PLAID, Inc.

Q1 FY 9/25 Financial Results Briefing

Feb13, 2025

Presentation

Moderator: Thank you very much for joining us.

PLAID, Inc. will now present its financial results for the first quarter of the fiscal year ending September 30, 2025.

Today's presentation contains forward-looking statements. Please read this note carefully.

There will be a Q&A session after the presentations. We also have a Q&A form available, so you may text us your questions at any time.

Today, Executive officer, VP of Finance Takahashi will give a presentation. We will now begin the presentation. Takahashi, please begin.

Takahashi: Yes, thank you. I will now explain the first quarter results for the period ending September 30, 2025.

This is a summary of our financial results.

Earnings Results for Q1 FY 9/25

Financial results summary

(JPY mil.)		FY 9/24 Q1	FY 9/25 Q1	YoY (%)
Net sales	**Consolidated**	**2,531**	**3,190**	**+26.0%**
	Non-consolidated	2,270	2,889	+27.3%
	Group companies	390	462	+18.4%
	Consolidation Adjustment	-129	-161	-
Gross profit margin[1]	**Consolidated**	**71.6%**	**73.3%**	**+1.7pt**
	Non-consolidated	71.7%	70.5%	-1.2pt
	KARTE domain[4]	75.6%	76.3%	+0.7pt
Adjusted operating income[2]	**Consolidated**	**44**	**476**	**+981.8%**
	Non-consolidated	172	600	+248.8%
	Group companies	-137	-132	-
	Consolidation Adjustment	9	8	-
ARR[3]	**Consolidated**	**8,402**	**10,516**	**+25.2%**
	Non-consolidated	7,558	9,226	+22.1%

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Notes: 1.After deduction of provision for loss on order received / 2.Operating income + Goodwill amortization + Stock-based compensation expenses + Other one-time cost/ 3.Annual Recurring Revenue. It is calculated by multiplying the monthly subscription sales at the end of each quarter by 12 / 4.After deduction of provision for loss on order received, and after adjusting intra-group transaction with RightTouch

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We believe that Q1 results were very good, continuing the positive trend from the previous year.

Consolidated net sales grew 26% YoY to JPY3,190 million.

Of this amount, Plaid's non-consolidated sales grew 27.3% YoY to JPY2,889 million, driving overall growth.

The consolidated gross profit margin remained favorable at 73.3%.

Consolidated adjusted operating income was JPY476 million, a significant increase from JPY44 million in the same period of the previous year. Non-consolidated was the overall driver here as well. Non-consolidated adjusted operating income grew 248.8% YoY to JPY600 million, also a significant increase.

In addition to strong growth in both subscription sales and service, consulting, and other sales, and continued efficient investment in SG&A expenses, which we are promoting company-wide, we reviewed the status of timing of our branding investments from Q2 onward, as we will discuss in more detail later. This is the reason for the significant increase in profit.

We also view group companies as generally performing well.

In addition to the management reform of EmotionTech , which we have been leading since last year, and which is progressing well, subscription sales of RightTouch and Agito are growing strongly.

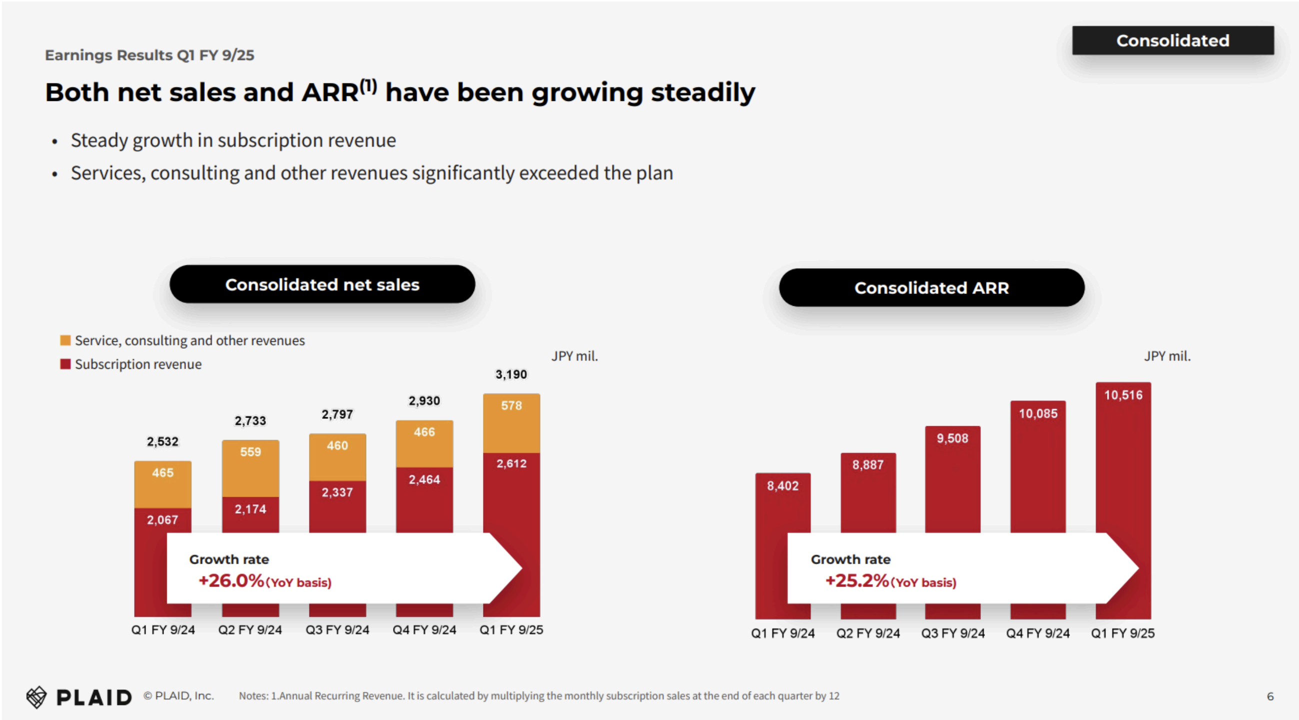
In Q1, group company sales growth was 18.4% YoY, but if we focus on subscription sales, the growth was as high as about 50% YoY.

Subscription sales accounted for about 50% of total group company sales last year but have recently increased to 60 to 70%, and we believe that the stability of our performance is steadily increasing.

Based on this, we believe that both Plaid and its group companies had generally strong financial results.

I will now explain the details of the consolidation part.

First is the top line.



As I mentioned earlier, consolidated sales for the first quarter grew 26% YoY to JPY3,190 million.

The graph on the right, ARR, shows a steady growth of 25.2% YoY. Accordingly, subscription sales have also increased steadily.

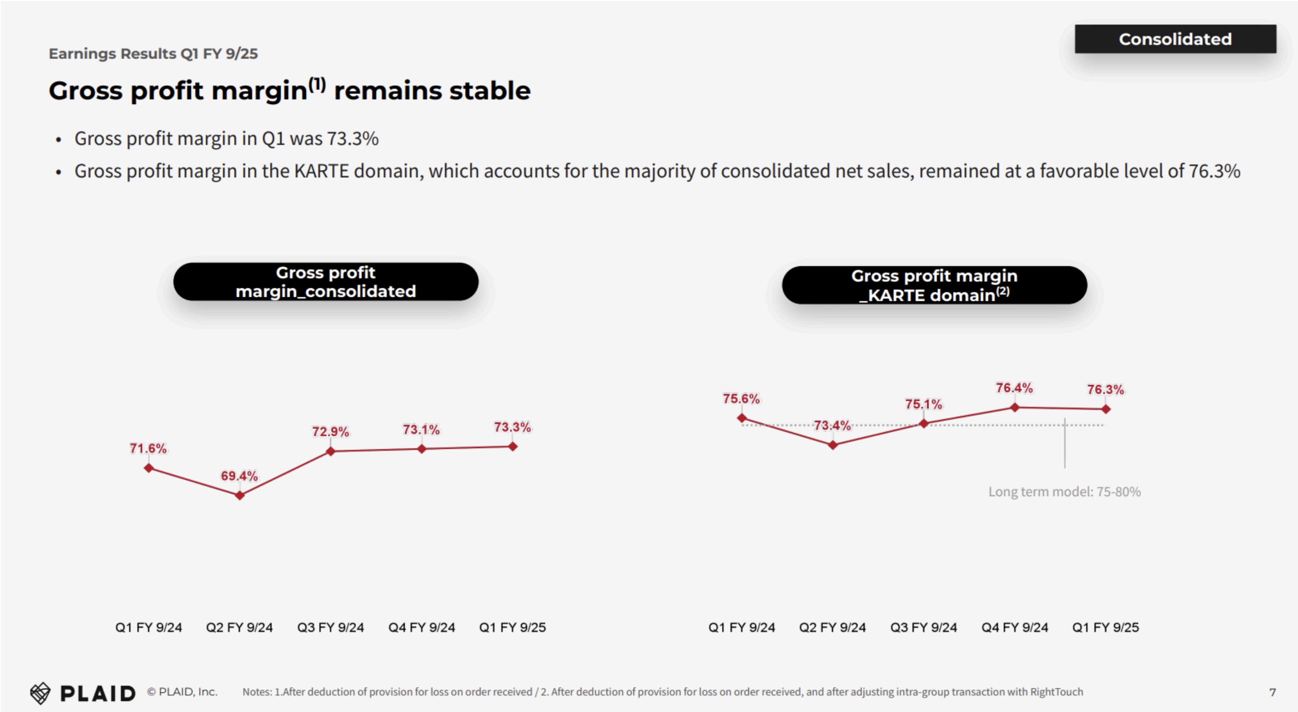
The scale of service, consulting, and other sales has further expanded to JPY578 million.

PLAID ALPHA, our professional services business, performed particularly well, far exceeding our projections.

PLAID ALPHA is a so-called companion recurring professional service that maximizes the high scalability and functionality that is the strength of our product, KARTE, while upgrading the utilization of KARTE.

Since the full-scale launch of the PLAID ALPHA business last fiscal year, we have experienced strong demand from customers and a high degree of synergy with KARTE's product sales. We intend to expand the scale of the business while expanding the delivery system at an appropriate pace.

Next is the gross profit margin.



Consolidated gross profit margin was 73.3%. The gross profit margin for the KARTE domain, which accounts for the majority of consolidated net sales, in other words, KARTE sales and PLAID ALPHA combined, remained at a favorable level of 76.3%.

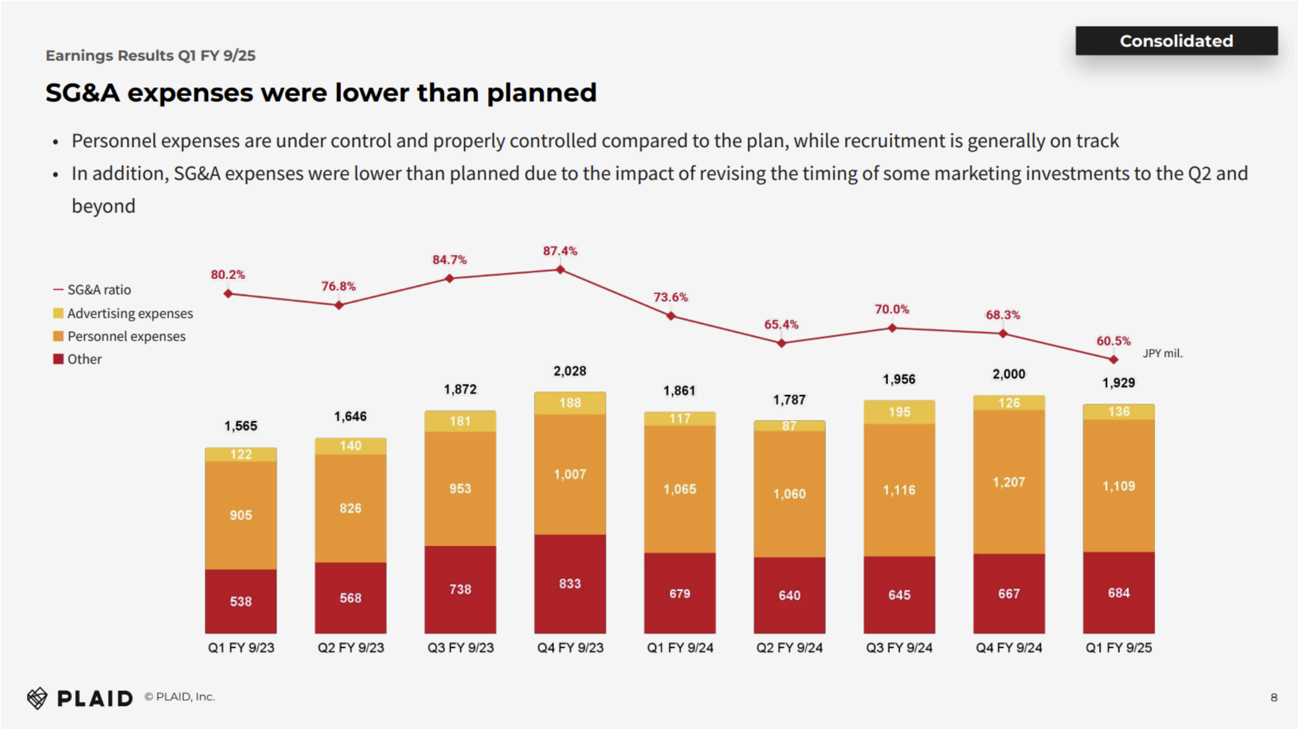
Since approximately 80% of sales in the KARTE domain consist of server costs denominated in US dollars, the cost of sales will increase when the yen depreciates against the dollar. In other words, we have been affected by the exchange rate, which lowers the gross profit margin. From this perspective, a comparison of the exchange rate applied in Q1 of the previous fiscal year ending September 30, 2024 and the current financial results show that the yen has depreciated approximately JPY10 against the rate at that time.

In such a case, the gross profit margin would normally decline by the amount of the JPY10 depreciation, but as you can see in the graph on the right, the gross profit margin has remained stable. In fact, the results show a slight increase compared to last year, which we believe is a clear indication of the effects of our ongoing efforts to improve the efficiency of server utilization.

The exchange rates applied to each quarterly financial result are disclosed in the fact sheet posted on our IR site, if you would like to see them.

The exchange rate for the first quarter of the fiscal year ending September 30, 2024 was JPY137.97, while the exchange rate this time is JPY151.13, which means that the yen has weakened by about JPY13. The Company is positive about the stability of the gross profit margin in this situation.

These are the consolidated SG&A expenses, which came in below the plan.



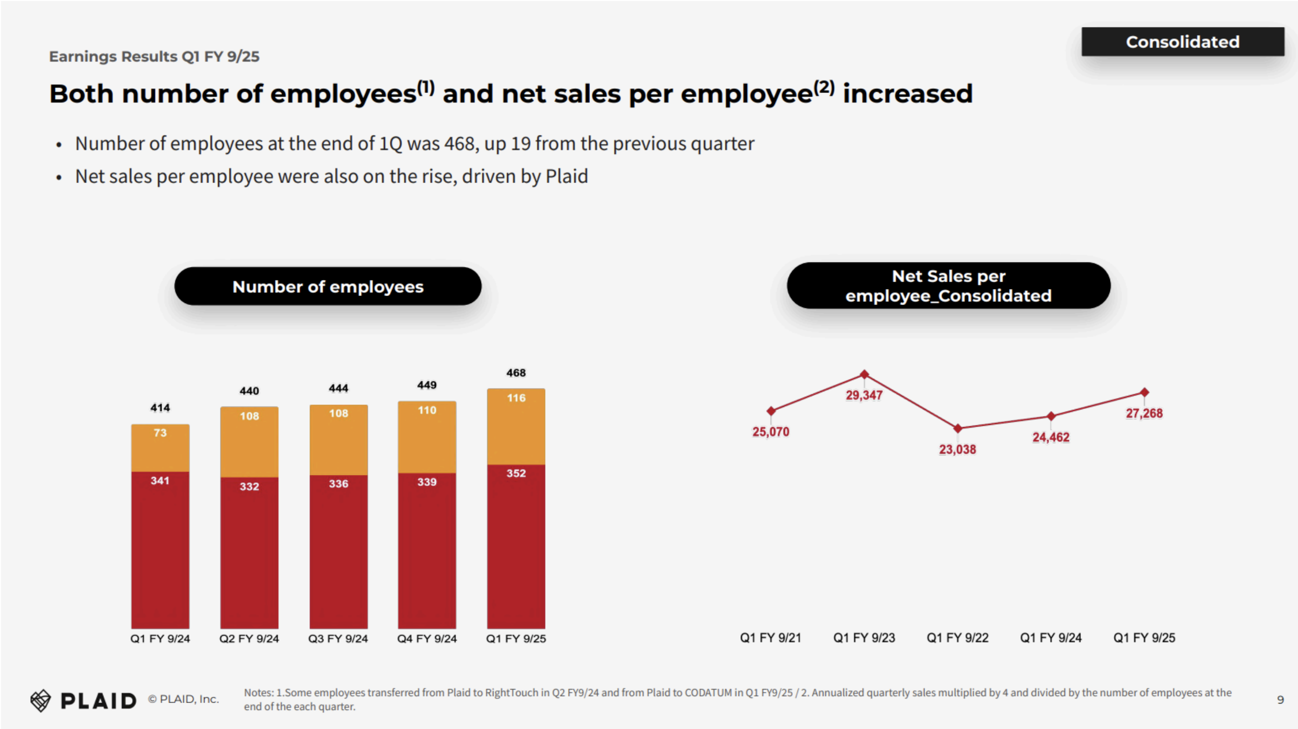
There are two factors. The first is mainly due to successful control of personnel expenses. This is the orange portion of the graph. Personnel expenses for Q1 totaled JPY1,109 million, about JPY100 million less than the JPY1,207 million in the previous quarter, but this was most largely due to the elimination of the bonus of just under JPY100 million that was implemented in the previous quarter.

On the other hand, as I will show on the next slide, the number of employees on a consolidated basis increased by 19 in the first quarter. We believe that the fact that labor costs have been kept under control is a result of the proper functioning of our operations, such as the recruitment process and monitoring of labor costs.

The second is a review of the timing of investments. The timing of branding and other marketing investments, totaling approximately JPY100 million, has been revised to Q2 and beyond. This includes event planning, video production, and various marketing expenses.

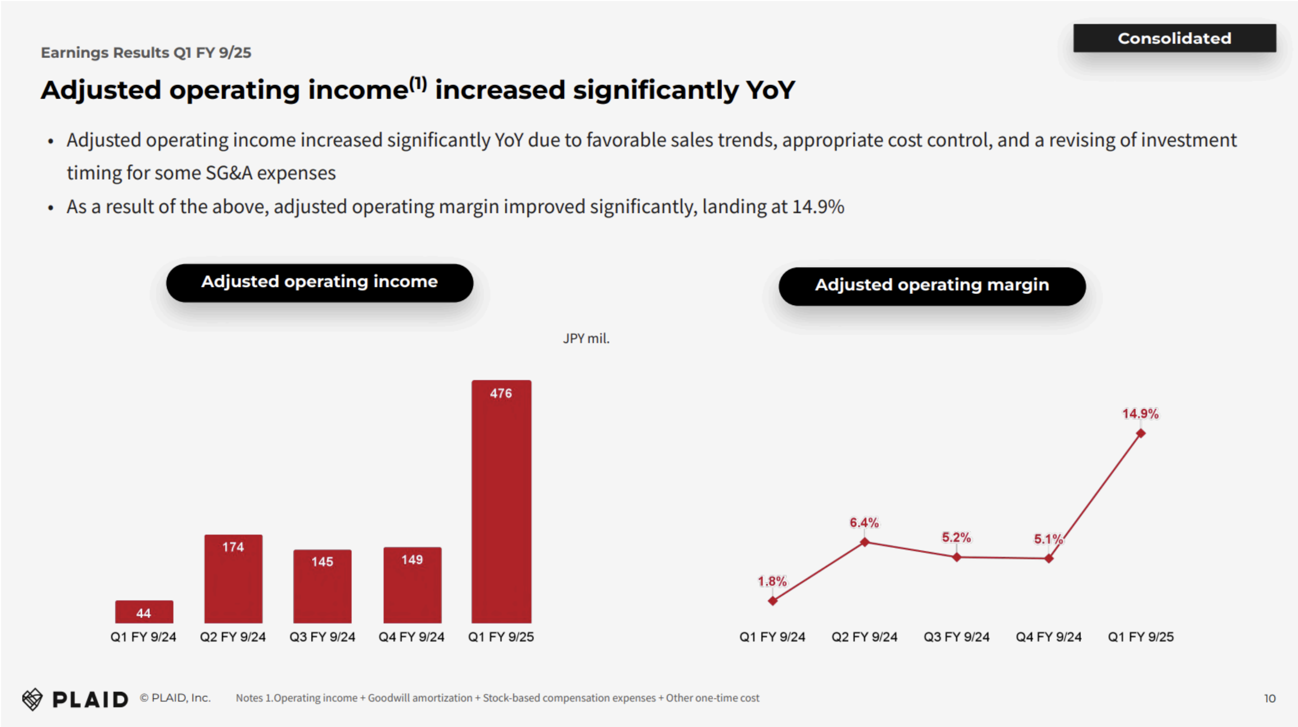
The two factors above have reduced SG&A expenses compared to the plan. For example, even if the second investment of approximately JPY100 million in marketing expenses were actually made this quarter, the increase in SG&A expenses compared to the previous quarter would only be a slight increase, so we believe that we have been able to control SG&A expenses as a whole while making appropriate investments.

Here is the consolidated employee situation.



The number of employees at the end of Q1 increased by 19 from the previous quarter to 468. The number of employees increased by 13 at Plaid alone and 6 at group companies. Plaid on a stand-alone basis is performing according to the recruitment plan, but the recruitment of group companies is slightly behind the schedule. I mentioned in the summary part that the growth rate of subscription sales of group companies is high, and we will strive to strengthen recruitment activities throughout the Group so that we can firmly maintain and improve this trend.

This is the adjusted operating income.



Consolidated adjusted operating income for Q1 was JPY476 million, a significant increase from the same period last year. Accordingly, the adjusted operating margin has also improved significantly to 14.9%.

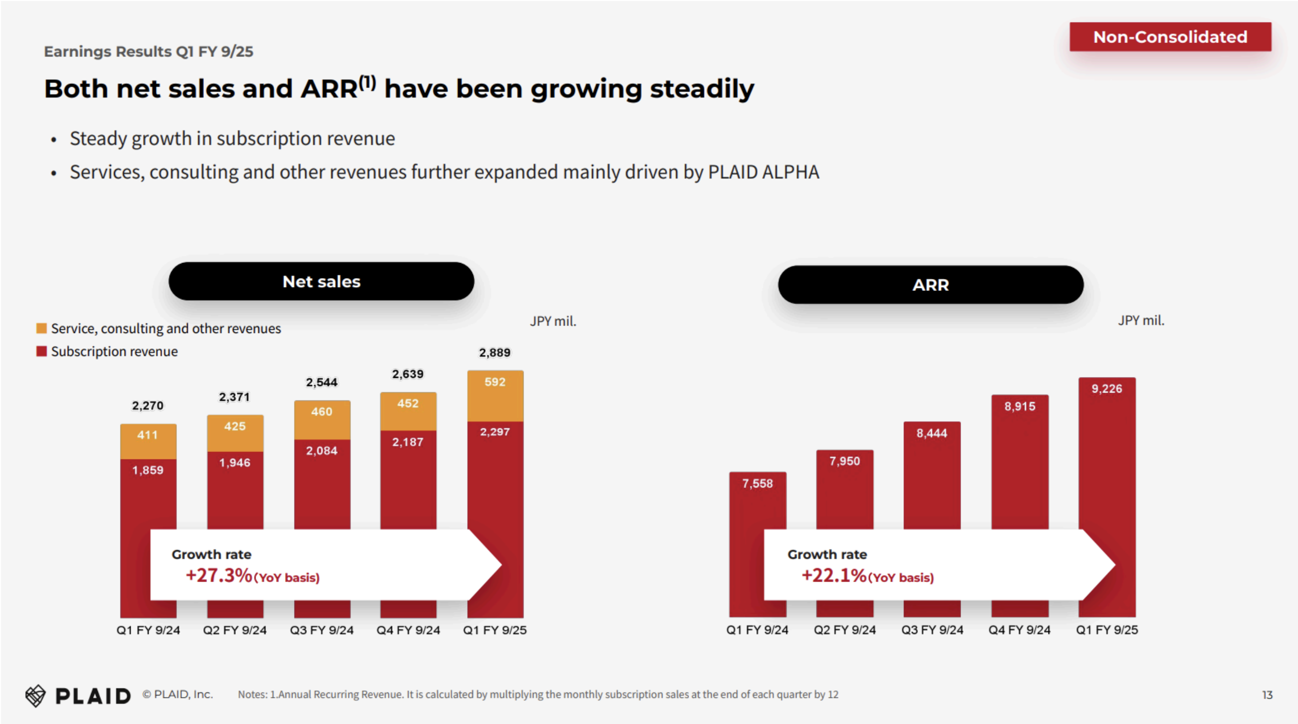
As I have explained, sales were strong in Q1, and we were able to control overall costs, particularly cost of sales and personnel expenses, as well as revise the timing of some marketing investments, so, in terms of profits, I have the impression that there were quite a few positive factors at work.

However, as with the SG&A expenses mentioned earlier, even if we were to revise the timing of the marketing investment and post approximately JPY100 million, adjusted operating income would still be in the mid JPY300 million range, so we believe that our profitability, our actual profitability value, is steadily improving.

Here is the consolidated balance sheet.

Both cash equivalents and equity ratios are maintained at safe levels. We assume that the Company will become even deeper and better positioned in the future as profits increase.

From here, I would like to explain the situation of Plaid on a non-consolidated basis and of its group companies.

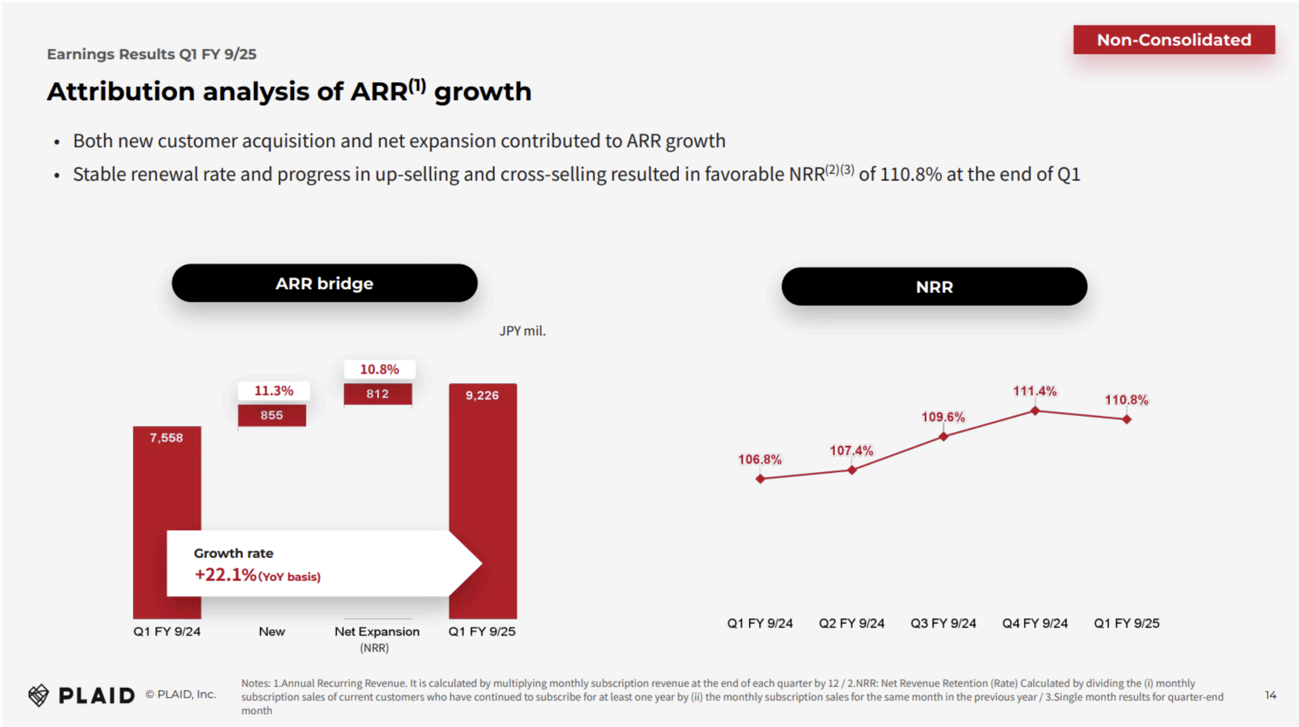


Plaid on a stand-alone basis continued to see strong growth in both subscription sales and service, consulting, and other sales, with net sales growing 27.3% YoY to JPY2,889 million.

The graph on the right side shows that ARR has improved 22.1% YoY and continues to be strong as well.

Regarding service, consulting, and other sales, as explained in the consolidated section, PLAID ALPHA has been performing very well, expanding the scale of service, consulting, and other sales from the previous fiscal year to 592 million.

What you are seeing now is an analysis of ARR growth.



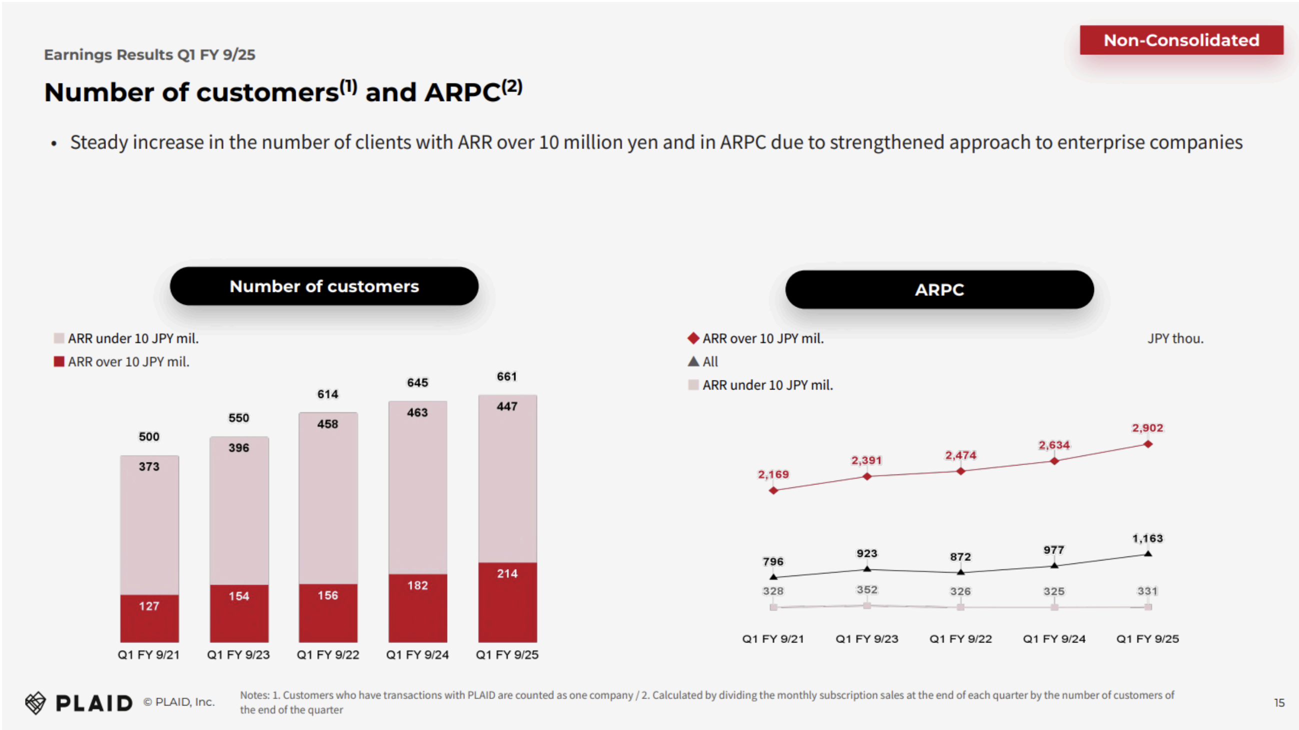
Of the 22.1% growth in ARR YoY, 11.3% came from new customer acquisitions. The expansion of transactions with existing customers accounted for 10.8%, and we believe that we have achieved well-balanced growth.

Since transactions and sales with existing customers account for 10.8% of the total, this means that our NRR is 110.8%, which we consider to be a good level at the moment. However, we believe that we can still improve the NRR, and we are currently pursuing a higher NRR with a higher value as our internal target.

This NRR of 110.8% is just an average for all customers, as I have indicated, so for example, it is not uncommon for a customer who has already received tens of millions of yen in ARR to further expand their business, resulting in an NRR of 140 to 150% for that customer. Therefore, we are currently promoting activities to increase the numbers of such customers. For example, sales and customer success are organized by industry to strengthen the ability to make proposals, or making it easier to accumulate knowledge, or as it is commonly called an account plan, optimizing the allocation of resources based on future business prospects, and making better use of professional services to sell our products. There are a variety of activities, and I believe that we can further improve the NRR by refining these efforts.

The same applies to the downside. One of the reasons why our performance has been stable for the past two years is that our customer retention and renewal rates have remained stable and at a good level, but naturally, we believe there is still room for improvement. Overall, it is certainly a comfortable and stable level, but in looking at each individual case, the number of cases where we could have possibly prevented cancellation or down-selling by reviewing operations or changing the way we approach the customer is not zero. Although it will be a steady tuning process, we would like to further brush up on our activities so that we can achieve even better numbers than we currently have.

Here is the distribution of the number of customers and ARPC.



Both are in the dark red in the graphs. The number of client companies with ARR over JPY10 million grew 17.5% YoY to 214. With an ARPC of JPY2,092 million, or 10.1% YoY, this is where we are driving our ARR growth.

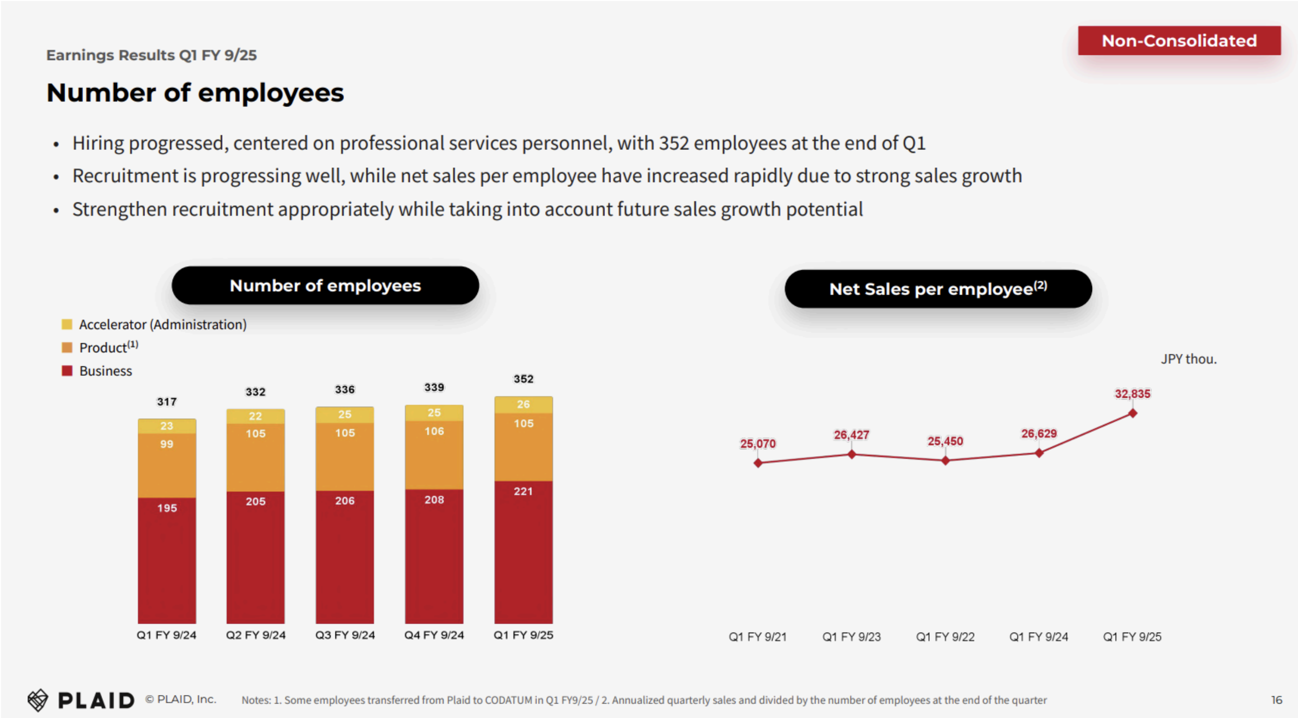
The graph of the number of customers shows that the percentage of clients with an ARR of JPY10 million or more is increasing. This is a positive sign that our strategy is working effectively, as the percentage of clients who can be expected to expand in the future is increasing.

In addition, as a supplement to this light-pink client base with an ARR of less than JPY10 million, currently there are many clients in the so-called "low price range" who honestly believe that it will be difficult to expand their business in the future and are churning. On the other hand, we internally refer to new acquisitions as "Tier", and we are in a situation where we have an influx of clients who are high tier. In other words, clients who will be able to expand to transactions with an ARR of JPY10 million or more in the future, so the contents of the 447 companies with an ARR of less than JPY10 million are gradually becoming more reflective of our strategy.

Therefore, our basic efforts for future growth include acquiring new clients with an ARR of JPY10 million or more, and up-selling and cross-selling to clients with an ARR of less than JPY10 million, even though they are clients with high tier. We believe that it is important to promote these two points, and that the potential for growth by doing so is still great. I also want to say the group of companies that we have positioned in this high tier as an enterprise within our company, is classified based on the size of sales and other factors. The number of target customers is approximately 2,000 to 3,000 companies. In contrast, the number of customers with an ARR of JPY10 million or more in Q1 was 214, and among those with an ARR of less than JPY10 million, there are companies that are classified as enterprises, so, combined, roughly 250 to 300 companies are so-called "high tier" customers.

In this respect, we are already doing business with 250 to 300 companies out of the 2,000 to 3,000 companies we are targeting, so our penetration rate is still around 10%. We believe that we can achieve sustainable growth by increasing this penetration rate.

Here is the number of non-consolidated employees.



The number of Plaid's non-consolidated employees at the end of Q1 was landing at 352, up 13 from the previous quarter.

We are on track with our recruitment plan and are increasing the number of people in PLAID ALPHA.

In addition, as shown in the graph on the right, while hiring itself is proceeding as expected at the beginning of the period, sales per employee are rising rapidly, due in part to continued strong sales growth. This is a sign that productivity has improved as a result of the various activities being promoted throughout the Company, and we believe that this is a very good result in that we have been able to firmly create a profit margin that improves accordingly.

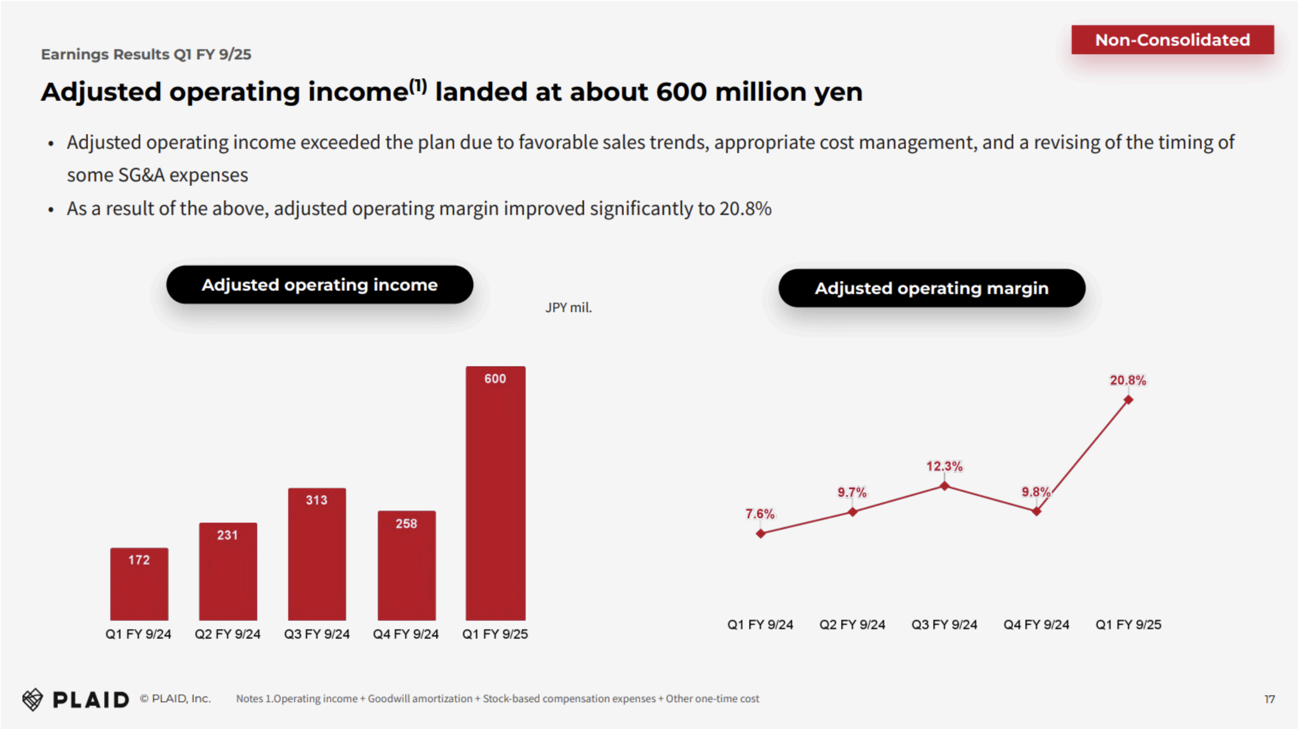
On the other hand, if this rapid improvement continues for too long, it is likely that the organization will become exhausted in the future, so we would like to strengthen our hiring in an appropriate balance, while keeping in mind future growth and profitability, although we do not want to be preemptive.

Specifically, for the current fiscal year, while taking into account the sales outlook for the current fiscal year, including the second half of the year, we will continue to hire additional personnel for the sales, customer success, and professional services businesses, adding to some extent to our plan at the beginning of the fiscal year .

In terms of our P&L, the timing of contract renewals in March and April has a considerable impact on our P&L. In addition, we would like to consider how many additional people we will take in the end, while watching the situation in the current term, since there is also the impact of the price increase.

In addition, while strengthening recruitment, we will continue to brush up on our strategies and improve the sophistication of our operations in order to achieve a sustainable and stable increase in sales per employee, and to create a situation in which we can steadily increase profitability accordingly.

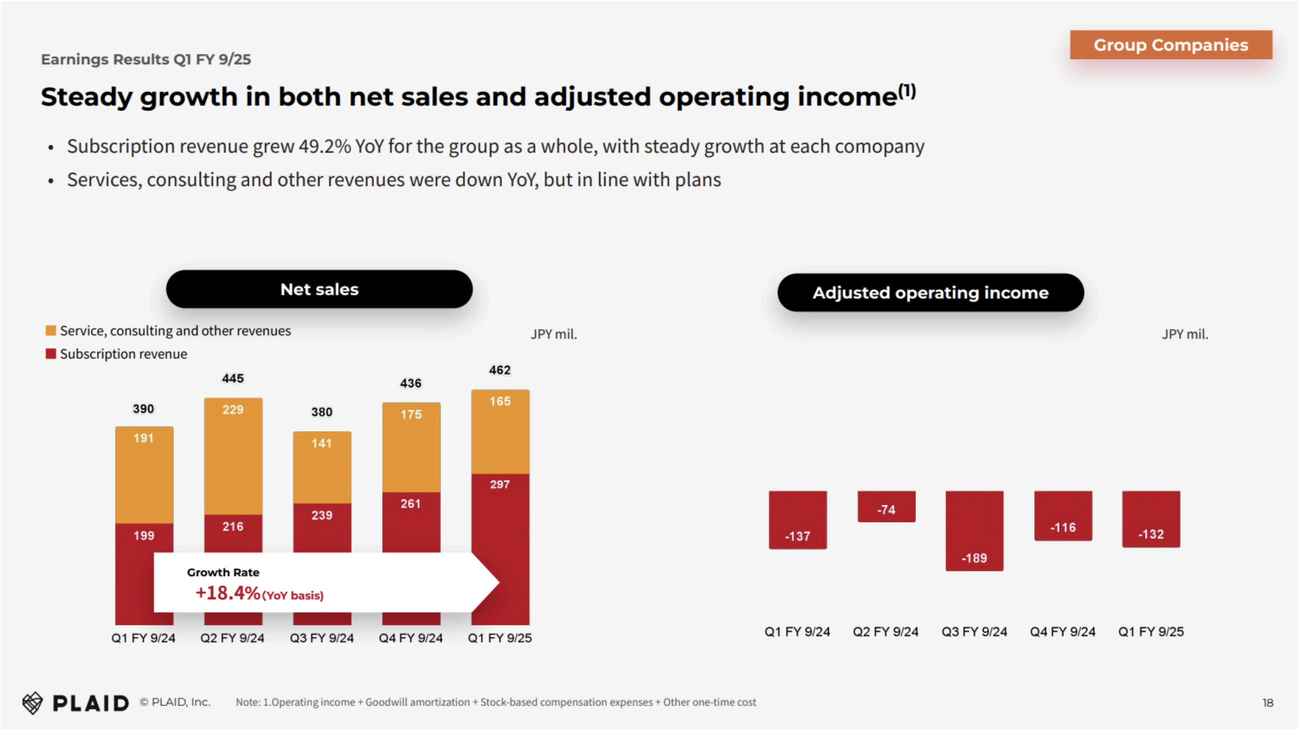
Adjusted operating income.



Plaid's non-consolidated adjusted operating income for Q1 was JPY600 million. As I mentioned in the consolidated part, this is due to three factors: strong sales, cost control, and a review of the timing of some marketing investments.

Adjusted operating income has also improved to 20%, but as I mentioned on the previous slide, we will continue to be conscious of growth potential or profitability while also hiring appropriately and firmly so that we can improve profits in a sustainable manner.

Here are the results of the group companies.



Sales grew 18.4% YoY to JPY462 million, of which subscription sales are shown in dark red in the graph. Subscription sales grew 49.2% YoY, with strong growth by RightTouch and Agito.

As I mentioned in the summary section, EmotionTech is also making steady progress with the management reforms that were initiated last fiscal year, and both sales and adjusted operating income are exceeding the Company's projections.

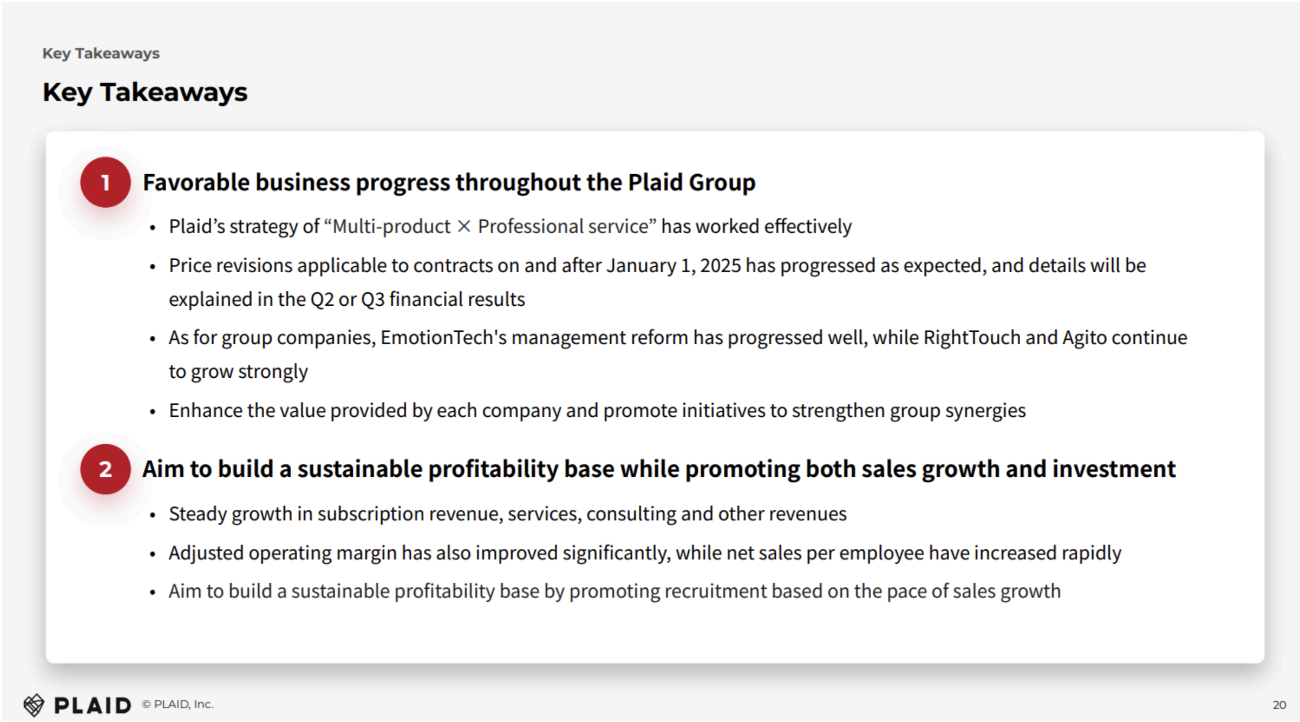
Regarding EmotionTech, in the Q3 results of last fiscal year, we said that it would achieve enhanced growth through major product updates and the promotion of AI-based solutions, etc. In terms of product updates, they are steadily working on the implementation of analysis functions, which are in high demand from clients. In terms of AI solutions, they are developing an AI analysis service for text data called TopicScan, and they are continuing to work toward re-accelerating growth .

To repeat, as you can see in the sales graph, the percentage of subscription sales has been increasing from quarter to quarter, and I believe that the stability of our business performance is steadily increasing.

On the other hand, as for adjusted operating income, each company is still basically in the upfront investment phase, so we do not expect a reduction in losses in the short term. However, as I mentioned earlier, with the expansion of these sales, especially subscription sales, we believe that they will accelerate the Group's profits in the medium term.

Also, I have explained separately in terms of Plaid alone and each company in the Group, but in terms of the overall group strategy, Plaid and its group companies have been vigorously moving to accelerate collaboration since the current fiscal year. We are strengthening product collaboration, joint proposals to clients, and various other activities, and the number of such activities is increasing, so we intend to consciously strengthen the management capabilities of the Group in the future.

Now, as the last part of today's discussion, I would like to summarize.



There are two points I would like to make. The first is that, as I have explained so far, business is progressing very well throughout the Group. Our strategy of offering a cross-section of multi-products and professional services, with a focus on enterprise companies, is working effectively, and we expect this trend to continue.

In addition, the price revisions for Plaid, which were announced in the previous financial statement, are currently proceeding as expected for the most part. The revised fees for KARTE Web, KARTE App, and KARTE Datahub, which account for approximately 80% of Plaid's subscription sales, will increase by approximately 10% for contracts concluded on or after January 1, 2025, that is, in the current quarter and the second quarter onwards.

The actual rates are basically determined through conversations with each company, so it is not a simple matter of automatically raising 10% for all contracts. However, only with regard to the contracts that came in during January and February, there is currently no situation of large cancellations, so I think that the situation is generally within the expected range.

We will be concentrating on renewals and new contracts in March and April, respectively, so we will be able to explain the specific results and effects of the price revisions in detail in May or August for the Q2 or Q3 financial results.

The other point, as stated, is that we want to build a sustainable earnings base with a firm awareness of the balance between growth and investment. Adjusted operating margin increased significantly during the quarter to 14.9% on a consolidated basis and 20.8% on a non-consolidated basis. In addition, at the time of the listing, we disclosed a long-term financial model as a profitability indicator for the KARTE domain, which is the core business of the Group, and we have achieved all indicators, albeit on a quarterly basis this time.

Here is the slide.

Appendix

Long Term Model[1][2]

(KARTE domain)

	Q1 FY 9/24	Q2 FY 9/24	Q3 FY 9/24	Q4 FY 9/24	Q1 FY 9/25	Long term model
Gross profit margin	75.6%	73.4%	75.1%	76.4%	76.3%	75-80%
S&M	36.9%	32.2%	30.3%	31.2%	26.8%	25-30%
R&D	20.9%	19.3%	18.6%	18.1%	16.2%	18-20%
G&A	10.1%	9.2%	8.7%	9.1%	7.6%	8-10%
Operating margin	7.7%	12.7%	17.5%	18.0%	25.7%	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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As you can see, gross profit margin, S&M, R&D expenses, corporate expenses, and operating margin are all in line with each other.

I believe that this achievement itself was a very important step in terms of measuring the profitability of the business. In order to sustainably increase profitability in the future, we need to brush up our strategies, secure appropriate resources to steadily implement them, and upgrade our operational structure. I believe that it will be important to make sure that both wheels are firmly in place.

From this perspective, I also mentioned that we would like to add additional business personnel this year, focusing from sales to customer success, and we will make the necessary investments to ensure stable business growth, not only by hiring people, but also by raising the productivity of the entire company to create a sustainable and strong earnings base.

That concludes my explanation. Thank you for your attention.

Moderator: Thank you for your attention. This concludes our presentation session on Plaid's financial results for the first quarter of the fiscal year ended September 30, 2025.

Question & Answer

Moderator: The Q&A session will now begin. Mr. Yamada, please ask your question.

Q1 : I have two questions. First, there was a comment about the sixth slide that PLAID ALPHA is doing very well in this consulting sales. What is the volume of PLAID ALPHA in terms of money in this professional service? And how is the contribution of growth likely to increase in the future? That's the first question.

Also, the scale of profits is gradually increasing, and the retained earnings are still in the negative. I would like to ask if you have any thoughts on future dividends or shareholder returns that you can share with us at this time. Please answer these two questions.

Takahashi : Yes, thank you. First of all, regarding the scale of PLAID ALPHA, sales are less than JPY300 million. You can see almost all of PLAID ALPHA's sales in the KARTE domain of the fact sheet.

I mentioned that there was a large increase, but the amount of PLAID ALPHA was about JPY100 million or less.

As for the other question, regarding shareholder returns, you are right. We are in a situation where we are generating steady and stable profits, so we are discussing the pros and cons of shareholder returns in an open manner within the Company. At present, we have not decided whether or not to implement shareholder returns, but we will consider implementing appropriate shareholder returns at the appropriate time. Did I answer your question?

Q1 : Thank you.

Moderator : Thank you. With the completion of the questions, we will now close the presentation of the financial results of Plaid for the first quarter of the fiscal year ending September 30, 2025.

Thank you all for taking time out of your busy schedule to join us.

[END]

Disclaimer

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