



PLAID, Inc.

Financial Results Briefing Q3 FY 9/21

August 10, 2021

# Presentation

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**Moderator:** Ladies and gentlemen, thank you very much for gathering. We would like to start the earnings results for the quarter ended June 2021, quarter 3 of fiscal year 2021 for PLAID.

Before we go into the content, I would like to explain the procedures of this session. First, the mission and growth strategy as well as the business updates will be explained by our CEO, Kurahashi, followed by the financial highlights presented by Mr. Muto, our CFO.

## Disclaimer

### Forward-Looking Statements

This document contains forward-looking statements. These statements are based only on information that is available at the time the statements are made. In addition, these statements do not constitute a guarantee of future results. They are subject to risk and uncertainty. Please note that actual results may differ materially from those expressed or implied in the forward-looking statements due to environmental changes and other factors.

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After the presentation by our CEO, Kurahashi, and CFO, Muto, we will open for Q&A. We also have prepared a form of questions. And so if you have any questions, please enter it by text or ask your questions when the Q&A session opens.

Mr. Kurahashi, please?

**Kurahashi:** So once again, my name is Kurahashi, and I am the CEO of PLAID. Thank you very much for taking time to participate in our Q3 earnings results.

Mission

# Maximize the Value of People with the Power of Data

No algorithm goes beyond imagination and flexibility of people.  
That is why we focus on developing technologies that encourage people's creativity.

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So first, I would like to explain about our mission and our mid- to long-term growth strategy, followed by the recent business updates.

I would like to take this time to once again explain about our long-term mission.

As you can see on this slide, we are a company that brings out the imagination and knowledge of people by utilizing technology and data.

So the direction of utilizing data and technology is not only for the defensive measures such as generating cost reduction as well as efficiency, but we also have continued to take on the challenge of the offensive approach where we proactively support IT investment to maximize the value of people.

We believe that such support would, in the end, support the competitive advantage towards the future of our customers and companies.

#### Mission and Growth Strategy

### To Realize Customer-Focused Business Activities by Supporting the Use of Customer Data

A high-resolution understanding of the customer (and an environment that facilitates this) is essential to realizing suitable customer experiences. It depends on utilizing customer data

PLAID helps companies understand their customers by processing in real-time the massive amounts of interaction data generated between companies and their customers. Through our products, we realize dramatic progress and change of output in a wide variety of business activities







This slide would be an epitome of our mid- to long-term vision.

As we play in the customer provision environment of companies, we understand that there is an increase in influence provided by the end users.

How the customers interpret the data and how they update the company activities by utilizing customer data. This is based upon accurate measurement of data and also the [hows] on interpreting the data. And we believe that we are providing applications and also support on how companies can utilize data.

At the moment, we have been utilizing customer data in the space of marketing, and our focus on product development was centered around this space.

## Current Product/Service Lineup

Products/ Services	 <b>KARTE / KARTE for App</b>	 <b>KARTE Datahub</b>	 <b>KARTE Blocks (Beta)</b>	 <b>TEAM</b>
Details	<p>Visualize the "now" of each and every customer based on a proprietary real-time analysis engine.</p> <p>Enable companies to set up flexible actions or experiences suitable for customer's "now"</p>	<p>Integrate, analyze and visualize the customer data, behavioral data, and other data that exist inside and outside of a company keeping it as big data.</p> <p>Seamlessly linked with Google BigQuery</p>	<p>Allow self-served website management without engineering skills (no code editing, low code customization and measuring site performance etc.) with tearing down every element of a website into blocks</p>	<p>Professional services which accompany companies such as supporting KARTE utilization and CX consulting</p>

As you can see on the left side, we have KARTE, KARTE for App, as well as KARTE Datahub. These are products that we have been providing until today.

And this KARTE Blocks is a beta version that we are currently preparing. And this would be a site content management where you do not need engineers. And you can also do this without any codes.

On the very right, we have TEAM, and this would be a consultation service that we provide based on the objective and strategy of the companies. So not only do we consult around how our products can be utilized and how to operate, but we also provide people as a resource. And so this would be a professional service that we provide.

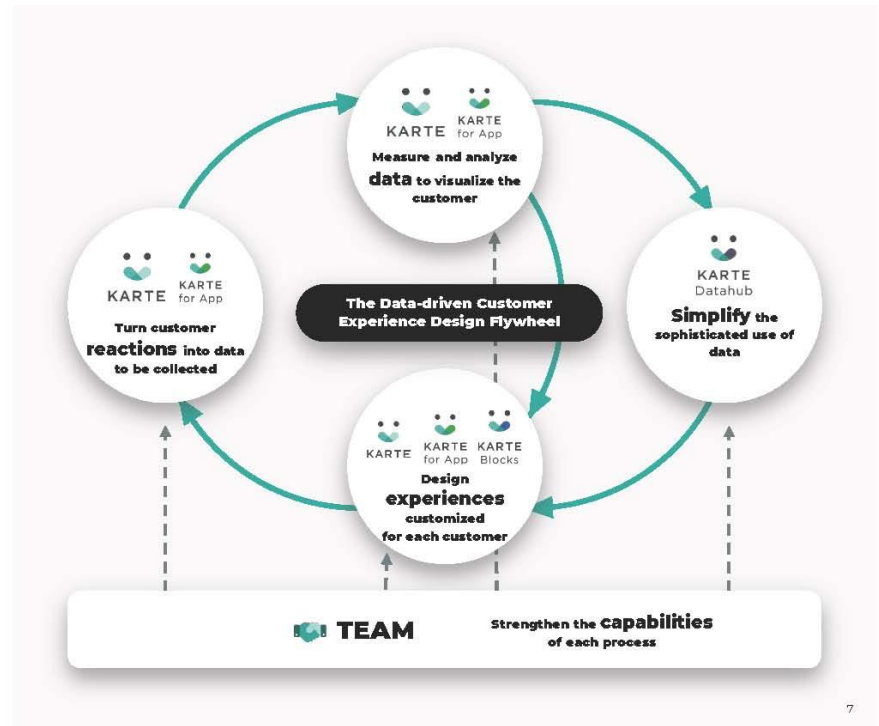
KARTE has been providing product offers for the past 6 years. And as you can see, we have been able to steadily broaden our service lineup. And we also have new products and propositions in the pipeline. And so we will, going forward, continue to come up with convenient products for the benefit of our consumers and customers and accelerate that activity.

#### Mission and Growth Strategy

### Focus on Supporting the Design of Customer Experience Centered around Customer Data

Improving customer experience value is realized through the cycle of measuring, integrating, and analyzing data, visualizing customers and improving the resolution of customer understanding through analysis, designing customized experiences for every customer, and collecting reactions

PLAID provides products and services for each of these processes



As I mentioned earlier, our current focus is in the marketing area, and we have set customer data as the core as we design the customer experience, and we are also realizing a PDCA cycle.

So we have been providing products and services that allow customers to not only measure data, but also interpret data and also design what actions they want to take and execute them. And we also are able to digitalize the response of the consumers and make that into real data and also measure the effects of each of the activities.

At the moment, we are only operating our business within the marketing area.

However, as we do business activities in the marketing area, we can use this activity as a base as we accumulate higher resolution customer data and broad data into our KARTE database.

#### Mission and Growth Strategy

### Medium-to-long-term Growth Potential Centered around Customer Data

Currently PLAID operates in the area of marketing, which is deeply connected to the improvement of customer experience and has accumulated the biggest trove of customer data

We will leverage accumulated high-volume and high-resolution data and expand our business into realms outside of marketing in the future



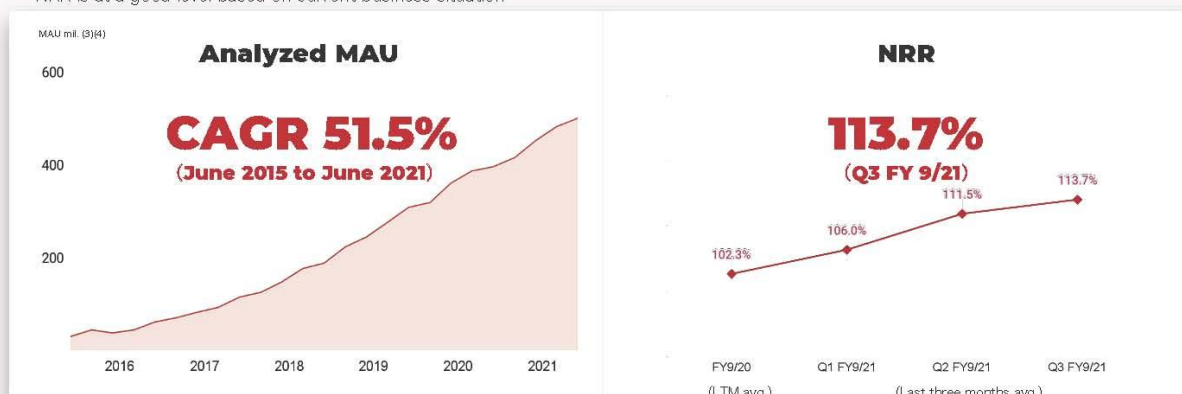
Going forward, we will be utilizing this database as we enter into other areas outside of the marketing space. And this is obviously something that can be anticipated. As we execute our strategy, we have a mid-long-term strategy to set the customer base as a center as we conduct multifaceted business activities. So this is a very big ambition that we have as a company. In the current phase, we are still in the area of marketing where we create the market itself, and we will continue to expand and grow the market as we enter into other areas.

So 1 thing that I would like to mention here is that even in the current marketing space, the market is about to be activated. Even in the markets outside of the marketing space, there are markets that are about to start, or some of the markets have not even started yet. So the message here is that we believe that there is an extremely large opportunity ahead of us when we look at the picture in a mid-long-term perspective.



## Important Indicators in the Long-term Growth Perspective

- Analyzed MAU<sup>(1)</sup>...An indicator of accumulated high-volume and high-resolution data and knowledge which are foundation of business expansion. Analyzed MAU is successfully growing
- NRR<sup>(2)</sup>... An indicator that confirms the perceived value and the expansion of data utilization needs through our product. We regards current NRR is at a good level based on current business situation



Notes: 1. MAU: Monthly active users. The number of unique active users for particular website or mobile application during a particular one-month period / 2. NRR: Net Revenue Retention (Rate) Calculated by dividing the (i) monthly subscription sales of current customers who have continued to subscribe for at least one year by (ii) the monthly subscription sales for the same month in the previous year / 3. Quarterly average from April 2015 to June 2021 / 4. Total of the view events

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So as I have mentioned, we have a very long strategy ahead of us. And as we come up with these strategies, there are key indices that we focus on.

On the left, we have an index that shows the customer data measurement area. And as you can see, we have been able to successfully expand, and we have just started expanding. And we have just started expanding in the current market phase, which is the marketing area. And we will continue to expand our footprint as we also utilize the database that we've been able to accumulate so that we can use this as a base for further measurements to go outside of the marketing space. And so we believe that the database that we are continuing to accumulate would be a very big opportunity for us.

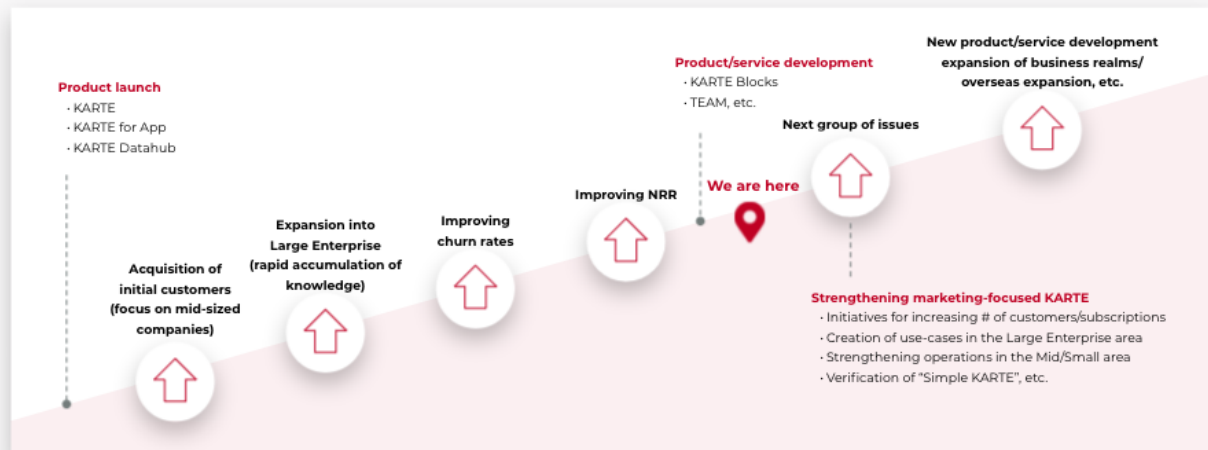
The right side would show the NRR, and this part will be explained in further detail when we explain the financial update. But this would be an index that we believe is important as we look into the usage of our products amongst the companies and their satisfaction level. The companies that are satisfied using our products will be able to see the tangible results out of the product, and they are expanding their usage opportunity. And so this, we believe, is also an important KPI for us.

In the financial update, we will be explaining in more detail on the figures. Obviously, the performance in short- to mid-term strategy is also important, but PLAID believes that a long-term strategy is also very important. As we drive this forward, we believe that the data measurement area as well as the NRR, which leads to stable growth, are key performance indices. And so we believe that these KPIs show that we have been able to stably and strongly grow.



## Transition of Growth Strategy Focus

- We will realize sustained growth through the development of products and services while working to further strengthen the marketing-focused KARTE



I have explained about the long-term vision, but I would also like to share updates on the key business activities that we have executed recently.

Starting from the bottom left, when we have launched our products, this is still in the initial phase, we have focused on mid-sized enterprises.

After that, as we have been able to firmly establish our performance in the mid-sized market, we have entered into each of the industry's top-tier enterprises.

After that from 2019 to 2020, we have focused on churn rate. We wanted to make sure that our customers continue to use our products. And from last year to this year, we have put our focus on how to increase NRR.

So all of the points that I have mentioned are not completed yet. We will continue taking initiatives in each of the areas, but we believe that we've been able to see a certain level of outcome out of our efforts. Therefore, we would like to add a new focus in our business activity, and that would be where the next group of issues would come.

The next group of issues, there are many. Only a part of the issues are highlighted here in this slide, but until now, we have been working to increase the health condition or improve the health condition of the existing product users. We believe that we are in the next phase where we can add on our new focus in increasing the number of customers and contracts.

Other than that, we are working to expand our footprint in the enterprise customers. Not only are we supporting them in the marketing field and utilizing data, but we also want KARTE to also show its presence in a meaningful way that matches in line with their strategy. And so we are working to create more and more use cases with enterprise customers. As for the mid- and small-sized customers, we are working to fully establish an operation that realizes a complete customer success. And KARTE is a product that has a lot of functions and versatility, but we are currently examining a simplified version of

KARTE where we narrowed down the objective of what we want to achieve using KARTE. And so all of these are planned out.

So let me give you some more specific information around these activities.

Business Updates

### Cocreation of Flagship Examples in Various Industries with STUDIO ZERO

- Launched STUDIO ZERO, a business development organization, on April 2021
- PLAID will exemplify envisioned world view by realizing the launch of new businesses from customers' perspectives utilizing data and transformation of existing businesses together with some of the large companies representing Japan, the medium and small businesses that support local economies, up-and-coming startups and ventures, and administrative and public institutions

**Launch of Business Development Organization**

**STUDIO ZERO**

We launched **STUDIO ZERO**, a business development (BizDev) organization with a goal to "Promote All Industries Through Data." Actively hiring members

[Examples of Initiatives at STUDIO ZERO]

- Creation of business together with some of the large companies representing Japan
- Business cocreation alliance with administrative and public institutions

**Business Realms**

New businesses of companies

With STUDIO ZERO, we will provide the value of Product X People on the "Planning" side of business

**Planning**

**Data**

**Execution**

Value provision by customer success on the assumption of providing KARTE

Existing businesses of companies

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Let me first explain about STUDIO ZERO.

Until now, offering KARTE was the entire part of our business.

KARTE has been used to utilize data in the area of marketing, and we will continue to penetrate into this area. But other than that, we will be using customer data not only for marketing activities, but we want to make this data more usable for customers.

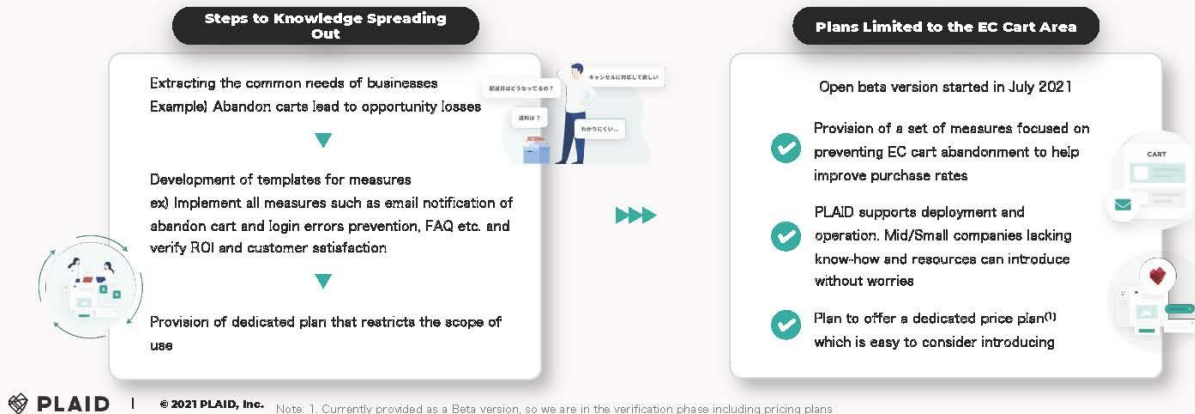
As we continue our activity in this area, we will be working hand in hand with each of the top tiers in each of the industries and also with partners. And this activity will not be KARTE driven; It will be company-centric. Even beyond that, we will be trying to establish a co-creation environment where best practices can be made in the most ideal way for the entire industry.

Already, we are working with multiple companies, and these initiatives have already started off. I hope that we can continue to generate exciting used cases as we release these activities more and more. I hope that you can continue to look forward to this.

## Business Updates

### We are Now Verifying the Feasibility of Developing a "Simple KARTE"

- Efforts to eliminate the cost of deploying measures by customers to zero with extracting and common customer needs from many use cases gained through the provision of KARTE and standardising it
- Start verification in EC shopping cart area which is common to many EC companies with dedicated contract plan that restricts the scope of use
- Through the realization of a "Simple KARTE", we hope to acquire new customers, reduce cancellations, improve the efficiency of customer support, etc. mainly in Mid/Small segments



So moving on to the next update, which is a completely different topic, I mentioned earlier about our plan to examine the opportunity of a simplified version of KARTE.

The conventional KARTE offering was a full package with various functions, and so the customer data can be utilized in many ways, liberally in the various scenes.

At the same time, there were issues around this. The strategy and the specifics on how to utilize data within the company had challenges both from a resource and capability perspective.

KARTE customers exist in multiple industries, and we have been able to identify common scenes across all companies and industries. And so we have extracted these commonality factors and packaged them by each objective. Each of the knowledge that we've been able to accumulate are now packaged by each need, so this would be a new way for the companies to install KARTE.

In the first phase, we have decided to focus on the EC industry and the area of the shopping carts, and so we are currently developing an actionable package based around the shopping cart.

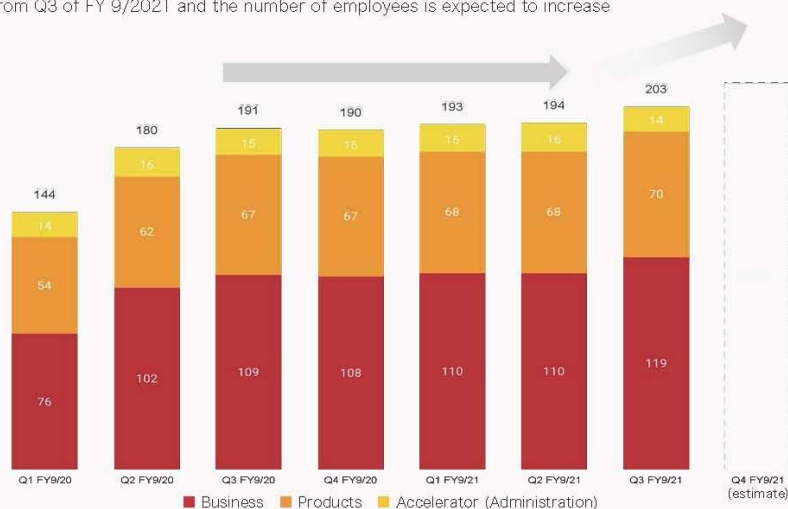
An extreme way of expressing the outcome of this is that if this package is introduced by the companies without any resource or capability, the companies' performance will automatically increase or be elevated. We are currently designing the package so that this would be enabled, so the common solutions around shopping carts are being concentrated into a single package.

So the core plan that we provided with the original KARTE will continue to be polished, but we positioned this packaged offering as an entry product. We are anticipating that the companies will first introduce this packaged version of KARTE. After they start getting used to it and they want to expand their activities, they will upgrade to the original KARTE.

## Business Updates

### Hiring of All Job Types will be Exhilarated with an Aim to Expand Growth

- The number of employees remained flat due to COVID-19 cost control and productivity improvements after significant hiring until Q2 of FY 9/2020
- Re-accelerate hiring from Q3 of FY 9/2021 and the number of employees is expected to increase



So lastly, I would like to talk about a different topic again. In the beginning, I mentioned the long-term strategy, and I also updated all of you regarding the recent activities. And there are other initiatives and activities that are under preparation that I did not cover today, but in order to move all of these forward, we need to accelerate our hiring.

Because there were many uncertainties under the COVID-19 pandemic, we have been holding back in recruitment activities for the past year, and instead, we have put a focus on enhancing the internal capabilities. But, as we start to slightly see some light ahead of us in terms of the COVID-19 stabilizing and bringing ourselves back to normal life, we will be accelerating our recruitment activities from Q4 and onwards.

So that would be all for my part. And for the latter part, I would like to ask Mr. Muto, our CFO, to explain.

## Financial Highlights

ARR<sup>(1)</sup>

**5,426 mil.** (6/2021)

Subscription revenue ratio<sup>(2)</sup>

**95.5%** (Q3 FY9/21)

Net sales / Growth rate yoy basis

**1,402 mil.** (Q3 FY9/21) / **33.5%** (Q3 FY9/21)

NRR<sup>(3)</sup>

**108.5%** (LTM avg.) / **113.7%** (Last three months avg.)

Gross profit margin

**74.2%** (Q3 FY9/21)

Employees

**203** (6/2021)

Notes: 1. ARR: Annual Recurring Revenue. It is calculated by multiplying the monthly subscription sales at the end of each quarter by 12. It is an indicator that expresses the net sales expected to be obtained from existing subscriptions alone during the 12 months starting the month following the first month of the quarter based on the assumption that all existing subscriptions will be renewed at the specified time / 2. Percentage of net sales taken up by the total amount of monthly charges for KARTE that can be earned on a recurring basis / 3. NRR: Net Revenue Retention (Rate). Calculated by dividing the (i) monthly subscription sales of current customers who have continued to subscribe for at least one year by (ii) the monthly subscription sales for the same month in the previous year

## Financial Highlights

### Fiscal Year Ending September 30, 2021 Q3 Financial Highlights

- 1 Net sales and ARR are trending steadily upwards
- 2 NRR increased owing to successful upselling & cross-selling and stable customer retention
- 3 Gross profit margin expanded due to efficient server usage and upselling & cross-selling
- 4 SG&A was lower than initially planned due to some delayed spendings
- 5 Revised upward the guidance for this fiscal year, reflecting financial results until Q3

**Muto:** Hi, everyone. Good morning or maybe good evening. So let me explain our financial highlights first. Please move on to page 17.

These are financial highlights for Q3. Firstly, our sales and ARR are growing steadily.

Sales growth was 33.5% on a YoY basis, and ARR growth rate was 32.6%. The Q3 net revenue retention rate increased to 113.7%, which is the highest level since our listing last

December. Secondly, our gross profit margin was 74.2% for Q3, which has been substantially increased since Q2 and almost reaching our long-term model level of 75% to 80%. Lastly, we have revised upward our guidance level of sales and profit this fiscal year, reflecting strong sales growth, improved gross profit rate margin, in addition to delayed spendings into sales and marketing and R&D.

#### Financial Highlights 1

### Net Sales Continue to Trend Favorably Compared with the Full-year Earnings Guidance

- Better progress compared with previous fiscal year

#### Net Sales for Q1-Q3 (9 months) FY 9/21



#### Net Sales for Q1-Q3 (9 months) FY 9/20



Until Q3, the progress rate against the revenue guidance of JPY5.2 billion was 75.5%, which is much higher than 72.2% of that for a corresponding period. The revenue growth pace exceeded our original forecast, obviously.

#### Financial Highlights 1 & 2

### Existing Customer Expansion Contributed to ARR Growth and Further Raised NRR

- NRR increases due to the following factors:
  - Reinforced customer success team enhancing customer retentions
  - Tactical shift from acquiring new customers toward existing customer expansion under the COVID-19 pandemic



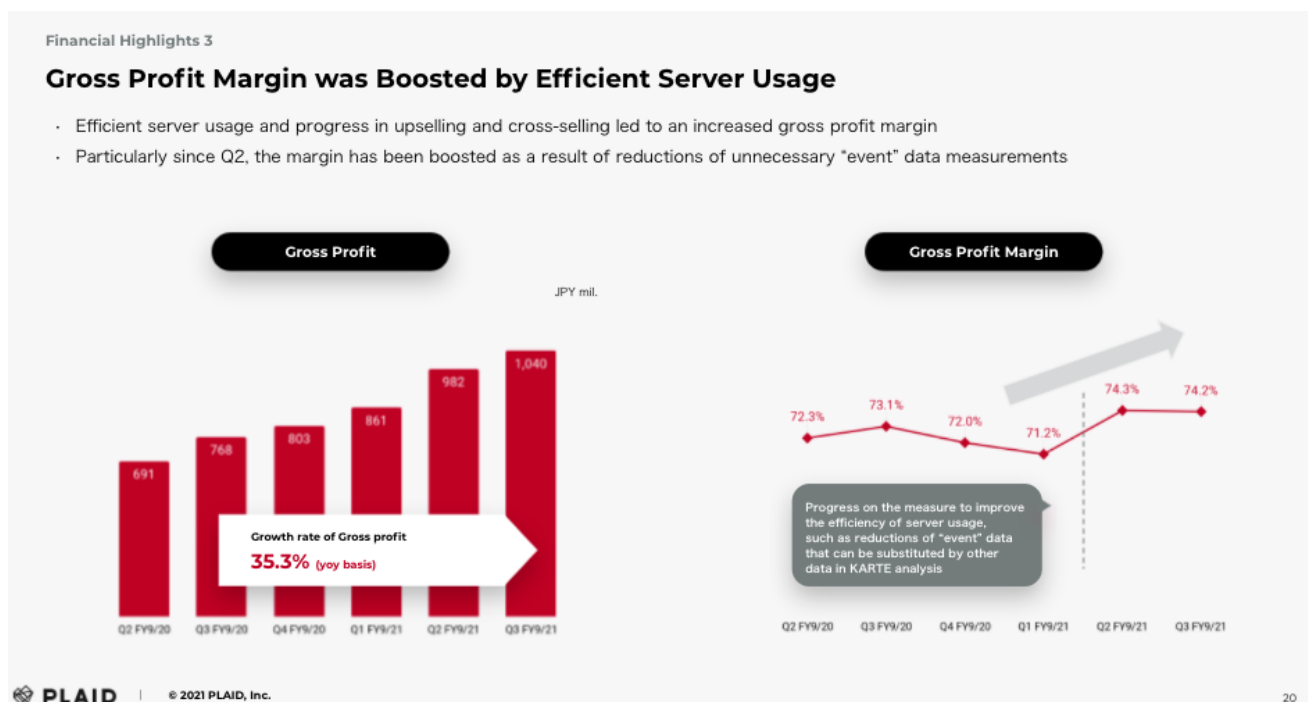


Let me explain ARR growth and factors behind this growth. As mentioned in the summary, ARR has grown at 32.6% on a YoY basis, to which new customer acquisition contributed by 19.6% and net expansion of existing customers contributed by 13%. Existing customers' net expansion is especially strong, so that quarterly net revenue retention is trending upwards to 113.7%.

We have acquired new customers from various industries. Out of those, we have seen many apparel e-commerce new customers, which would be because they are accelerating their investment into digital transformation, looking at the post-COVID situation. Regarding the existing customer expansion, we have seen the apparel and finance industry are active.

You can see a slight difference between 13% of existing customer growth out of ARR growth and 113.7% of net revenue retention.

Those numbers are conceptually the same, but the calculation period is slightly different. Quarterly net revenue retention averages 3 months of monthly NRR, while ARR growth is measured between ARR quarterly end, not 3 months average.



Let me talk about the gross profit margin, and the growth rate on a YoY basis was 35.3% of growth rate. This is exceeding the growth rate of sales, and this is because our gross profit margin is expanding.

The gross profit margin for Q3 was 74.2%, and the margin for 2 consecutive quarters has been exceeding 74%. This is because since Q2, we substantially reduced less important user events from analysis.

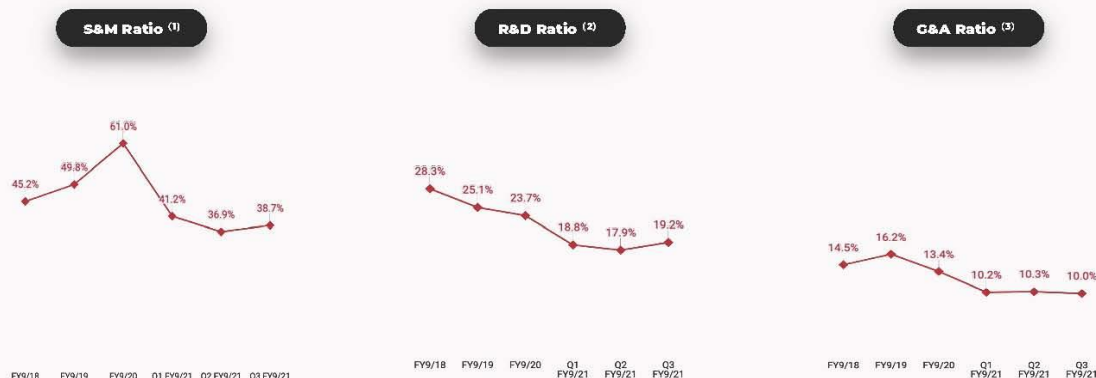
As in Appendix in our long-term model, we provided the margin level we will be reaching to 75% to 80%. This long-term model was presented by looking at our long-term model, say, 5 to 10 years, financial models. However, the margin there has already leaped to the level in less than a year, which we did not expect when we have presented this model. At the time of IPO, I would say the margin improvement pace has exceeded our expectations.



#### Financial Highlights 4

### SG&A are Trending Below Initially Planned while Accelerating “Investment” into Ops

- Some SG&A expenses are lower than initially planned budgets due to delayed spendings of expenses
- Accelerate investments into personnel and marketing activities on Q4 and onward



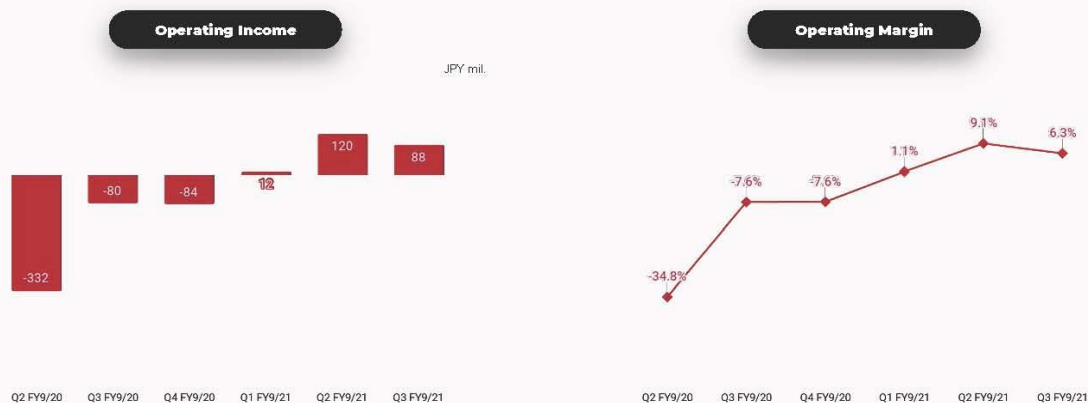
Notes: 1. S&M: Sales and Marketing Expenses. This is primarily comprised of personnel expenses for employees engaged in sales and marketing, advertising expenses, and related indirect expenses, amortization expenses, etc. apportioned based on the number of employees, etc. / 2. R&D: Research and Development Expenses. This is primarily comprised of personnel expenses for employees on engineering and product design teams as well as related indirect expenses and amortization expenses apportioned based on the number of employees, etc. / 3. G&A: General and Administrative Expenses. This is primarily comprised of personnel expenses for employees engaged in legal, financial, and personnel operations as well as related indirect expenses and amortization expenses apportioned based on the number of employees, etc.

Sales and marketing and R&D ratios have slightly increased from Q2, mainly due to our hiring activities.

#### Financial Highlights 5

### Operating Income has been Positive

- Positive at JPY 88 mil. for Q3 and at JPY 221 mil. for Q1-Q3 due to the steady sale growth and boosted gross profit margin



We have been profitable for 3 consecutive quarters. This is mainly due to our sales growth and gross profit margin expansion. I would say, we will be able to balance out our revenues and expenditures if we intend.

This is because our Unit Economics is good, which implies our customer lifetime value is higher than customer acquisition cost, while LTV/CAC is high enough. However, at this stage, growth is more important than profitability for now. We will make investments into personnel for business and product development, as well as marketing or branding for business growth for fiscal year September 2022 or after, while keeping a sound level of Unit Economics.

#### Financial Highlights 5

### Revision of Full-year Earnings Forecast for FY 9/21

- Net sales are expected to exceed the previous guidance owing to better upselling & cross-selling and customer retention than forecasted
- Gross profit margin will be expanded by 2.2 pt due to efficient server usage with gross profit guidance revised upward by 7.6%
- Operating income is expected to exceed the original guidance by 504.8% with higher marketing expenditures than initially projected as well as better net sales and gross profit margin
- Revised the guidance based on above

(JPY mil.)	Previous guidance <sup>(1)</sup>	Updated guidance	Difference	Change (%)	FY9/20 results
<b>Net sales</b>	5,211	5,437	226	+4.3%	4,007
Year-on-Year	30.0%	35.7%	+5.6pt	-	36.4%
<b>Gross profit</b>	3,695	3,977	281	+7.6%	2,854
Gross profit margin	70.9%	73.1%	+2.2pt	-	71.2%
<b>Operating income</b>	25	151	126	+504.8%	▲1,079
<b>Ordinary income</b>	▲235	▲59	176	-	▲1,205
<b>Net income</b>	▲238	▲132	105	-	▲1,207

We would like to revise our sales and the profit guidance, reflecting better performance until Q2 and the expected performance of Q4.

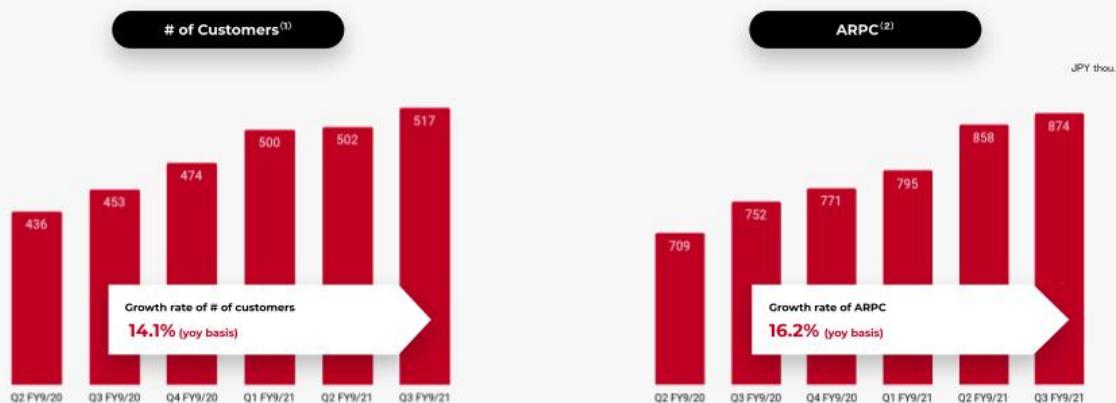
The sales forecast is revised from JPY5.2 billion to JPY5.437 billion. The employed growth rate is 35.7%, while the original growth rate was approximately 50%, and the exchange rate is 4.3%. The gross profit margin has increased by 7.6%, which is higher than 4.3% of the change rate of sales because of improved gross profit margin. The operating profit guidance level is revised from JPY25 million to JPY151 million.

So this is the end of our financial highlights for this fiscal year.

## Appendix

### Customers and ARPC

- Both the number of customers and sales per customer are growing steadily



Before closing my comments, let me make a final remark on our reporting format. Until last quarter, we have shown the breakdown of our ARR by the number of customers and average revenue per customer. However, considering our way of operating our business, we think the breakdown by new customer acquisition and existing customer expansion is more appropriate to present. Therefore, we changed the way of presenting our KPI and the financial results, and I hope investors also follow our results in this way. Having said that, the number of customers and also average revenue per customer are disclosed in the appendix, and both are growing steadily. Let me conclude my explanation here, and thank you for listening.

**Moderator:** So that would be all for the presentation by PLAID. Thank you very much for your attention.

## Question & Answer

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**Moderator:** We will now open for Q&A. If you have a question, please raise your hand using the Zoom function or enter your question in the Q&A text.

If you raise your hand, the emcee will unmute your microphone. So after you confirm that your microphone has been unmuted, please ask your question.

**Q1 :** Hello, can everyone hear me? Congratulations on the strong results.

I just have 2 questions, 1 about our recent move to the enterprise market and the other about the hiring outlook. So on the enterprise front, I'm just curious, is there any traction or examples that the management would be willing to share in the large enterprise space? And the second is we mentioned that we will reaccelerate the hiring process from Q3. And I'm just wondering which particular function – for example, is that sales and marketing or is that customer success that we intend to increase the number of employees?

**Kurahashi:** So this is Kurahashi. Allow me to answer your question. The reason why we have set our focus on enterprise. This is something that we've started gradually from 2019, and we have reinforced our efforts in this area. The current KARTE has many functions, but at the same time, it's also very difficult to fully digest and utilize. And therefore, when we consider the product characteristic of KARTE, we believe that we should penetrate this in the major players, the large companies first, so that they can fully make use of the functions that KARTE embeds. By doing so, we would be able to accumulate on the product benefits as well as the data and knowledge much faster. And so that's the reason why we have set our focus on enterprise customers.

As we have the enterprise customers utilize KARTE, we are able to gain many knowledge and different types of knowledge. And that allows us to develop a simplified version of KARTE that is focused on a specific objective. In many cases, for the SMBs, they do not have rich capabilities and resources, which is why the use-case accumulation amongst the enterprise customers becomes a very important weapon for our company.

When it comes to use cases, there are many. 1 thing would be customer data, we are able to accumulate rich customer data in KARTE, and we are not only able to utilize that for marketing, but we're also able to utilize that data for customer support. That would be a specific example that has already been demonstrated by a key apparel EC company called ZOZO.

Another example would be Recruit Group, which is also our top client. They have started off with 1 service from 2018. Today, they use over 30 services. And so the Recruit Group uses KARTE across the entire group. This, we believe, is a very important use case in the enterprise sector.

My answer for your first question links to your second question. We will continue our efforts in the enterprise business, but we also will continue to expand our business in the SMBs from a mid- to long-term perspective. We don't believe that a single product would be a 1-size-fits-all type of solution. We need to make sure that according to the size of our customers, we need to cater to their needs. And we also need to develop optimal

applications according to the objective or usage of each of the companies. We also need capabilities of delivering such products and services. So resources are needed in all aspects. Therefore, the top priority will continue to be focusing our recruitment activities on engineers. But I think that we will be reinforcing our recruitment activities in all departments.

**Participant:** Got it. That is very clear. And again, congrats on the strong results.

**Q2 :** Just very quickly, 3 questions. First on hiring. Could you just give us a sense of your pace of hiring, whether it's every quarter, how many people you're planning to increase your headcount by, or maybe a target you have in 1 year? Second, are you seeing any impact from the current increase in COVID cases in Japan right now? And third, is your simple KARTE that you mentioned in your presentation related to the plug-in that you're providing for Shopify right now? I think it's called cart-package. In that case, would you also be offering this type of products to other e-commerce or website creation platforms like Base or stores?

**Kurahashi:** So let me answer your first question regarding the recruitment pace. Nothing is officially fixed yet as we are currently developing the plan for the next term.

But in our past communication, I think we've been talking about an increase of about 10% to 20%. In the past year, we have been holding back on hiring activities due to the pandemic. And so from fourth quarter and onwards, we believe that it's important for us to bring back the hiring activities.

To your second question about the impact coming from the increase of COVID-19 cases. Nothing has changed much from the past year or 1.5 years, no significant changes.

So the conventional negotiation period being longer than usual, or having to fight to get the clients' time because a lot of the interactions are online, still continues. But from a mid-long-term perspective, we believe that the digitalization or DX Wave is a tailwind for our business.

The third question regarding the simplified version of KARTE. This is a different proposition compared to the plug-in version of Shopify. This Shopify plug-in is more of an offering where it is designed so that the KARTE is easy to embed into the customer's system. The simplified version of KARTE would be for specific objectives like an EC shopping cart package.

We have been able to accumulate many KARTE use cases that enable us to come up with more simple and installable packaged offerings. But on top of that, we plan to make the product available so that it is easy to integrate, or the interface would be easier with Shopify or EC or website developing companies. And we also are working to accelerate our development on the integration with the SMBs platforms in a more simple way.

**Moderator:** Thank you very much for your question. Can I ask the audience whether there are any other questions?

So since there are no other questions, we would like to end the earnings results for the third quarter of PLAID FY '21. And I would like to thank all of you for your participation despite your busy schedule.

[END]

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