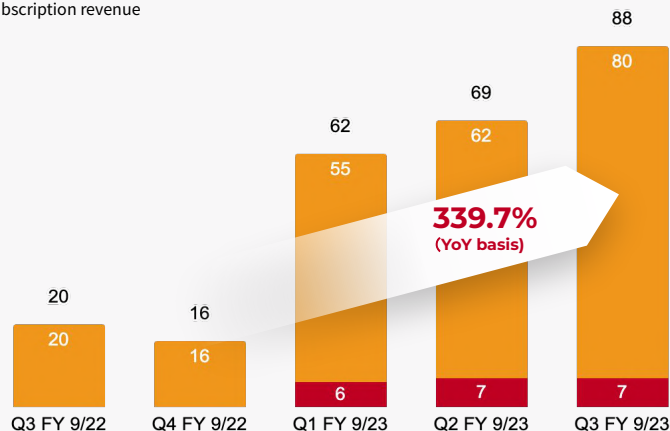
Net sales from new business domain are steadily expanding

- Service, consulting and other revenue, mainly in STUDIO ZERO, continued to increase, driven by strong demands for consulting on customers' digital strategies
- Net sales of Ecosystem, focusing on product collaboration with other companies, fell short of the planned target

Net sales

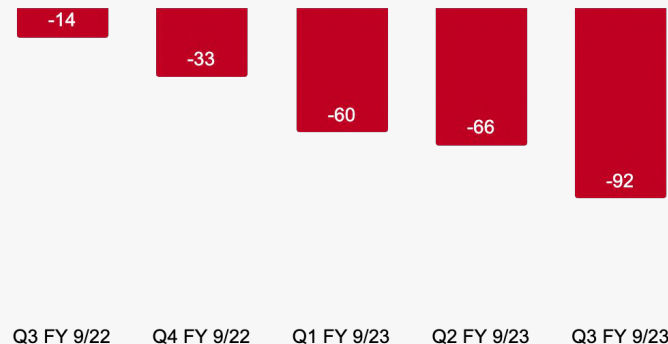
JPY mil.

- Service, consulting and other revenue
- Subscription revenue



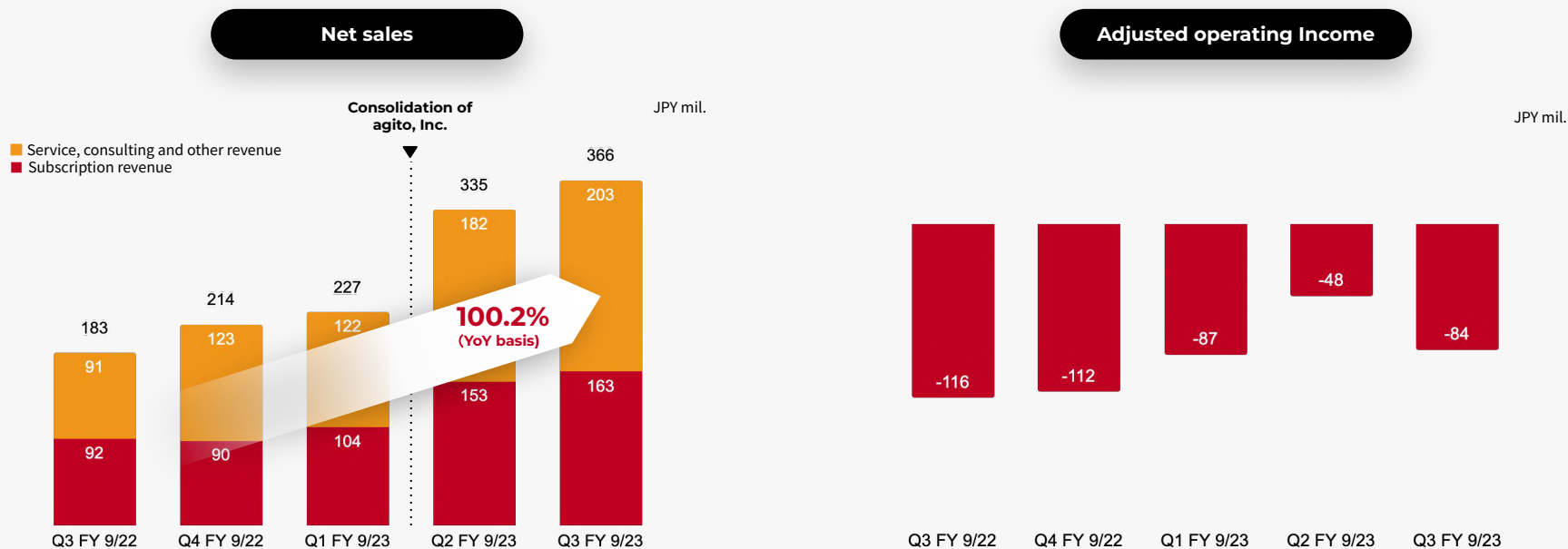
Adjusted operating Income⁽¹⁾

JPY mil.



Net sales of the group companies also expanded favorably

- Group companies are showing steady growth, with both revenue and adjusted operating income⁽¹⁾ surpassing the plan



Contents

1. Mission and Growth Strategy
2. Earnings Results Q3 FY 9/23
- 3. Earnings Guidance for FY 9/23**
4. Appendix



Earnings Guidance for FY 9/23

- While net sales are expected to slightly exceed the previous guidance, the level remains unchanged.
- Adjusted operating income has been revised upward from the previous guidance due to effective foreign exchange rates trending more towards a stronger yen than assumed at the beginning of the fiscal year, and due to the expectation of a smaller deficit due to appropriate cost controls throughout the Group.

(JPY mil.)	FY9/22	FY9/23			
	Results	Previous guidance	Updated guidance	Difference	Change (%)
Net sales	7,295	8,523	8,523	0	0.0%
Year-on-Year	-	16.8%	16.8%	-	-
Adjusted Operating Income	▲718	▲979	▲630	348	-

Contents

1. Mission and Growth Strategy
2. Earnings Results Q3 FY 9/23
3. Earnings Guidance for FY 9/23
- 4. Appendix**



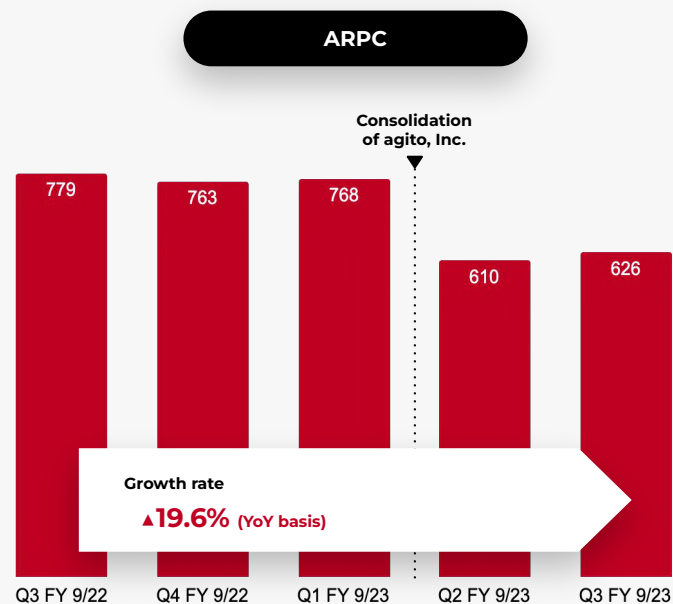
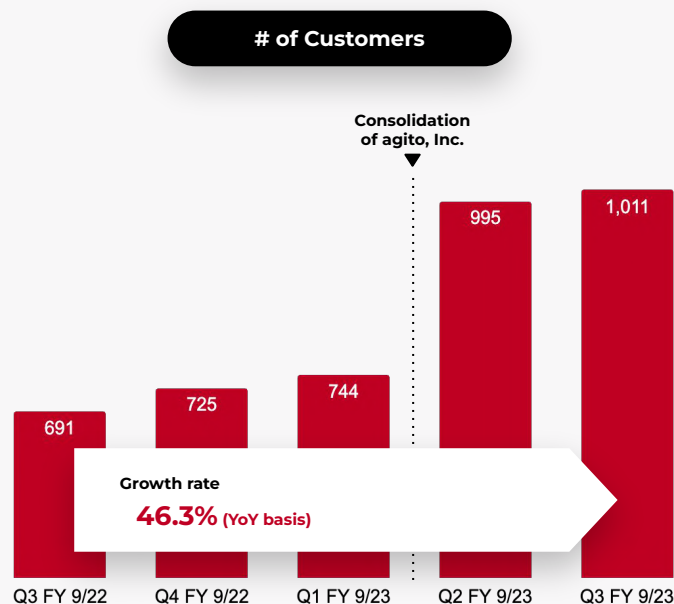
Financial Information

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

Customers⁽¹⁾⁽²⁾ and ARPC⁽³⁾

- The number of customers and ARPC have increased QoQ on a consolidated basis due to a strong growth in customer renewal rate and up/cross-selling on a non-consolidated basis



JPY thou.



Appendix

Income Statement (Quarterly)

(JPY mil.)	Q3 FY 9/23	Q3 FY 9/22	YoY	Q2 FY 9/23	QoQ
Net sales	2,210	1,801	+22.7%	2,147	+2.9%
Subscription revenue	1,879	1,625	+15.6%	1,800	+4.4%
Service, consulting and other revenue	330	176	+87.5%	347	▲4.9%
Gross profit⁽¹⁾	1,535	1,300	+18.0%	1,586	▲3.2%
Gross profit margin	69.4%	72.2%	▲2.8pt	73.8%	▲4.4pt
SG&A	1,873	1,631	+14.8%	1,648	+13.6%
% of Net sales	84.7%	90.5%	▲5.8pt	76.8%	+8.0pt
Personnel expenses	953	907	+5.1%	911	+4.6%
% of Net sales	43.1%	50.3%	▲7.2pt	42.5%	+0.7pt
Advertising expenses	181	168	+8.0%	140	+28.9%
% of Net sales	8.2%	9.3%	▲1.1pt	6.6%	+1.7pt
Other	738	556	+32.7%	595	+23.9%
% of Net sales	33.4%	30.9%	+2.5pt	27.7%	+5.6pt
Operating income	▲338	▲330	+2.3%	▲62	+442.5%
Adjusted operating margin	▲15.3%	▲18.3%	+3.1pt	▲2.9%	▲12.4pt
Reconciling items	109	40	+166.3%	106	+2.6%
Goodwill amortization	48	40	+21.0%	48	-
Stock-based compensation expenses	60	0	+6961.0%	57	+4.8%
Other non-recurring expenses	-	-	-	-	-
Adjusted operating income	▲229	▲289	▲20.9%	44	▲620.0%
Adjusted operating margin	▲10.4%	▲16.1%	+5.7pt	2.1%	▲12.4pt

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

Appendix

Income Statement (Q1-Q3)

(JPY mil.)	Q3 FY 9/23	Q3 FY 9/22	YoY
Net sales	6,310	5,418	+16.5%
Subscription revenue	5,366	4,831	+11.1%
Service, consulting and other revenue	944	587	+60.8%
Gross profit⁽¹⁾	4,539	3,949	+14.9%
Gross profit margin	71.9%	72.9%	▲1.0pt
SG&A	5,088	4,583	+11.0%
% of Net sales	80.6%	84.6%	▲4.0pt
Personnel expenses	2,770	2,468	+12.2%
% of Net sales	43.9%	45.6%	▲1.7pt
Advertising expenses	444	443	+0.2%
% of Net sales	7.1%	8.2%	▲1.1pt
Other	1,872	1,671	+12.1%
% of Net sales	29.7%	30.8%	▲1.2pt
Operating income	▲548	▲633	-
Adjusted operating margin	▲8.7%	▲11.7%	+3.0pt
Reconciling items	275	122	+124.1%
Goodwill amortization	137	120	+14.0%
Stock-based compensation expenses	138	2	-
Other non-recurring expenses	-	-	-
Adjusted operating income	▲272	▲510	-
Adjusted operating margin	▲4.3%	▲9.4%	+5.1pt

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	Q2 FY 9/23	Q3 FY 9/23
Total current assets	2,642	4,956	5,148	5,125	4,570	5,621
Cash and deposits	2,091	4,172	4,240	3,935	3,386	4,127
Notes and accounts receivable, trade	475	645	710	804	816	974
Other	75	138	197	385	367	519
Total non-current assets	426	2,027	1,942	2,247	2,121	2,127
Total current liabilities	1,084	1,640	1,881	1,990	1,668	2,544
Total non-current liabilities	380	390	1,139	1,097	851	962
Total net assets	1,604	4,953	4,070	4,285	4,171	4,242

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

Long Term Model⁽¹⁾⁽²⁾ (KARTE domain)

	FY 9/20	FY 9/21	FY 9/22	Q1 FY 9/23	Q2 FY 9/23	Q3 FY 9/23	Long term model
Gross profit margin	71.2%	73.3%	74.8%	75.5%	75.8%	76.3%	75-80%
S&M	61.0%	41.6%	49.0%	41.3%	40.1%	41.7%	25-30%
R&D	23.7%	18.7%	22.2%	19.9%	17.8%	24.4%	18-20%
G&A	13.4%	9.8%	10.3%	10.2%	10.7%	11.5%	8-10%
Operating margin	▲26.9%	3.1%	▲6.6%	4.1%	7.2%	▲1.3%	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











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)	370 (as of June 2023)






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 	  

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	 KARTE RightSupport	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

Main products / Services -2

Domain	Product/Service	Summary
Product Utilization/ Technical Support	 TEAM	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

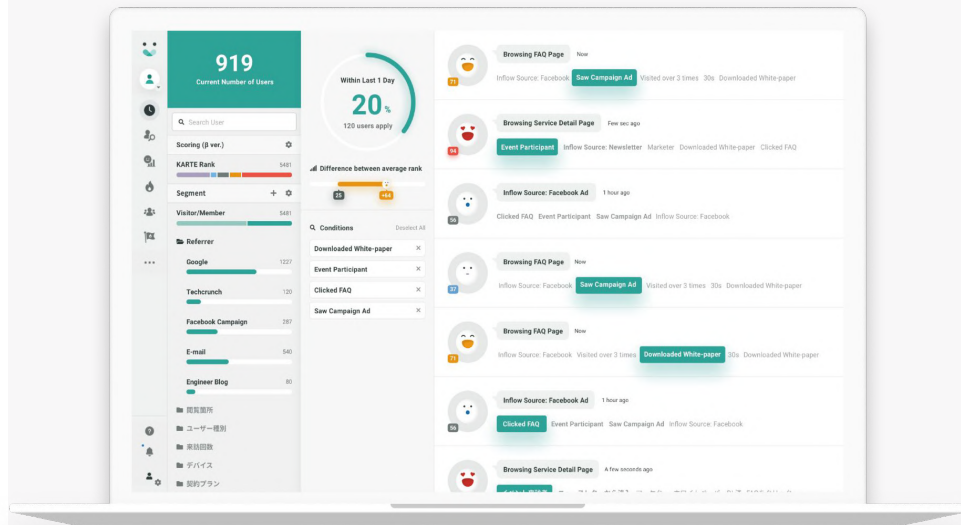
Note: 1. Net Promoter®, NPS®, NPS Prism®, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld

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

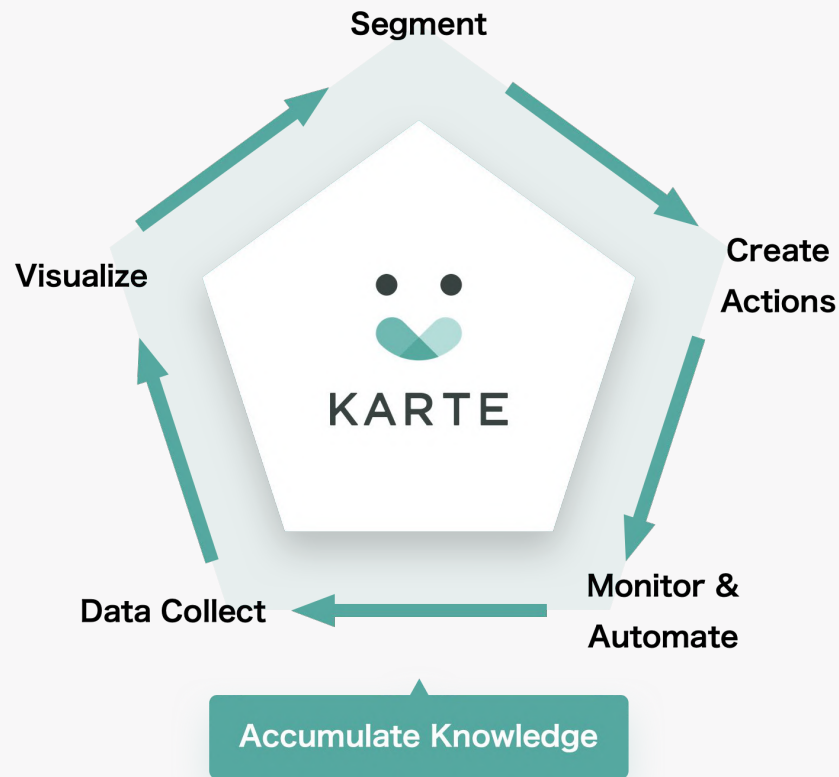
KARTE analyzes the real-time behaviors of customers visiting a website, etc., such as "They have been considering a specific product for a long time," together with the past data. This enables businesses to communicate appropriately with customers, without overlooking a timing or sign of their intent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

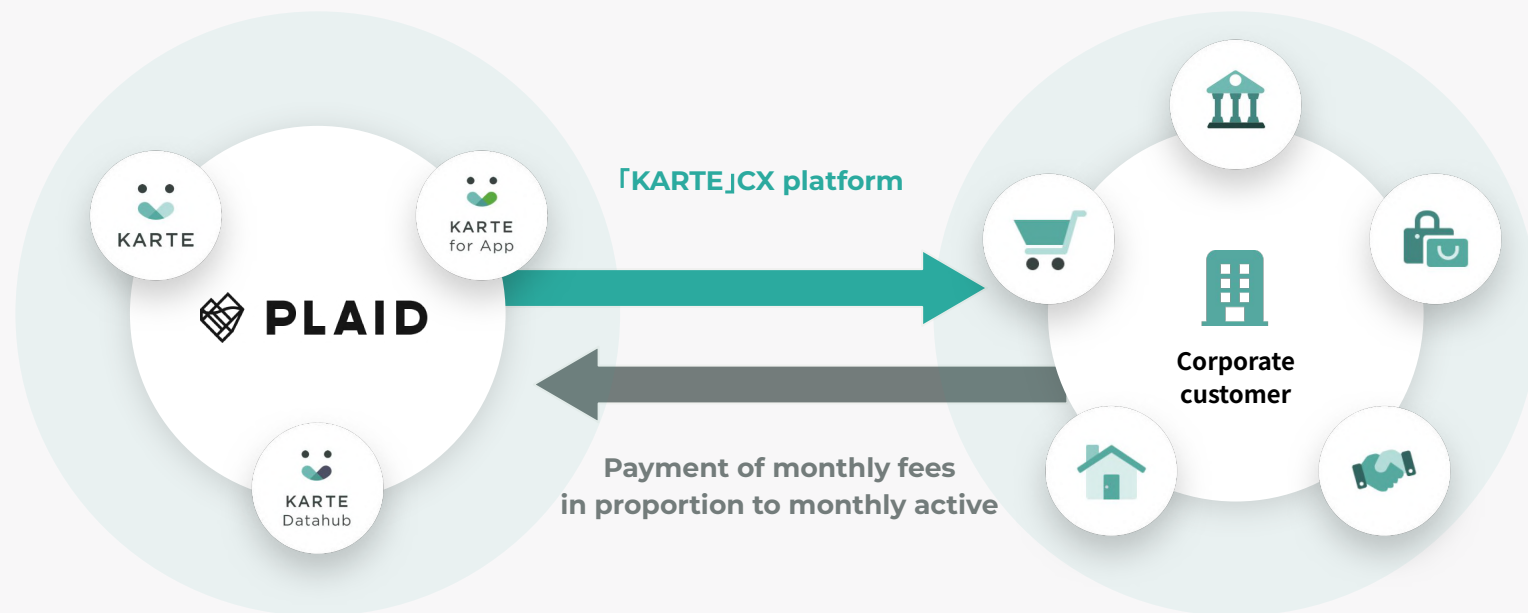


The uniqueness of KARTE (comparison in the on-site marketing area)

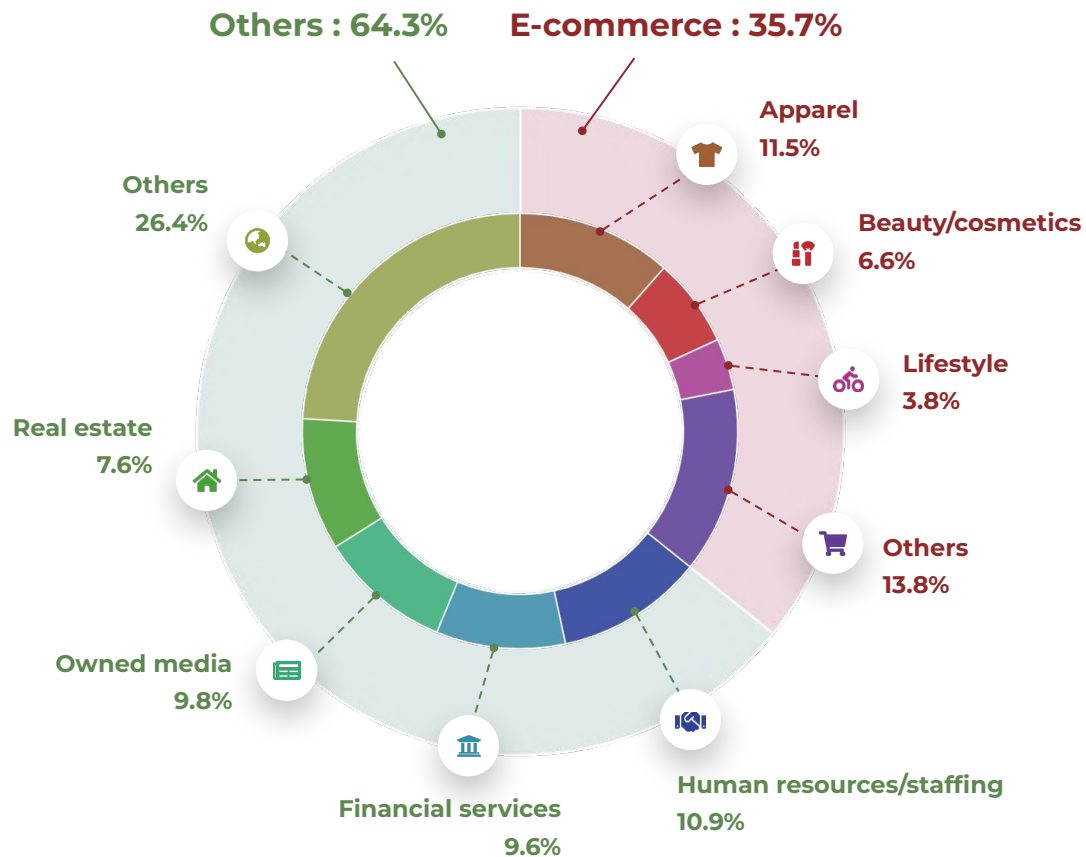
	 KARTE	Integrated marketing tools	Other marketing tools
Real-time performance	 Consistent real-time accumulation/analysis/action	 Non-real time/ Only some part (limited functionality, etc.)	 Non-real time/ Only some part (limited functionality, etc.)
Data storage/ Utilization Channels	 Multi-channel (Web/app/email/SMS, 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

Business Model

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



Percentages of Subscriptions by Industry⁽¹⁾



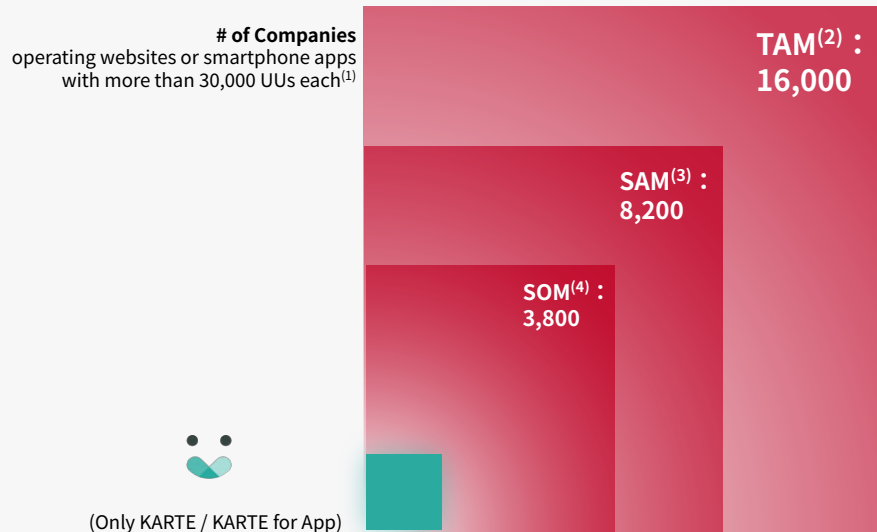
Notes: 1. Total number of websites and smartphone applications in each industry as of September 30, 2022 divided by the total number of websites and smartphone applications in all industries

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 :

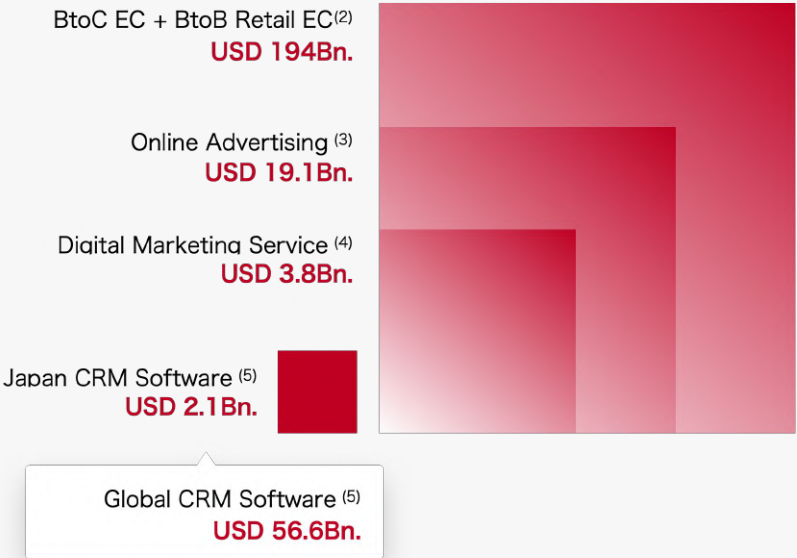
620 companies as of the end of Q3 FY 9/23



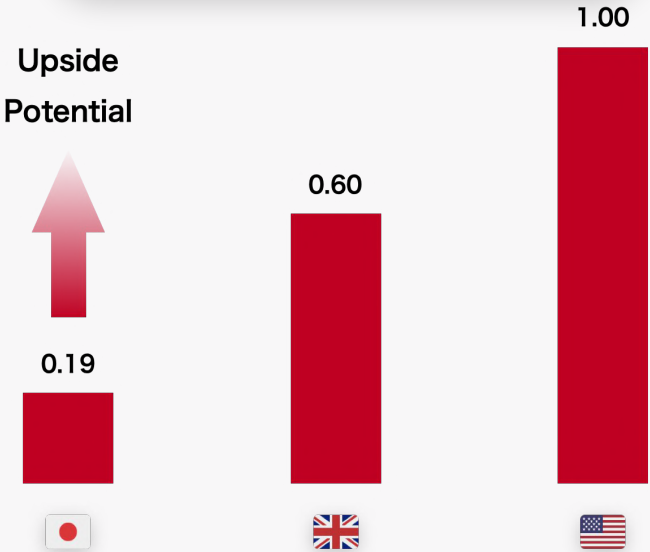
Notes: 1. This is the number of companies operating Japanese website with more than 30,000 UUs per month based on data from SimilarWeb Ltd. as of February 2019 and smartphone apps that have been updated within 365 days and downloaded 5,000 times, based on Appannie's data as of June 2021. They are defined 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⁾

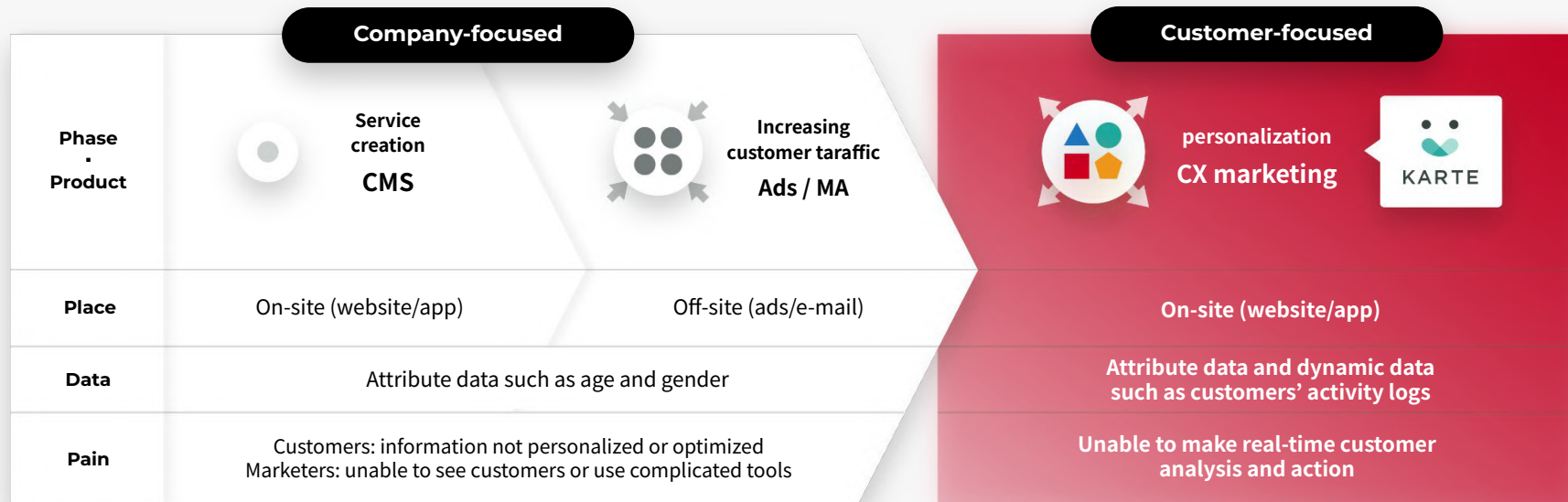


Cloud CRM Software Penetration⁽⁶⁾



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, "plan: Enterprise Application Software, Worldwide, 3Q20 Update". Market size of customer experience and relationship management excluding digital commerce market in 2019 / 6. Source: Gartner, "plan: 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'

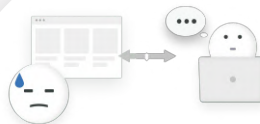


Contents are not streamlined for individual customers



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*