

English Translation

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Financial Results for the 1st Quarter of the Fiscal Year Ending September 30, 2021
(Japanese GAAP)

February 12, 2021

Company Name: PLAUD, Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4165
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Scheduled date to file quarterly securities report: February 12, 2021
 Preparation of supplementary materials for quarterly results: Yes
 Holding of financial results meeting: Yes

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

1. Non-Consolidated Financial Results for the 1st Quarter of the Fiscal Year Ending September 30, 2021
 (from October 1, 2020 to December 31, 2020)

(1) Non-consolidated operating results (Percentages indicates year-on-year changes.)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
December 31, 2020	1,209	—	12	—	(161)	—	(232)	—
December 31, 2019	—	—	—	—	—	—	—	—

	Net income (loss) per share		Diluted income (loss) per share	
	Yen		Yen	
Three months ended				
December 31, 2020	(6.52)		—	
December 31, 2019	—		—	

(2) Non-consolidated Financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2020	5,103		3,624		71.0	
As of September 30, 2020	3,068		1,604		52.3	

Reference: Equity

As of December 31, 2020: 3,624 millions of yen

As of September 30, 2020: 1,604 millions of yen

2. Non-Consolidated Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2020	—	0.00	—	0.00	0.00
Fiscal year ending September 30, 2021	—				
Fiscal year ending September 30, 2021 (Forecast)		0.00	—	0.00	0.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

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3. Forecast of Non-Consolidated Results for Fiscal Year Ending September 30, 2021 (October 1, 2020 to September 30, 2021)

(Percentages below represent increases (decreases) from the same period of the previous fiscal year.)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)		Net income (loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	5,211	30.0	25	—	(235)	—	(238)	—	(6.51)

Note: Revisions to the forecast of results since most recent announcement: None

* Notes

- (1) Application of specific accounting for preparing the quarterly consolidated financial statements: None
- (2) Changes in accounting policies, accounting estimates and restatement
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies 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)

As of December 31, 2020	36,945,900 shares
As of September 30, 2020	35,408,900 shares

- b. Number of treasury shares at the end of the period

As of December 31, 2020	-
As of September 30, 2020	-

- a. Average number of outstanding shares during the period

As of December 31, 2020	35,675,389 shares
As of December 31, 2019	-

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

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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) Future outlook	3
2. Quarterly non-consolidated financial statements and significant notes thereto	4
(1) Quarterly non-consolidated balance sheets	4
(2) Quarterly non-consolidated statement of income	5
(3) Notes on quarterly non-consolidated financial statements	5
(Notes regarding assumption of a going concern)	6
(Notes in the case of significant changes in shareholders' equity)	6

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1. Qualitative information regarding results for the period

The forward-looking statements contained in the descriptions below are forecasts determined as of December 31, 2020. The Company does not prepare quarterly financial statements for the 1st quarter of the previous fiscal year, and therefore does not conduct a comparative analysis with the same period of the previous fiscal year.

(1) Overview of operating results during the period

The digital marketing services market, which the SaaS business of the Company belongs to, continues to grow. On the other hand, as a result of the introduction of various marketing tools by each company, the marketing industry is facing the challenge of "fragmented customer experience" which makes it difficult for companies to consider what experiences make the customer happy from the customer's point of view. This challenge has been accelerated by a current marketing trend in which the existence of customers is recognized only as a mass of data and numbers.

We provide KARTE as a customer experience SaaS platform. We are continuously enhancing the functions of KARTE to "understand each and every customer" in a multifaceted manner including both quantitative and qualitative aspects, and reinforcing its analysis and action functions. KARTE is being used by not only in the domain of digital marketing services, but also in various departments such as customer support and sales because it can lead every department to the customer's point of view. The number of companies using KARTE is expanding among various industries.

The Company continuously implemented measures to acquire new customers and expanded the enhancement of support for existing customers and the sales of optional products to them, in particular.

Consequently, as of December 31, 2020, ARR (Note 1) amounted to 4,773,065 thousand yen, the subscription revenue ratio (Note 2) came to 96.2%, the number of subscriptions (Note 3) was 744, average revenue per account (Note 4) was 534 thousand yen, the number of customers introducing our services and products was 500, and average revenue per customer (Note 5) was 795 thousand yen.

As a result, results for the 1st quarter of the fiscal year ending September 30, 2021, were net sales of 1,209,630 thousand yen and operating income (loss) of 12,751 thousand yen. However, as a result of posting listing expenses as temporary expenses to be listed on the Tokyo Stock Exchange Mothers, the Company recorded an ordinary loss of 161,196 thousand yen. The Company also posted a loss on valuation of investment securities as extraordinary losses and therefore recorded a loss of 232,429 thousand yen.

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

- Notes: 1. ARR: Annual Recurring Revenue. It is calculated by multiplying monthly subscription revenue at the end of each quarter by 12. It is a performance indicator for net sales, which are expected to be obtained only from the existing subscriptions during the 12 months starting the month following the final month of the fiscal year, based on the assumption that all existing subscriptions will be renewed at the specified time.
2. This refers to the ratio of the total amount of monthly charges for KARTE that can be earned on a recurring basis to net sales.
3. This refers to the total number of websites and smartphone apps that introduced our services and products at the end of each quarter.
4. This is calculated by dividing monthly subscription revenue at the end of each quarter by the number of subscriptions as of the end of the same month.
5. This is calculated by dividing monthly subscription revenue at the end of each quarter by the number of customers introducing our services and products as of the end of the same month.

(2) Overview of financial position

(Assets)

Current assets as of December 31, 2020, were 4,749,647 thousand yen, up 2,107,286 thousand yen from September 30, 2020. This was mainly due to an increase of 2,079,198 thousand yen in cash and deposits as a result of issuing new shares associated with the listing on the Tokyo Stock Exchange Mothers. Non-current assets were 354,234 thousand yen, down 72,397 thousand yen from September 30, 2020. This was mainly due to a decrease of 70,283

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thousand yen in investments and other assets, as a result of posting a loss on valuation of investment securities.

As a result, total assets as of December 31, 2020, were 5,103,882 thousand yen, up 2,034,889 thousand yen from September 30, 2020.

(Liabilities)

Current liabilities as of December 31, 2020, were 1,176,882 thousand yen, up 92,023 thousand yen from September 30, 2020. This was mainly due to increases of 49,980 thousand yen in current portion of long-term debt and 11,853 thousand yen in accounts payable, other. Non-current liabilities as of December 31, 2020, were 302,280 thousand yen, a decrease of 77,760 thousand yen from September 30, 2020. This was due to a decrease in long-term debt.

As a result, total liabilities as of December 31, 2020, were 1,479,162 thousand yen, up 14,263 thousand yen from September 30, 2020.

(Net assets)

Total net assets as of December 31, 2020, were 3,624,719 thousand yen, up 2,020,625 thousand yen from September 30, 2020. This was mainly due to increases of 1,126,280 thousand yen in both common stock and additional paid-in capital, by reason of the issuance of new shares associated with the listing on the Tokyo Stock Exchange Mothers, and a net loss of 232,429 thousand yen.

As a result, the equity-to-asset ratio was 71.0% as of September 30, 2020. (52.3% as of September 30, 2020).

(3) Non-Consolidated Financial Results Forecasts and Other Forward-looking Statements

The financial results forecast for the fiscal year ending September 30, 2021 remains unchanged from the full-year results forecast announced previously.

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2. Non-consolidated financial statements and significant notes thereto

(1) Quarterly non-consolidated balance sheets

(Thousands of yen)

	As of September 30, 2020	As of December 31, 2020
Assets		
Current assets:		
Cash and deposits	2,091,698	4,170,896
Notes and accounts receivable, trade	475,149	506,447
Other	77,015	73,805
Allowance for doubtful receivables	(1,501)	(1,501)
Total current assets	2,642,361	4,749,647
Non-current assets:		
Property and equipment	36,761	34,647
Investments and other assets	389,870	319,587
Total non-current assets	426,631	354,234
Total assets	3,068,993	5,103,882
Liabilities		
Current liabilities:		
Short-term debt	200,000	200,000
Current portion of long-term debt	317,720	367,700
Accounts payable, other	424,028	435,881
Allowance for losses on order received	2,634	1,431
Other	140,476	171,869
Total current liabilities	1,084,858	1,176,882
Long-term liabilities:		
Long-term debt	380,040	302,280
Total non-current liabilities	380,040	302,280
Total liabilities	1,464,898	1,479,162
Net assets		
Shareholders' equity:		
Common stock	961,321	2,087,849
Capital surplus	2,921,324	4,047,851
Retained earnings (Accumulated deficit)	(2,278,551)	(2,510,981)
Total shareholders' equity	1,604,094	3,624,719
Total net assets	1,604,094	3,624,719
Total liabilities and net assets	3,068,993	5,103,882

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(2) Quarterly non-consolidated statement of income

(Thousands of yen)

	Fiscal Year Ending September 30, 2020 (from October 1, 2020 to December 31, 2020)
Net sales	1,209,630
Cost of sales	348,436
Gross profit	861,194
Selling, general and administrative expenses	848,443
Operating income (loss)	12,751
Non-operating income	
Subsidy income	424
Gain on sales of Fixed assets	582
Other	62
Total non-operating income	1,069
Non-operating expenses	
Interest expenses	3,921
Listing expenses	170,994
Other	100
Total non-operating expenses	175,016
Ordinary income (loss)	(161,196)
Extraordinary losses	
Loss on valuation of investment securities	70,283
Total extraordinary losses	70,283
Income (loss) before income taxes	(231,479)
Income taxes - current	950
Total income taxes	950
Net income (loss)	(232,429)

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(3) Notes on quarterly non-consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Due to the issuance of new shares associated with the listing of the Company's common stock on the Tokyo Stock Exchange Mothers Index, both common stock and additional paid-in capital increased 1,126,280 thousand yen. In addition, due to the exercise of stock acquisition rights from October 1, 2020, to December 31, 2020, common stock and additional paid-in capital increased 247 thousand yen, respectively. As a result, common stock was 2,087,849 thousand yen, and additional paid-in capital was 4,047,851 thousand yen as of December 31, 2020.