

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.



Consolidated Financial Results for the Fiscal Year Ended September 30, 2022 (Japanese GAAP)

November 8, 2022

Company Name: PLAID, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4165
 URL: <https://plaid.co.jp/>
 Representative: Kenta Kurahashi, Representative Director and CEO
 Contact: Kentaro Muto, CFO
 Tel: +81-50-5434-8563

Scheduled date of ordinary general meeting of shareholders: December 20, 2022
 Scheduled date to commence dividend payment: -
 Scheduled date to file annual securities report: December 21, 2022
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (For institutional investors and securities analysts)

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

1. Consolidated Financial Results for the Fiscal Year Ended September 30, 2022 (from October 1, 2021 to September 30, 2022)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Adjusted operating income (loss)		Operating income (loss)		Ordinary income (loss)		Net income (loss) attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended September 30, 2022	7,295	34.0	(718)	-	(882)	-	(983)	-	(930)	-
September 30, 2021	5,444	-	-	-	170	-	(105)	-	(106)	-

*Notes:

(1) Comprehensive income Fiscal year ended September 30, 2022 (981) millions of yen (- %)
 Fiscal year ended September 30, 2021 (105) millions of yen (- %)

(2) Adjusted operating income = operating income + amortization of goodwill + stock-based compensation expenses + other temporary expenses. The result of this income for the fiscal year ended September 30, 2021 and year-on-year change are not shown as the Group started reporting this from the fiscal year ended September 30, 2022.

(3) The Group started preparing consolidated financial statements from the fourth quarter of the fiscal year ended September 30, 2021, therefore does not present year-on-year changes for the fiscal year ended September 30, 2021. Further, both return on equity and ordinary income to total assets for the fiscal year ended September 30, 2021 were calculated based on the year-end equity and year-end total assets respectively, because that fiscal year is was the first time the Group reported a consolidated balance sheet.

	Net income (loss) per share	Diluted income (loss) per share	Return on equity (ROE)	Ordinary income (loss) to total assets	Operating income (loss) to net sales
Fiscal year ended September 30, 2022	Yen (24.30)	Yen -	% (20.9)	% (14.0)	% (12.1)
September 30, 2021	(2.86)	-	(2.2)	(1.5)	3.1

Reference: Share of profit (loss) of entities accounted for Fiscal year ended September 30, 2022 - millions of yen using equity method

Fiscal year ended September 30, 2021 - millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net asset value per share
As of September 30, 2022	Millions of yen 7,091	Millions of yen 4,070	% 57.2	Yen 104.98
September 30, 2021	6,983	4,953	69.6	128.30

Reference: Equity As of September 30, 2022 4,052 millions of yen
 As of September 30, 2021 4,861 millions of yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalents year-end balance
Fiscal year ended September 30, 2022	Millions of yen (809)	Millions of yen (135)	Millions of yen 1,012	Millions of yen 4,240
September 30, 2021	410	(1,330)	2,999	4,172

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

2. Dividends

	Dividend per share					Total dividends (Annual)	Dividend payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended September 30, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended September 30, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending September 30, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Forecast of Consolidated Results for Fiscal Year Ending September 30, 2023 (from October 1, 2022 to September 30, 2023) (Percentages indicate year-on-year changes.)

	Net sales		Adjusted operating income (loss)	
	Millions of yen	%	Millions of yen	%
Full Year	8,523	16.8	(979)	-

*Note:

Adjusted operating income = operating income + amortization of goodwill + stock-based compensation expenses + other temporary expenses

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and restatement

- a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatement: None

(3) Number of issued shares (Common shares)

- a. Total number of issued shares at the end of the period (including treasury shares)
- b. Number of treasury shares at the end of the period
- c. Average number of outstanding shares during the period

As of September 30, 2022	38,606,900shares	As of September 30, 2021	37,890,900shares
As of September 30, 2022	63shares	As of September 30, 2021	25shares
As of September 30, 2022	38,305,550shares	As of September 30, 2021	37,272,240shares

Reference: Overview of non-consolidated results

1. Non-Consolidated Financial Results for Fiscal Year Ended September 30, 2022

(from October 1, 2021 to September 30, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended September 30, 2022	6,551	20.3	(433)	-	(505)	-	(523)	-
September 30, 2021	5,444	35.9	170	-	(84)	-	(161)	-

	Net income (loss) per share	Diluted income (loss) per share
Fiscal year ended September 30, 2022	Yen (13.67)	Yen -
September 30, 2021	(4.33)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net asset value per share
As of September 30, 2022	Millions of yen 7,133	Millions of yen 4,411	% 61.8	Yen 114.11
September 30, 2021	6,584	4,809	73.0	126.86

Reference: Equity As of September 30, 2022 4,405 millions of yen
As of September 30, 2021 4,806 millions of yen

* This financial results report is out of the scope of audits conducted by certified public accountants or audit firms.

* Explanation of the appropriate use of earnings forecasts and other special notes
(Disclaimer regarding forward-looking statements, etc.)

The earnings forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and on certain assumptions deemed reasonable by the Company. They are not intended as a promise by the Company that they will be achieved.

Further, actual earnings, etc. may differ materially due to a variety of factors.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

Table of contents

1. Qualitative Information Regarding Results for the period	2
(1) Overview of Operating Results during the period	2
(2) Overview of Financial Position during the period	2
(3) Overview of Cash Flows during the period	3
(4) Future Outlook	3
2. Basic Concept Regarding Selections of Accounting Standards	4
3. Consolidated Financial Statements and Significant Notes Thereto	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Income (loss)	7
Consolidated Statement of Comprehensive Income	8
(3) Consolidated Statement of Changes in Shareholders' Equity	9
(4) Consolidated Statements of Cash Flows	11
(5) Notes on Consolidated Financial Statements	13
(Notes Regarding Assumption of a Going Concern)	13
(Change in Accounting Policies)	14
(Segment Information)	15
(Per Share Information)	17
(Significant Subsequent Events)	18

1. Qualitative Information Regarding Results for the Period

(1) Overview of Operating Results during the period

With the mission of “Maximize the Value of People with the Power of Data,” the Company provides its CX (Customer Experience) *¹ platform KARTE via the cloud *² to companies that operate websites, smartphone apps, and other similar businesses, with the aim of returning the enormous amounts of diverse data that exists in the world as something valuable to consumers *³ and distributing rich experiences as well.

With so many services now available online, including shopping, travel, and finance, the Company believes that consumers do not want only simple conveniences such as being able to shop or make reservations from home. Rather, customers want high-quality communications and experiences that enable them to receive optimal proposals matched to their interests and situations.

Meanwhile, in order to respond to such consumers’ needs, companies need to correctly understand the situations of each individual through the accumulation, integration, and analysis of data. Based on this, companies are required to either create appropriate communications or build a system to personalize their websites or smartphone apps for their customers. However, these efforts are currently so complex and difficult for companies.

Through using KARTE, companies can analyze a variety of data, most notably real-time behavioral data on websites and smartphone apps, on a per-user basis. This allows the interests and status of each user to be visualized, therefore the Company believes that this will make it easier to understand users not only in terms of PVs *⁴ or UUs *⁵ as figures, but also as individual people. Companies can then implement various communication measures that have been matched to the interests and situations of each individual user and verify the results of it through using KARTE.

As companies are increasingly interested in improving customer experience and utilizing data, KARTE is being used not only in the area of marketing on websites and smartphone apps, but also in a variety of corporate activities such as customer support. By enhancing the functions of KARTE and providing various products, we will continue to expand the data environment that enables companies to comprehensively understand their users in an integrated manner.

During the consolidated fiscal year ended September 30, 2022, the Company made organizational changes and increased its workforce to strengthen sales of KARTE, and also took steps to further expand its business domain.

Consequently, as of September 30, 2022, the Company’s ARR *⁶ was 6,638,342 thousand yen. Meanwhile, the Company’s financial results for the same period were net sales of 7,295,234 thousand yen (a 34.0% increase year-on-year), an operating loss of 882,541 thousand yen (compared to operating income of 170,616 thousand yen in the same period of the previous year), an ordinary loss of 983,503 thousand yen (compared to ordinary income of 105,786 thousand yen in the same period of the previous year), and a net loss attributable to owners of parent of 930,777 thousand yen (compared to a net loss attributable to owners of parent of 106,650 thousand yen in the same period of the previous year).

The description by segment is omitted because the SaaS business is the only segment of the Company.

*1. CX stands for Customer Experience which is defined to include the experience that the customers feel good, i.e., “the value that the customers realize through the experience.”

*2. The term “cloud” here means cloud computing, which is a general term for the provision of software and other systems as a service through the internet.

*3. Consumers refers to all of the general, unspecified number of people in the world, while “Users” refers to the people to whom companies provide products and services.

*4. PV: Page Views. It refers to the number of times a particular page in a website is opened. It is an indicator used to measure how much a website is being viewed.

*5. UU: Unique Users. It refers to the number of distinct individuals who visited a particular website or accessed a particular smartphone app during any given period, regardless of how often that action occurs during the relevant period.

*6. ARR: Annual Recurring Revenue. It is calculated by multiplying monthly subscription revenue at the end of each quarter by 12. This figure serves as a performance indicator for net sales, expected to be obtained over the 12 months starting from the month following the final month of the fiscal year only from existing subscriptions. This assumes all existing subscriptions will be renewed at their various renewal timings.

(2) Overview of Financial Position during the period

(Current assets)

Current assets as of September 30, 2022, were 5,148,848 thousand yen, up 192,308 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 68,459 thousand yen in cash and deposits resulting from the execution of long-term loans. In addition, notes and accounts receivable - trade increased by 64,460 thousand yen due to an increase in the volume of transactions.

(Non-current assets)

Non-current assets as of September 30, 2022, were 1,942,452 thousand yen, down 84,958 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 160,511 thousand yen in goodwill due to the amortization of goodwill, despite an increase of 25,750 thousand yen in Investment securities, and an increase of 24,840 thousand yen in lease and guarantee deposits.

(Current liabilities)

Current liabilities as of September 30, 2022, were 1,881,916 thousand yen, up 241,645 thousand yen from the end of the

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

previous consolidated fiscal year. This was mainly due to a decrease of 126,929 thousand yen in accounts payable - other, despite an increase of 186,500 thousand yen in the current portion of long-term debt and an increase of 396,699 thousand yen in contract liabilities.

(Non-current liabilities)

Non-current liabilities as of September 30, 2022, were 1,139,243 thousand yen, up 749,024 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 736,924 thousand yen in long-term debt resulting from the execution of long-term loans.

(Net assets)

Total net assets as of September 30, 2022, were 4,070,140 thousand yen, down 883,318 thousand yen from the end of the previous consolidated fiscal year. This was mainly due to the posting of a net loss attributable to owners of parent of 930,777 thousand yen.

(3) Overview of Cash Flows during the period

Cash and cash equivalents (hereinafter referred to as, "cash") as of September 30, 2022, were 4,240,577 thousand yen (up 1.6% year-on-year).

The status of cash flows and the factors affecting them during the consolidated fiscal year ended September 30, 2022 are as follows.

(Cash Flows from Operating Activities)

Net cash used in operating activities was 809,233 thousand yen (410,902 thousand yen obtained in the fiscal year ended September 30, 2021). This was mainly due to the posting of 1,004,467 thousand yen of net loss before tax adjustments associated with upfront investments in advertising expenses for new customer acquisition and personnel expenses, an increase in accounts receivable - trade of 64,460 thousand yen, and a decrease in accounts payable - other of 125,034 thousand yen.

(Cash Flows from Investing Activities)

Net cash used in investing activities was 135,108 thousand yen (down 89.8% year-on-year). This was mainly due to expenditures of 74,321 thousand yen for acquisition of property and equipment, 39,684 thousand yen for acquisition of investment securities, and 25,713 thousand yen for payment of lease and guarantee deposits.

(Cash Flows from Financing Activities)

Net cash obtained from financing activities was 1,012,801 thousand yen (down 66.2% year-on-year). This was mainly due to the proceeds of 1,550,000 thousand yen from long-term debt, the repayments of 626,576 thousand yen for long-term debt, and the proceeds of 93,997 thousand yen from issuance of shares resulting from exercise of stock acquisition rights.

(4) Future Outlook

The Group's net sales for the fiscal year ending September 30, 2023 will be 8,523 million yen (up 16.8% compared to the fiscal year ending September 30, 2022). In addition to acquiring new customers and reducing the churn rate in the existing SaaS business at the Company, we expect to increase net sales at subsidiaries.

With regard to adjusted operating loss for the fiscal year ending September 30, 2023, it will be 979 million yen (compared to an adjusted operating loss of 718 million yen in the fiscal year ended September 30, 2022). This is due to the impact of the yen's depreciation and strategic expenditures in new business areas, including subsidiaries, for growth in the fiscal year ending September 30, 2024 onwards, while the essential profitability of the existing SaaS business is expected to improve due to optimized resource allocations and cost management activities with a rigid policy on spending efficiency.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

2. Basic Concept Regarding Selections of Accounting Standards

In consideration of the comparability of financial statements from period to period and between companies, the Group will report consolidated financial statements in accordance with Japanese GAAP for the time being.

The Group will consider the application of International Financial Reporting Standards, taking into consideration various domestic and international circumstances in an appropriate manner.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheet

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	4,172,117	4,240,577
Notes and accounts receivable - trade	645,983	710,444
Other	138,963	197,826
Allowance for doubtful receivables	(525)	-
Total current assets	4,956,539	5,148,848
Non-current assets		
Property and equipment		
Buildings	26,421	26,227
Accumulated depreciation	(26,176)	(26,186)
Buildings (net)	245	40
Tools, furniture and fixtures	125,875	164,371
Accumulated depreciation	(92,414)	(103,597)
Tools, furniture and fixtures (net)	33,461	60,773
Total Property and equipment	33,706	60,814
Intangible non-current assets		
Goodwill	1,605,111	1,444,600
Total non-current intangible assets	1,605,111	1,444,600
Investments and other assets		
Investment securities	84,645	110,395
Lease and guarantee deposits	285,377	310,218
Long-term loans to employees	18,570	16,414
Other	-	10
Total investments and other assets	388,593	437,038
Total non-current assets	2,027,410	1,942,452
Total	6,983,950	7,091,301

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(Thousands of yen)

	As of September 30, 2021	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable	5,125	5,632
Short-term debt	200,000	200,000
Current portion of long-term debt	326,576	513,076
Accounts payable - other	583,510	456,581
Income taxes payable	58,300	32,272
Deferred income	165,019	-
Contract liabilities	-	396,699
Allowance for losses on order received	-	9,289
Other	301,738	268,366
Total current liabilities	1,640,271	1,881,916
Long-term liabilities		
Long-term debt	389,514	1,126,438
Deferred tax liabilities	705	12,805
Total long-term liabilities	390,219	1,139,243
Total liabilities	2,030,490	3,021,160
Net assets		
Shareholders' equity		
Common stock	2,642,620	2,690,028
Capital surplus	4,602,623	4,650,030
Retained earnings (Accumulated deficit)	(2,385,202)	(3,315,980)
Treasury shares	(114)	(228)
Total shareholders' equity	4,859,926	4,023,850
Accumulated other comprehensive income (loss)		
Deferred gains or losses on hedges	1,598	29,015
Total accumulated other comprehensive income (loss)	1,598	29,015
Stock acquisition right	2,287	5,718
Non-controlling interests	89,647	11,557
Total net assets	4,953,459	4,070,140
Total liabilities and net assets	6,983,950	7,091,301

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income (Consolidated Statement of Income (loss))

(Thousands of yen)

	Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)	Fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)
Net sales	5,444,810	7,295,234
Cost of sales	1,451,335	1,928,065
Gross profit	3,993,474	5,367,168
Selling, general and administrative expenses	3,822,857	6,249,710
Operating income (loss)	170,616	(882,541)
Non-operating income		
Interest income	44	244
Subsidy income	3,998	855
Commissions received	770	989
Gain on sales of Fixed assets	1,338	-
Other	479	1,174
Total non-operating income	6,630	3,265
Non-operating expenses		
Interest expenses	13,523	27,515
Compensations	20,999	12,453
Commission paid	42,000	2,506
Foreign exchange loss	4,511	58,676
Listing expenses	200,417	-
Other	1,581	3,074
Total non-operating expenses	283,033	104,227
Ordinary income (loss)	(105,786)	(983,503)
Extraordinary income		
Gain on step acquisition	75,746	-
Total extraordinary income	75,746	-
Extraordinary losses		
Impairment loss	-	7,028
Loss on valuation of investment securities	70,283	13,934
Total extraordinary losses	70,283	20,963
Income (loss) before income taxes	(100,322)	(1,004,467)
Income taxes - current	6,328	4,400
Total income taxes	6,328	4,400
Net income (loss)	(106,650)	(1,008,867)
Net income (loss) attributable to noncontrolling interests	-	(78,090)
Net income (loss) attributable to owners of parent	(106,650)	(930,777)

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)	Fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)
Net income (loss)	(106,650)	(1,008,867)
Other comprehensive income		
Deferred gains (losses) on hedges	1,598	27,416
Total other comprehensive income	1,598	27,416
Comprehensive income	(105,052)	(981,451)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(105,052)	(903,360)
Comprehensive income attributable to non-controlling interests	-	(78,090)

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(3) Consolidated Statement of Changes in Shareholders' Equity Fiscal year ended September 30, 2021

(Thousands of yen)

	Shareholders' equity:				
	Common stock	Capital surplus	Retained earnings (Accumulated deficit)	Treasury shares	Total shareholders' equity
Balance at the beginning of period	961,321	2,921,324	(2,278,551)	-	1,604,094
Changes during the period					
Issuance of new shares	1,656,120	1,656,120			3,312,240
Issuance of new shares (Exercise of stock acquisition right)	25,179	25,179			50,358
Net income (loss) attributable to owners of parent			(106,650)		(106,650)
Acquisition of treasury shares				(114)	(114)
Changes in items other than shareholders' equity (Net)					
Total changes during the period year	1,681,299	1,681,299	(106,650)	(114)	3,255,832
Year-end balance	2,642,620	4,602,623	(2,385,202)	(114)	4,859,926

	Accumulated other comprehensive income (loss)		Stock acquisition right	Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Total accumulated other comprehensive income (loss)			
Balance at the beginning of period	-	-	-	-	1,604,094
Changes during the period					
Issuance of new shares					3,312,240
Issuance of new shares (Exercise of stock acquisition right)					50,358
Net income (loss) attributable to owners of parent					(106,650)
Acquisition of treasury shares					(114)
Changes in items other than shareholders' equity (Net)	1,598	1,598	2,287	89,647	93,533
Total changes	1,598	1,598	2,287	89,647	3,349,365
Year-end balance	1,598	1,598	2,287	89,647	4,953,459

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

Fiscal year ended September 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings (Accumulated deficit)	Treasury shares	Total shareholders' equity
Balance at the beginning of period	2,642,620	4,602,623	(2,385,202)	(114)	4,859,926
Changes during the period					
Issuance of new shares					-
Issuance of new shares (Exercise of stock acquisition right)	47,407	47,407			94,815
Net income (loss) attributable to owners of parent			(930,777)		(930,777)
Acquisition of treasury shares				(113)	(113)
Changes in items other than shareholders' equity (Net)					
Total changes	47,407	47,407	(930,777)	(113)	(836,076)
Year-end balance	2,690,028	4,650,030	(3,315,980)	(228)	4,023,850

	Accumulated other comprehensive income (loss)		Stock acquisition right	Non-controlling interests	Total net assets
	Deferred gains or losses on hedges	Total accumulated other comprehensive income (loss)			
Balance at the beginning of period	1,598	1,598	2,287	89,647	4,953,459
Changes during the period					
Issuance of new shares					-
Issuance of new shares (Exercise of stock acquisition right)					94,815
Net income (loss) attributable to owners of parent					(939,777)
Acquisition of treasury shares					(113)
Changes in items other than shareholders' equity (Net)	27,416	27,416	3,430	(78,090)	(47,242)
Total changes	27,416	27,416	3,430	(78,090)	(883,318)
Year-end balance	29,015	29,015	5,718	11,557	4,070,140

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022
Cash flows from operating activities		
Income (loss) before income taxes	(100,322)	(1,004,467)
Amortization of goodwill	-	160,511
Loss (gain) on step acquisitions	(75,746)	-
Selling expenses	23,384	36,490
Stock-based compensation expenses	2,287	3,430
Impairment losses	-	7,028
Loss (gain) on valuation of investment securities	70,283	13,934
Increase (decrease) in the allowance for doubtful receivables	(975)	(525)
Increase (decrease) in allowance for losses on order received	(2,634)	9,289
Interest income	(44)	(244)
Subsidy income	(3,998)	(855)
Commissions received	(770)	(989)
Interest expenses	13,523	27,515
Commission fee	42,000	2,506
Listing expenses	200,417	-
Loss (gain) on sales of property and equipment	(1,338)	184
Decrease (increase) in notes and accounts receivable - trade	(126,112)	(64,460)
Decrease (increase) in prepaid expenses	(47,983)	(14,808)
Increase (decrease) in accounts payable - other	144,958	(125,034)
Increase (decrease) in accrued consumption taxes	117,964	(72,821)
Increase (decrease) in deferred revenue	90,585	(165,019)
Increase (decrease) in Contract liabilities	-	396,699
Other	76,431	17,717
Sub total	421,908	(773,920)
Interest and dividend income received	44	244
Subsidy income received	3,998	855
Fee and commission received	770	989
Interest expenses paid	(13,523)	(27,515)
Income taxes paid	(2,296)	(9,887)
Net cash provided by (used in) operating activities	410,902	(809,233)
Cash flows from investing activities		
Purchase of investment securities	(84,645)	(39,684)
Purchase of property and equipment	(19,787)	(74,321)
Proceeds from the sale of property and equipment	2,960	1,689
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,207,824)	-
Payment of lease and guarantee deposits	-	(25,713)
Proceeds from refund of leasehold and guarantee deposits	-	798
Payments of long-term loans to employees	(20,888)	-
Proceeds from collections on long-term loans to employees	183	2,134
Other	-	(10)
Net cash provided by (used in) investing activities	(1,330,001)	(135,108)
Cash flows from financial activities		
Proceeds from short-term debt	200,000	-
Repayments of short-term debt	(200,000)	-
Proceeds from long-term debt	198,000	1,550,000
Repayments of long-term debt	(317,720)	(626,576)
Syndicated loan fees paid	(40,000)	(4,506)
Proceeds from issuance of stock	3,312,240	-
Proceeds from issuance of shares resulting from exercise of stock acquisition rights	49,753	93,997

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

Payments of listing expenses	(202,640)	-
Purchase of treasury shares	(114)	(113)
Net cash provided by (used in) financing activities	2,999,518	1,012,801
Net increase (decrease) in cash and cash equivalents	2,080,419	68,459
Cash and cash equivalents at beginning of year	2,091,698	4,172,117
Cash and cash equivalents at end of year	4,172,117	4,240,577

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

- (5) Notes on Consolidated Financial Statements
(Notes regarding assumption of a going concern)
Not applicable.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(Change in accounting policies)

(Application of accounting standard for revenue recognition, etc.)

The Group has decided to apply the accounting standards including the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the start of the 1st quarter of the consolidated fiscal year ended September 30, 2022, and to recognize revenue for transfer of goods/services promised to customers in an amount reflecting the expected consideration in return for those goods or services. This change has no effect on the balance of profit and loss and retained earnings at the beginning of the fiscal year ended September 30, 2022.

Due to the application of the aforementioned accounting standards including the Accounting Standard for Revenue Recognition, deferred revenue, which was presented under current liabilities in the consolidated balance sheet for the fiscal year ended September 30, 2021, is now presented as contract liabilities under current liabilities from the 1st quarter of the consolidated fiscal year ended September 30, 2022.

In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the prior year's consolidated financial statements to conform to the new presentation method.

(Application of Accounting Standards for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) and other related accounting standards have been applied from the beginning of the 1st quarter of the consolidated fiscal year ended September 30, 2022. In accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the new accounting policy prescribed by the aforementioned accounting standards including the Accounting Standard for Measurement of Fair Value will be applied prospectively. Note that the change will have no effect on the consolidated financial statements.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(Segment information)

[Segment information]

Segment information is omitted because the SaaS business is the only segment of the Group.

[Related information]

Previous consolidated fiscal year (October 1, 2020 to September 30, 2021)

1. Information by products and services

(Thousands of yen)

	SaaS Products	Professional Services	Total
Sales to External Customers	5,188,909	255,900	5,444,810

2. Information by region

a. Net sales

There is no applicable information because there are no sales to external customers outside Japan.

b. Property and equipment

There is no applicable information as there is no property and equipment located outside Japan.

3. Information by major customers

This information is omitted because there are no external customers to which the Group's sales account for 10% or more of net sales in the consolidated income statement.

Current consolidated fiscal year (October 1, 2021 to September 30, 2022)

1. Information by products and services

(Thousands of yen)

	SaaS Products	Professional Services	Total
Sales to External Customers	6,475,133	820,101	7,295,234

2. Information by region

a. Net sales

There is no applicable information because there are no sales to external customers outside Japan.

b. Property and equipment

There is no applicable information as there is no property and equipment located outside Japan.

3. Information by major customers

This information is omitted because there are no external customers to which the Group's sales account for 10% or more of net sales in the consolidated income statement.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

[Information on impairment loss on fixed assets by reportable segment]

Previous consolidated fiscal year (October 1, 2020 to September 30, 2021)

Not applicable.

Current consolidated fiscal year (October 1, 2021 to September 30, 2022)

This information is omitted because the SaaS business is the only segment of the Group.

[Information on amortization and unamortized balance of goodwill by reportable segment]

Previous consolidated fiscal year (October 1, 2020 to September 30, 2021)

This information is omitted because the SaaS business is the only segment of the Group.

Current consolidated fiscal year (October 1, 2021 to September 30, 2022)

This information is omitted because the SaaS business is the only segment of the Group.

[Information on gain on negative goodwill by reportable segment]

Previous consolidated fiscal year (October 1, 2020 to September 30, 2021)

Not applicable.

Current consolidated fiscal year (October 1, 2021 to September 30, 2022)

Not applicable.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(Per share information)

	Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)	Fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)
Net assets per share	128.30 yen	104.98 yen
Net income (loss) per share	(2.86) yen	(24.30) yen

Notes: *1. Diluted net income per share for the current consolidated fiscal year is not included because the Company posted a net loss per share, despite the existence of dilutive shares.

*2. The basis for calculation of net loss per share is as follows.

	Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)	Fiscal year ended September 30, 2022 (from October 1, 2021 to September 30, 2022)
Net loss attributable to owners of parent (Thousands of yen)	(106,650)	(930,777)
Amount not attributable to common shareholders (Thousands of yen)	-	-
Net loss attributable to owners of parent associated with common stock (Thousands of yen)	(106,650)	(930,777)
Average number of shares of common stock during the period (Shares)	37,272,240	38,305,550
Outline of latent shares not included in the calculation of diluted net income per share due to lack of dilutive effect	1 type of stock acquisition rights (Number of stock acquisition rights: 5,000)	1 type of stock acquisition rights (Number of stock acquisition rights: 5,000)

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(Significant subsequent events)

(Consolidation of agito, Inc. by the acquisition of its majority stakes)

At a meeting of the Board of Directors held on October 3, 2022, the Company made a resolution to acquire a portion of the shares of agito, Inc. and make it a subsidiary. On October 12, 2022, we executed the share acquisition.

1. Summary of the acquisition

(1) Name and business of the acquired company

Name of the acquired company: agito, Inc. (hereinafter referred to as “Agito”)

Details of its business: Planning, development and operation of “Databeat”, a marketing platform, and marketing support business

(2) Reasons for the transaction

From February 2022, PLAID Inc. has started to offer KARTE Signals, which enable customers to make use of first party customer data for their online advertisements. With Agito joining The Plaid Group, both companies will further expand their businesses by enriching their offering services around online advertisements.

We are pursuing the following potential synergies expected from the transaction.

a. Accelerating the use of 1st party customer data in Internet advertising

As a background, it can be said that it is difficult to measure effectiveness of online advertisements by essential metrics such as Life-Time-Value (or LTV) or Net Promoter Score (or NPS^{*}) to ascertain whether users acquired through advertisements are satisfied with experiences at online services and continue to use those services because gathering potential customers and converting them into customers are considered to be more important. Also, logics of targeting are mainly based on third party customer data, which provides users uncomfortable experiences in touch with those advertisements and, as a result, sometimes hurt their images or brands of advertisers.

KARTE Signals is a product that addresses the above issue by enabling our customers to use their own first party customer data to improve the accuracy of online advertisement targeting and ultimately to provide better advertisement experiences to end users. By connecting KARTE Signals with Databeat by Agito, we can visualize advertisements through major media in Japan and users to whom those advertisements are displayed, on a streamline basis. On dashboards, our customers can check if those advertisement campaigns held on various media changed their potential customers' actions as intended. Those dashboards can reduce workloads of operations or procedures that persons in charge of managing online advertisements have to conduct, as described in (b), in addition to optimizing advertising spending by our customers. Displaying advertisements at the right timings will improve the engagement rate of users.

* Net Promoter[®], NPS[®], NPS Prism[®], and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld. eNPSSM is a service mark of Bain & Company, Satmetrix Systems and Fred Reichheld.

b. Automation of digital advertising report creation and operations

Persons in charge of advertisement campaigns are always busy with submitting advertisements, extracting and analyzing data, and making reports with spreadsheet applications. With KARTE Signals and Databeat combined, their reporting procedures can be automated. Also, automation of managing online advertisements is planned in the future, which significantly reduces their burdens. PLAID Inc. and Agito are aiming that such automation creates a time for them to focus more on essential matters such as better understanding of customers, analyzing campaigns generating performance, and marketing planning reflecting those.

c. Expand sales of KARTE Signals through Databeat customers

Databeat is used by 234 domestic customers as of the end of September 2022, which mainly consist of online advertisement agencies. We intend to sell KARTE Signals to Databeat' corporate customers and expand our sales channels to Databeat's agency customers.

(3) Date of acquisition

October 12, 2022 (Deemed date of acquisition: December 31, 2022)

(4) Legal method of acquisition

Acquisition of shares in exchange for cash and underwriting through third-party allotment

(5) Post-acquisition name of the company

No change.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(6) Percentage of voting rights acquired
66.8%

(7) Main basis for the determining the acquiring company
The Company acquired the shares in exchange for cash.

2. Acquisition cost of the acquired company and breakdown by type of consideration

The consideration	Cash and deposits	225,626 thousand yen
-------------------	-------------------	----------------------

The acquisition cost		225,626 thousand yen
----------------------	--	----------------------

3. Description and amount of major acquisition-related expenses

Advisory expenses, etc.: 10,453 thousand yen

4. Amount of and reason for goodwill accrual, goodwill amortization method and period

Not yet determined.

5. Amount and major breakdown of assets received and liabilities assumed on the date of acquisition

Not yet determined.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(Issuance of new shares as restricted stock to executives and employees)

At a meeting of the Board of Directors held on November 8, 2022, the Company made a resolution to issue new shares as restricted stock (the "New Share Issuance") as described below.

1. Purpose and reason for the issuance

The Company resolved to grant 448,674 shares of common stock of the Company ("Allocated Shares") to 8 executives and 38 employees of the Company ("eligible employees") who meet the prescribed requirements in exchange for contributions in kind of monetary claims as the issuance of new shares. The purpose of this issuance of new shares is to provide incentives to continuously improve the corporate value of the Group and to further promote value sharing with shareholders. This grants shares in the range of 1,276 to 212,834 shares of the Company's stock to each eligible employee depending on their position. From the viewpoint of encouraging medium-to-long-term and continuous service, we have set restrictions on the transfer of the allotted shares. The allotted shares have been divided into roughly five parts with restriction periods set to approximately 1 year, approximately 1 year and 6 months, approximately 2 years, approximately 2 years and 6 months, and approximately 3 years, respectively.

Eligible employees shall subscribe for the shares of common stock to be allotted through the issuance of new shares by the Company by paying all of the monetary claims provided as assets contributed in kind. In conjunction with this issuance of new shares, the Company will enter into a Restricted Share Allotment Agreement with the eligible employees, which will include the following details summarized below.

Note that the allotted shares will be allocated only to those eligible employees who wish to subscribe for the shares.

2. Overview of the issuance

(1) Payment date	December 19, 2022
(2) Class and number of shares issued	Common stock – 448,674 shares
(3) Issue price	705 yen per share ^{*1}
(4) Amount of stated capital increase	352.5 yen per share ^{*2}
(5) Total paid-in amount	316,315,170 yen ^{*3}
(6) Allottees	Executives – 315,692 shares to 8 individuals Employees – 132,982 shares to 38 individuals
(7) Other	An extraordinary report for the New Share Issuance has been submitted as required under the Financial Instruments and Exchange Act.

*1. The issue price is the paid-in amount under the Companies Act for this issuance of new shares. It is an estimated amount calculated based on the closing price of our common stock on the Tokyo Stock Exchange on November 7, 2022, 705 yen. The actual issue price will be determined on November 16, 2022 as the higher amount of either (a) the closing price of 705 yen on November 7, 2022 (the business day prior to the date of the resolution by the Board of Directors) or (b) the average of the closing prices for each trading day from November 9, 2022 to November 16, 2022 (excluding days with no closing price and rounding up fractions less than one yen).

*2. The amount of stated capital increase is the amount of stated capital to be increased under the Companies Act for this issuance of new shares. It is an estimated amount calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on November 7, 2022, 705 yen. The actual total paid-in amount will be determined on November 16, 2022 in the manner described above in (*1).

*3. The total paid-in amount is the total amount of the paid-in amount under the Companies Act for this issuance of new shares. It is an estimated amount calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on November 7, 2022, 705 yen. The actual total paid-in amount will be determined on November 16, 2022 in the manner described above in (*1).