Plaid (4165, Corporate)

Combined potential

16th June 2025

Share price: ¥1,255

Market cap: ¥51.4bn

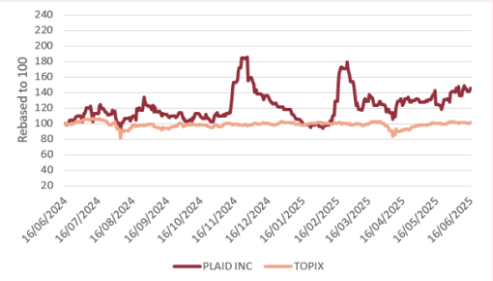
The 1H combination of operational leverage, enterprise growth, ARPC gains & AI integration projects highlights Plaid's earnings potential.

Company sector

Software (GICS Industry)

Stock data

Price (¥)	1,255
Mkt Cap (¥bn)/($m)	51.4 / 357.4
52-week range (¥)	760 - 1,647
Shares O/S (m)	41.0
Average daily value ($m)	15.1
Free float (%)	40.4
Foreign shareholding (%)	10.9
Ticker	4165
Exchange	Tokyo Growth
Net Debt/Equity (%)	-86.2



Source: Bloomberg

BUSINESS OVERVIEW

Plaid provides the KARTE CX (customer experience) platform & wider product suite, plus professional services such as consulting.

Next event

1-3Q 9/2025 results in August 2025

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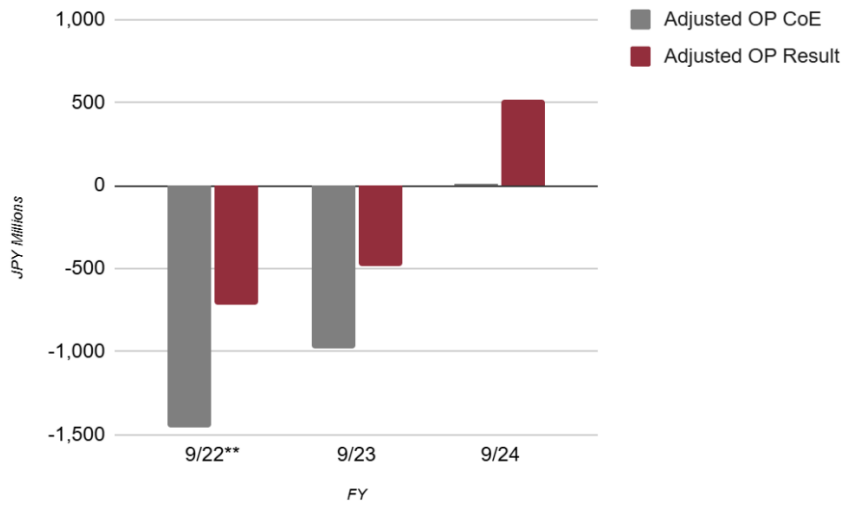
- Plaid raised its FY 9/25 OP estimates at 1H results, as greater employee productivity than expected resulted in successful new customer acquisition & existing customer retention.
- Plaid is also working to raise sales per employee through ARPC (average revenue per customer) growth. Supported by the Jan 2025 price hike, a strategic shift towards acquiring large enterprise customers, & upselling & cross-selling activities, **overall ARPC increased +21.8%YoY to ¥1.2m at 2Q results**.
- In the 2Q, Plaid concentrated new customer acquisition efforts on large enterprises, whilst upselling to existing customers to increase the number contributing >¥10m ARR. This resulted in the number of SMBs (& therefore total customers) declining YoY. As shown by robust 1H earnings expansion, **the negative sales impact from fewer SMBs was wholly offset by enterprise growth**. We regard Plaid's strategic prioritisation of larger clients as logical.
- In the 2H, Plaid plans to increase personnel & marketing spending HoH, but we consider the investments to be appropriate, & note **it expects to nearly triple FY 9/25 adjusted OP YoY despite these higher costs**.
- We are also encouraged by the company's efforts to integrate AI technology into its product line-up. Specifically, proof of concept projects for HIS (9603) & Marui Group (8252) showcase Plaid's potential to deploy AI to solve issues at a range of customers in the long-term.
- In the medium-term, we expect ongoing strong earnings growth as the company continues to generate an increasing proportion of stock subscription sales alongside its expanding consulting & professional service area. Following record 1H earnings, & with the stock trading -72% below its 2021 high, we recommend investors schedule a meeting with senior management to develop the investment case: here.

Year end	9/2023	9/2024	1H 9/2025	9/2025E
Sales (¥bn)	8.6	11.0	6.5	13.6
Adj-OP* (¥bn)	-0.5	0.5	1.0	1.5
NP (¥bn)	-2.1	0.3	0.6	n/a
EPS (¥)	-53.9	8.0	15.8	n/a
DPS (¥)	n/a	n/a	n/a	n/a
Sales growth YoY (%)	18.3	27.3	24.4	23.5
Adj-OP* growth YoY (%)	n/a	n/a	351.0	n/a
NP growth YoY (%)	n/a	n/a	n/a	n/a
EPS growth YoY (%)	n/a	n/a	n/a	n/a
PER (x)	n/a	114.9	47.4	56.1
EV/EBITDA (x)	n/a	94.7	34.8	42.0
PBR (x)	11.0	11.8	11.1	13.1
ROE (%)	n/a	11.2	26.7	n/a
ROIC (%)	n/a	9.2	22.2	n/a
FCF yield (%)	n/a	2.3	2.0	n/a
Dividend yield (%)	n/a	n/a	n/a	n/a

Source: Company & Bloomberg

**Adjusted OP = OP + amortization of goodwill + stock compensation expenses & other one-time costs*

RESULTS VS FORECAST HISTORY



** Listed Dec 2020.*
*** For 9/22 non-adjusted OP Company Estimates (CoE) was used and given as a range of -¥1,565~-1,343.*

EARNINGS

Upward revision

At 1H 9/25 results, Plaid raised its FY adjusted OP (adj-OP) estimate but left sales unchanged.

- *High productivity:* The primary factor behind the revision was the successful efforts of existing personnel to achieve new customer acquisition targets & deliver sufficient support to current clients to avoid cancellations. Plaid also focused resources on winning & retaining enterprise customers with >¥10m ARR (annual recurring revenue), as these accounts contribute more efficiently to ARR growth than smaller companies.

Personnel productivity was therefore greater than anticipated. **In the 2Q 9/25, annualised consolidated sales per employee increased +10.5%YoY to ¥27.5m.** We expect Plaid to steadily recruit new employees over FY 9/25, but for average employee productivity to continue rising.

- *Estimates:* Plaid expects to achieve its FY 9/25 sales target & has left it unchanged, but even with plans to boost 2H hiring HoH, expects improved productivity to result in greater than expected OP growth. It therefore raised its FY adj-OP estimate.

We note the updated adj-OP outlook assumes the 2H adj-OPM improves +2.0ppt YoY to 7.2% but declines -7.9ppt HoH. Plaid expects a lower 2H adj-OPM due to planned investment in recruitment & marketing (detailed below). **As it estimates +190.4%YoY FY 9/25 adj-OP growth despite these investments, we believe its decision to invest in growth is both balanced & reasonable.**

Expenses

- *CoGS:* 2Q server costs were broadly flat QoQ, but outsourcing expenses increased significantly QoQ (exact figures undisclosed) as Plaid Alpha contracted external partners to help manage a surge in demand. As a result, total 2Q CoGS increased +8.8%QoQ, or +9.0%YoY, to ¥904m.

As a result, the 2Q consolidated GPM (after deducting provisions for losses on outstanding orders) declined -1.1ppt QoQ to 72.2% (but improved +2.8ppt YoY). Within this decline, the KARTE domain GPM decreased more significantly, -3.3ppt QoQ (-0.4ppt YoY) to 73.0%.

As Plaid plans to continue outsourcing in the 2H, depending on demand, we expect the 2H GPM to persist at a similar level to the 1H.

Personnel

- *Recruitment:* Parent personnel increased +30 from FY 9/24-end to 364 in the 1H 9/25. In the 2H, Plaid plans to hire +50-60 parent employees, targeting net growth of +70 in FY 9/25.

We note total group headcount increased +40 from FY 9/24 to 489 at 1H 9/25 results &, whilst Plaid aims to boost 2H recruitment to +60-70, it believes there is a risk of hiring not strengthening significantly HoH. **It expects to finish FY 9/25 with a net +80-100 group employees YoY.**

- *Personnel expenses:* 1H personnel expenses increased +6.7%YoY to ¥2.3bn. With more aggressive hiring planned in the 2H, we expect +¥200-300m HoH growth.

Marketing

1H advertising expenses increased +48.5%YoY to ¥303m. In the 2H, Plaid has budgeted 1.5x this amount, or ~¥450m (~+40%YoY).

The ¥450m includes a portion of the ¥100m budgeted for 1Q marketing which was delayed to the 2Q onwards. Plaid spent some of this amount in the 2Q & plans to use the remainder in the 2H. It expects total FY marketing spend to finish in line with its original budget.

2H marketing is likely to mainly consist of branding activities such as online ads, promotional events, & offline conferences.

SUBSCRIPTION REVENUE

- *Subscription revenue growth:* 1H 9/25 subscription revenue increased +24.0%YoY to ¥5.3bn, as consolidated ARR reached ¥10.9bn +23.0%YoY in the 2Q.

- *Pricing:* From 1st Jan 2025, Plaid implemented a **+10% price increase across KARTE Web, KARTE for App, & KARTE Datahub**.

- *Customer numbers:* At 1H 9/25 results, total customers decreased -17 YoY to 642, but the decline was entirely limited to SMBs & stemmed from Plaid's focus on winning new enterprise customers & upselling/cross-selling to existing ones. Due to this increasing large enterprise focus, Plaid is gaining fewer new SMB customers than in recent years.

We expect Plaid to continue prioritising high value account growth as its core focus, but note it plans to strengthen its approach to the SMB customer segment in the longer-term.

In addition, the new customer acquisition lead time is increasing with average customer size, & there were a number of potential deals still in negotiation at the end of the 2Q.

We note customer contract timings are skewed to Plaid's 1Q & 3Q, as companies with Dec & Mar FY-ends use remaining annual budgets.

Customers with <¥10m ARR therefore declined -46 YoY to 420, but customers with >¥10m ARR increased +29 YoY to 222. As a result, **the 2Q proportion of >¥10m ARR customers rose +5.3ppt YoY to 34.6%.** The negative sales impact from losing smaller customers was wholly offset by enterprise growth.

- *ARPC:* In recent years, large customer ARPC has consistently grown with cross-selling & upselling, supported in FY 9/25 by the Jan 2025 price hike. In the 2Q 9/25, it increased +10.2%YoY to ¥2.9m. We note the proportion of customers which renewed contracts at higher prices exceeded Plaid's initial expectations.

Overall ARPC increased +21.8%YoY to ¥1.2m at 2Q results.

SERVICE, CONSULTING & OTHER REVENUES

1H service, consulting, & other revenues increased +25.4%YoY to ¥1.3bn, driven by high YoY sales growth at Plaid Alpha & the receipt of large orders at EmotionTech.

- *Plaid Alpha:* **Plaid Alpha has disclosed a new project for Osaka Gas Marketing, combining the use of KARTE products with Plaid Alpha consulting & professional services.** The project aims to strengthen Osaka Gas Marketing's online channels, including building a customer-driven marketing strategy, developing in-house advertising operations, & implementing a full website renewal.

- *EmotionTech:* EmotionTech has recently carried out management reform & reduced its focus on sales growth as it adjusts to changes. In the 2Q, it successfully handled large contracts as customers with March FY-ends used up their remaining budgets. In the 2H, Plaid expects a deceleration to single-digit EmotionTech sales growth as it continues to process management changes but anticipates a gradual recovery thereafter.

AI

Plaid is **exploring how to effectively combine KARTE with AI functionality**, & is developing proofs of concept for certain customer use cases. Medium-term, it expects to deliver similar solutions to other companies, initially in the same or similar industries. It also believes there are opportunities for implementation in the financial industry, as companies such as banks can use AI to augment online operations. We anticipate delivery efficiency for AI solutions improving as Plaid gains experience in this development work.

Proof of concept projects include:

- *HIS:* Plaid is supporting HIS (9603), an existing KARTE user, in applying AI to its operations.

HIS uses KARTE to track website travel ticket search & user data, but it is difficult for store staff to understand how to effectively use the data. Plaid has therefore prepared a custom consultation & reservation data dashboard for HIS, which is designed to be accessible for ordinary personnel.

The dashboard uses an AI model to summarise aggregated KARTE data, & visualises this data using KARTE Craft, an AI-powered tool released in Apr 2024 for code & image generation. In Jan 2025, the dashboard was rolled out to stores nationwide.

Staff can apply the data to prepare for & assign appropriate employees to in-store appointments, by rapidly creating a summary of the customer & their likely travel preferences, allowing them to more efficiently & effectively deliver travel recommendations. Plaid plans to develop an AI agent for HIS capable of automatically creating tailored product recommendations that can be used both in-store & in online marketing.

It expects the project to generate recurring revenue from the use of KARTE Craft & anticipates one-time professional service revenue from the dashboard design work.

- *Marui Group:* At FY 9/24 results, Plaid disclosed a customer communication infrastructure project for Marui Group (8252), combining KARTE series products with infrastructure renewal & post-implementation growth support provided by Plaid Alpha.

At 1H 9/25 results, it disclosed a new, AI-driven, customer insight project for Marui Group. Since Oct 2024, it has been analysing Marui's purchasing data & data collected by KARTE, to develop new customer & product segments. **It plans to use these new segments to develop targeted sales approaches.**

- *Integration with Right Touch:* Plaid is also increasingly integrating AI functionality into the customer support solutions provided by group company Right Touch, as AI is well suited to aggregating, automating insights, & responding to large-scale, unstructured customer feedback data.

FULL AGITO ACQUISITION

At the 31st Mar 2025 Board of Directors meeting, Plaid resolved to increase its stake in consolidated subsidiary Agito from 66.76% to 100%, making it a wholly owned subsidiary.

From 13th May, it spent ~¥350m purchasing shares from Agito's 2 other shareholders, both individuals, to raise its stake to 90.03%. It subsequently acquired the remaining 9.97% through a 1:385 Plaid for Agito share exchange, resulting in 138,600 new Plaid shares issued, effective 15th May.

It initially acquired a majority stake in Agito in Oct 2022, & since then the 2 companies have collaborated to develop new advertising domain products. Plaid also outsources advertising operations to Agito. **The decision to acquire full ownership reflects Plaid's commitment to deepening its partnership & supporting Agito's future growth**.

PREVIOUS REPORTS

- 20th March 2025: 'Enterprise customer growth'
- 27th January 2025: Initiating coverage: 'KARTE CX potential'

COMPANY INFORMATION

Company Timeline	
Oct 2011	Foundation
Jul 2014	Announced KARTE and financing of 150 million yen
Mar 2015	Official release of KARTE
Aug 2015	PLAID, Inc. raises 500 million yen in funding
Mar 2016	Official release of KARTE Talk
Mar 2018	Launched “KARTE” for App
May 2018	Raises approximately 2.7 billion yen
Nov 2019	Announced funding from Google
May 2020	Announced investment and strategic partnership with Emotion Tech Inc.
Jul 2020	Launched closed beta version of “KARTE Blocks”
Dec 2020	Listed on the Tokyo Stock Exchange Mothers (Stock code: 4165)
Jul 2021	Launched “STUDIO ZERO”
Aug 2021	Established a new company ".ME inc." (dot me) with MITSUI & CO., LTD., one of the largest trading companies in Japan Acquired majority stake in Emotion Tech Inc. to expand coverage into customer survey field, offering services in and around NPS
Dec 2021	Launched a new company, RightTouch Inc., to offer solutions tailored specifically in the customer support area
Mar 2022	Launched beta version of "KARTE RightSupport"
Oct 2022	Acquired a majority stake in agito, Inc. to expand its services in the Internet advertising business
Jul 2023	Launched "KARTE Craft"
Oct 2023	Launched "PLAID ALPHA". Established CODATUM Inc.
Sep 2024	Launched beta version of "Wicle"
Oct 2024	PLAID Group's total ARR exceeds 10 billion yen
Dec 2024	Entered into an asset transfer agreement with Newt Inc. for the headless CMS "Newt"

Company Contact Details

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Website: https://plaid.co.jp/en/

TEL: +81-50-5434-8563

Major Shareholders	Stake (%)
Kenta Kurahashi	26.96
Naoki Shibayama	17.37
Shogo Tabata	8.31
Custody Bank of Japan, Ltd.	3.85
Google International LLC	3.49
The Master Trust Bank of Japan, Ltd	3.30
Rakuten Securities, Inc.	1.95
Northern Trust Co.	1.82
BNY GCM CLIENT ACCOUNT	1.59
The Tokyo Tanshi Co., Ltd.	1.49

Source: Company

MANAGEMENT

Kenta Kurahashi	Representative Director & CEO
Career History	
Apr 2005	Joined Rakuten Group, Inc. as a new graduate
Oct 2011	Founded Plaid as Chief Executive Officer
Jan 2022	Representative Director & CEO, Plaid (current)

Naoki Shibayama	Director, Executive Officer & CPO
Career History	
Sep 2011	Joined S-cubism, Inc.
Apr 2013	Joined Plaid as Chief Technology Officer
Apr 2018	Executive Officer, Plaid
Feb 2019	Director, Executive Officer & CPO (current) Established Plaid Group subsidiary CODATUM, Inc.

Keitaro Takayanagi	Director & Executive Officer
Career History	
Apr 2005	Joined Rakuten Group, Inc. as a new graduate
Nov 2008	Joined Agile Media Network Engaged in the launch of ambassador marketing business as Director and Chief Operating Officer
Oct 2011	Joined Plaid as Director
Mar 2013	Director, Agile Media Network
Mar 2014	Director, Executive Vice President & COO, Agile Media Network
Apr 2016	Resigned as Director, Plaid
Dec 2018	Director & Executive Officer overseeing KARTE business (current)

Kaoru Matsuzawa	Outside Director
Career History	
Oct 2002	Registered as an attorney Joined Mori Sogo Law Firm (now Mori Hamada & Matsumoto Law Firm)
Jun 2008	Completed LL.M. programme at Harvard Law School, USA
Jan 2009	Admitted to the New York State Bar
Dec 2011	Appointed Director of Investigation, General Affairs & Investigation Division, Secretariat of the National Diet of Japan Fukushima Nuclear Accident Investigation Commission
Nov 2014	Appointed Advisor in charge of strengthening governance at the Government Pension Investment Fund (GPIF), Pension Bureau, Ministry of Health, Labour & Welfare
Oct 2017	Established Kozuka Law Office
Jan 2019	Co-founded Miura & Partners Law Firm, appointed Partner (current)
Feb 2021	Appointed Representative Director, OnBoard Inc. (current)
Dec 2022	Joined Plaid as Outside Director (current)

Masamune Mimura	Outside Director
Career History	
1993	Joined SAP Japan Co., Ltd as subsidiary's founding member. Over the next 13 years becomes Chief of the President's Office & Vice President of Strategic Products Business.
Oct 2006	Joined McKinsey & Co.
Feb 2008	Joined Microsoft Japan
Apr 2009	Joined Better Place Japan K.K.
Oct 2011	President & Chief Executive Officer, Concur Japan, Ltd
2023	Joined Integrity Healthcare Co., Ltd as Outside Director
Jun 2024	Established U-ZERO, Ltd as President & Chief Executive Officer (current)
Dec 2024	Joined Plaid as Outside Director (current)

J GAAP Financial Statements

Income statement (¥bn)	FY 9/22	FY 9/23	FY 9/24
Sales	7.3	8.6	11.0
COGS	1.9	2.4	3.1
Gross profit	**5.4**	**6.2**	**7.9**
Gross profit margin (%)	73.6	72.2	71.6
Operating expense	6.2	7.1	7.6
Total OP	**-0.9**	**-0.9**	**0.3**
OP margin (%)	-12.1	-10.2	2.4
Non-Op Income (Loss)	0.1	1.2	0.2
Pretax Income	**-1.0**	**-2.1**	**0.0**
Tax	0.0	0.0	-0.2
Effective tax rate (%)	0.0	0.0	n/a
Net income	**-0.9**	**-2.1**	**0.3**

Balance sheet (¥bn)	FY 9/22	FY 9/23	FY 9/24
Cash & equivalents	4.2	3.8	4.7
Accounts & notes receivable	0.7	1.0	1.1
Inventories	0.0	0.0	0.0
Other short-term assets	0.2	0.5	0.4
Current assets	**5.1**	**5.3**	**6.2**
Property, plant & equipment (net of depreciation)	0.1	0.1	0.1
Long term investments & receivables	0.1	0.1	0.0
Other long-term assets	1.8	0.8	0.9
Total non-current assets	**1.9**	**0.9**	**1.1**
Total assets	**7.1**	**6.2**	**7.3**
Payables & accruals	0.5	0.8	0.9
Short-term debt	0.7	0.4	0.8
Other short-term liabilities	0.7	1.3	1.8
Total current liabilities	**1.9**	**2.5**	**3.6**
Long term debt	1.1	1.0	0.5
Other long-term liabilities	0.0	0.0	0.0
Total non-current liabilities	**1.1**	**1.0**	**0.5**
Total liabilities	**3.0**	**3.5**	**4.1**
Share capital & APIC	7.3	8.0	8.3
Treasury stock	0.0	0.0	0.0
Retained earnings	-3.3	-5.4	-5.1
Other equity	0.0	0.0	0.0
Equity before minority interest	**4.1**	**2.6**	**3.1**
Total equity	**4.1**	**2.7**	**3.2**
Total liabilities & equity	**7.1**	**6.2**	**7.3**

Cash flow statement (¥bn)	FY 9/22	FY 9/23	FY 9/24
Net income/pre-tax profit	-0.9	-2.1	0.3
Depreciation/amortization	0.2	0.2	0.1
Other non-cash items	0.0	1.5	0.1
Changes in working capital	0.0	0.1	0.4
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Operating Activities	**-0.8**	**-0.3**	**0.9**
Change in fixed & intangible assets	-0.1	0.0	-0.1
Net change in long-term investments	0.0	0.0	0.0
Net cash from acquisitions & divestitures	0.0	0.0	0.0
Other investing activities	0.0	0.0	0.0
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Investing Activities	**-0.1**	**-0.1**	**0.0**
Dividends paid	0.0	0.0	0.0
Cash from (repayment) debt	0.9	-0.6	-0.1
Cash from (repurchase) of equity	0.1	0.0	0.1
Other financing activities	0.0	0.0	0.1
Net cash from discontinued operations	0.0	0.0	0.0
Cash from Financing Activities	**1.0**	**0.0**	**0.1**
FX impact	0.0	0.0	0.0
Net cash flow	**0.1**	**-0.4**	**0.9**
Free cash flow	**-0.9**	**-0.4**	**0.8**
EBITDA	**-0.7**	**-0.7**	**0.4**

Key metrics	FY 9/22	FY 9/23	FY 9/24
Profitability			
Gross margin (%)	73.6	72.2	71.6
Operating margin (%)	-12.1	-10.2	2.4
Net margin (%)	-12.8	-24.4	2.9
ROIC (%)	-15.6	-25.3	9.2
Liquidity			
Current ratio (x)	2.7	2.2	1.7
Quick ratio (x)	2.6	2.0	1.6
Leverage			
Debt/Equity ratio	45.3	53.0	42.0
Net Debt/Equity ratio	-59.0	-89.1	-106.9

Source: Bloomberg

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