

Presentation Materials for 4Q FY2023

+ Business Plan and Growth Potential

2022.5.1～2023.4.30

Smaregi, Inc.

Securities code: 4431

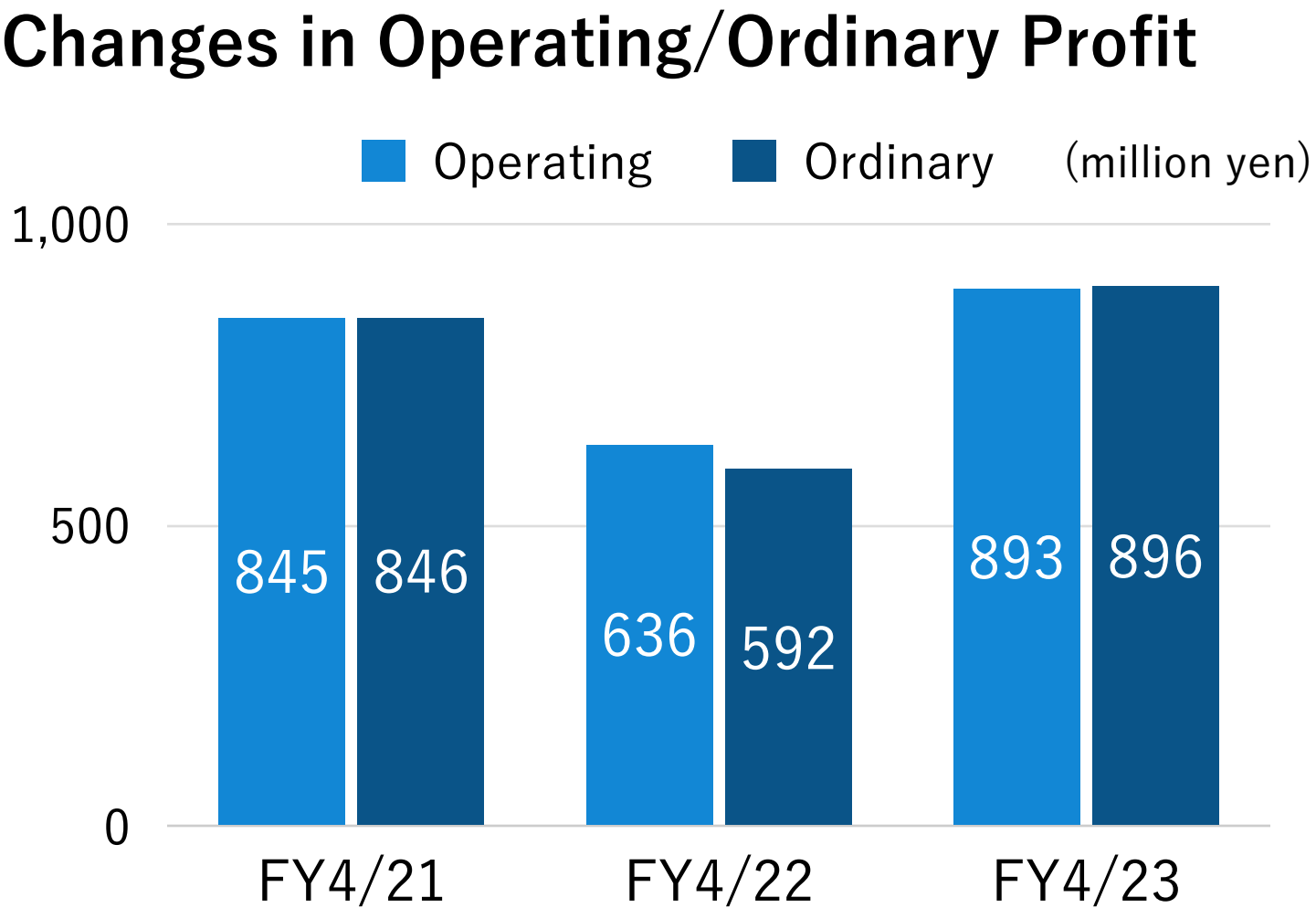
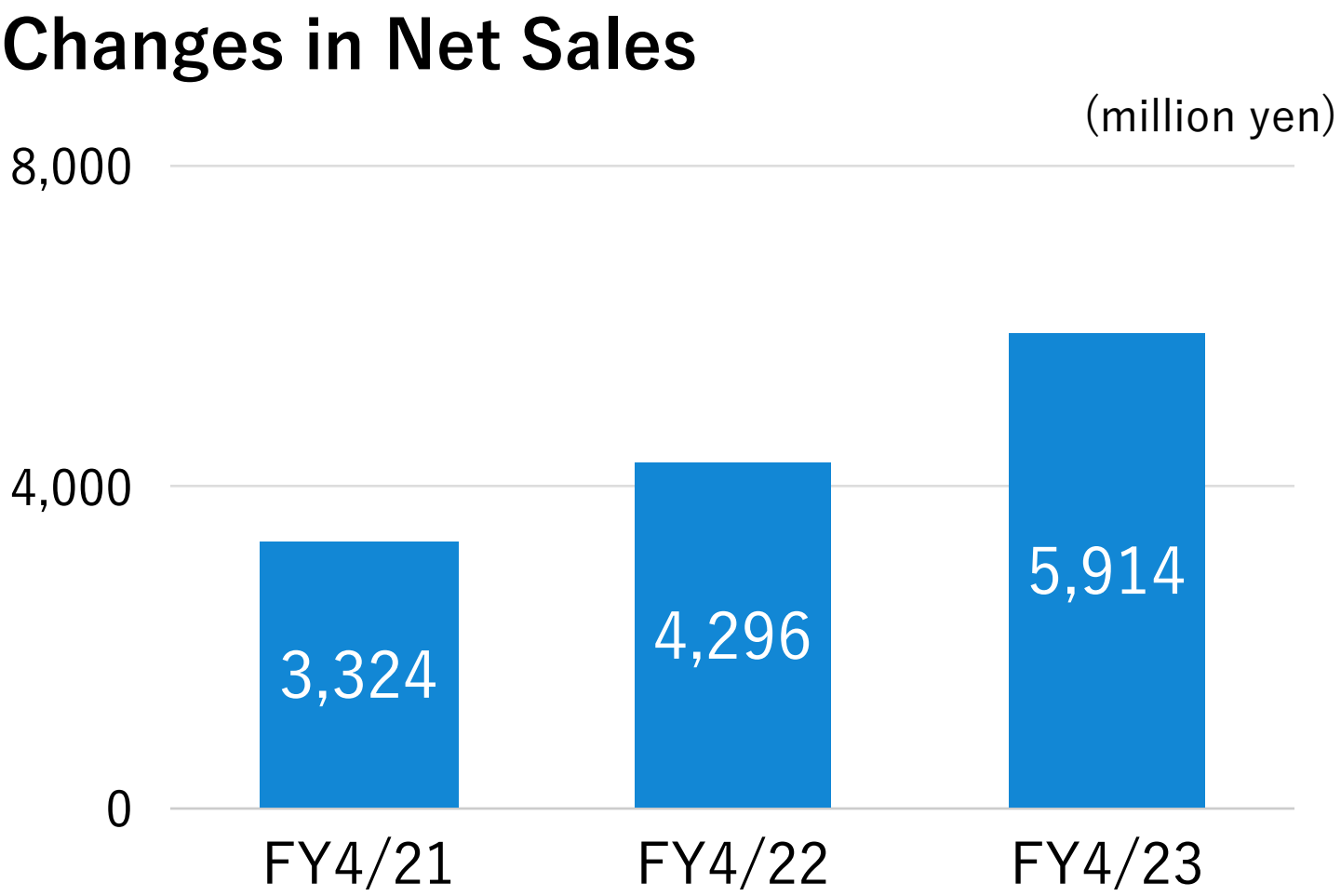
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- We have revised upwards the full-year earnings forecast for FY4/23.
(Disclosure: March 15, 2023)
- Due to steady business growth, **net sales grew 37.6% YoY** to 5,914 million yen.
- Even as we continued to invest in S&M based on the Medium-term Management Plan, **operating profit grew 40.4% YoY** to 893 million yen.
- ARR **rose by 47.4% YoY** to 4,303 million yen.
- The number of employees increased **24.8% YoY** as we successfully achieved the target in our proactive recruitment plan.

(million yen)	FY4/23 results (May 2022 - Apr. 2023)	FY4/22 results (May 2021 - Apr. 2022)	YoY change	FY4/23 plan*1 (May 2022 - Apr. 2023)	FY4/23 % achieved (May 2022 - Apr. 2023)
Net sales	5,914	4,296	+37.6%	~~5,593~~ 5,816	101.7%
Operating profit	893	636	+40.4%	~~651~~ 850	105.1%
Ordinary profit	896	592	+51.2%	~~651~~ 853	105.0%
Profit	887	557	+59.1%	~~403~~ 843	105.3%

*The results for FY4/22 was the figures based on a consolidated accounting. Amounts are rounded down to the nearest million yen.

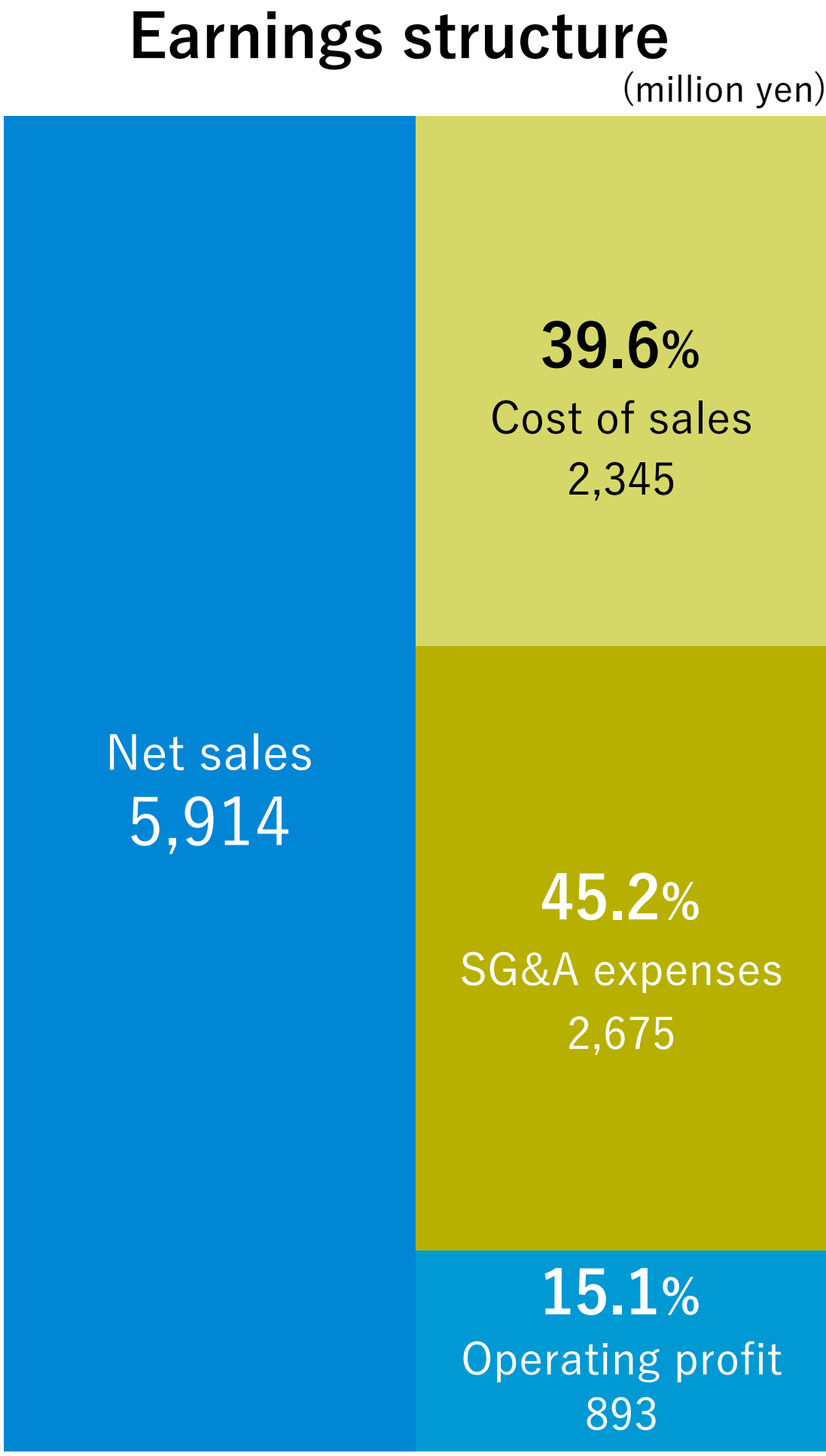
*1 The full-year earnings forecast was revised upward on March 15, 2023.



Statement of Income

Net sales grew by 37.6% YoY due to the increase in subscription sales accompanying the absorption merger of a subsidiary and increase in the number of new customers acquired. Even as we continued to invest in S&M based on the Medium-term Management Plan, operating profit grew 40.4% YoY.

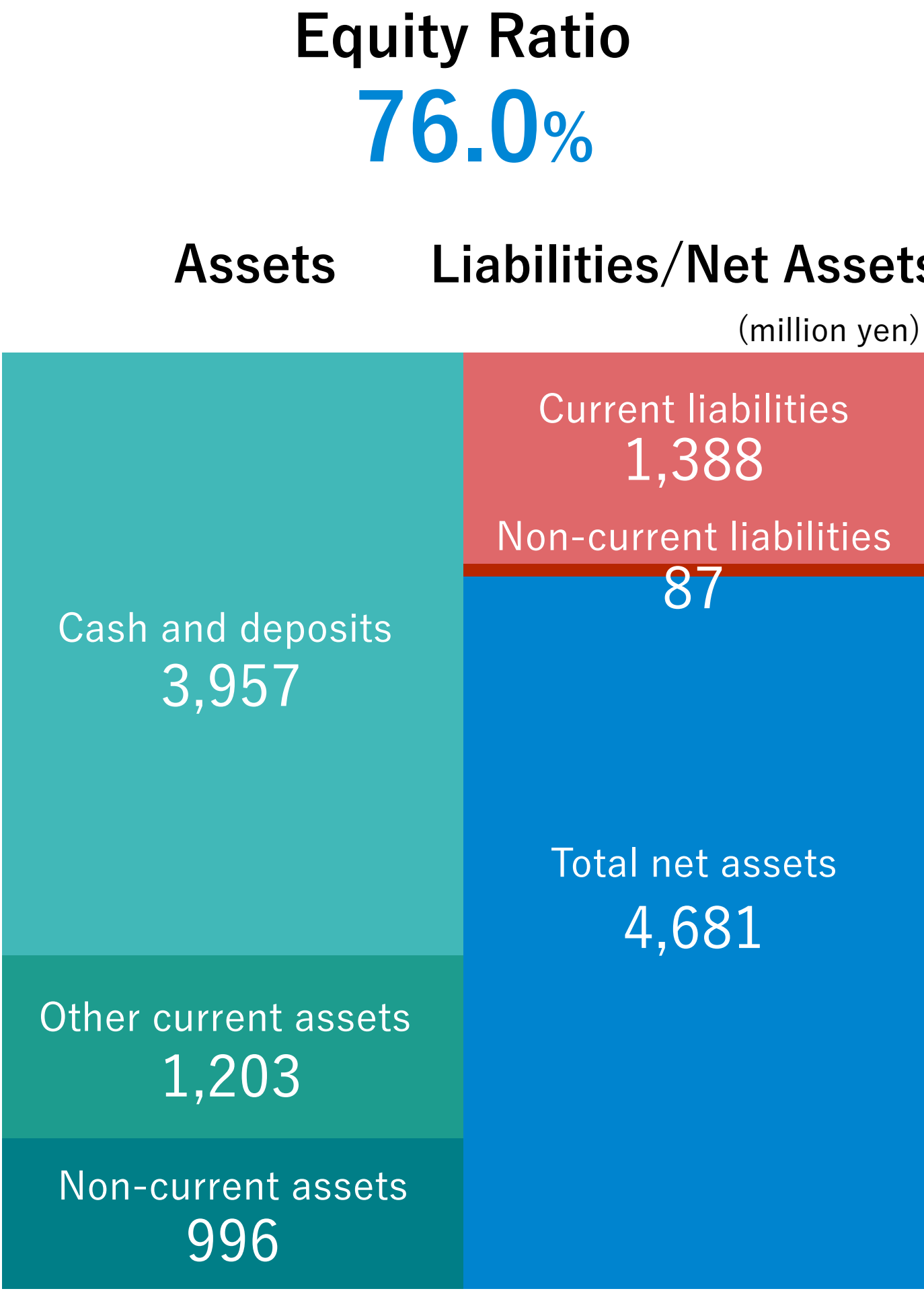
(million yen)	FY4/23 (May 2022 - Apr. 2023)					FY4/22 results (May 2021-Apr. 2022)	YoY change
	1Q	2Q	3Q	4Q	Total		
Net sales	1,228	1,413	1,526	1,745	5,914	4,296	+37.6%
Cost of sales	456	570	609	708	2,345	1,654	+41.8%
Gross profit	772	842	917	1,036	3,569	2,642	+35.1%
SG&A expenses	585	631	675	782	2,675	2,005	+33.4%
Operating profit	186	211	241	254	893	636	+40.4%
Ordinary profit	188	211	241	254	896	592	+51.2%
Profit	362	143	169	211	887	557	+59.1%



*The results for FY4/22 was the figures based on a consolidated accounting.

Non-current assets increased 67.1% YoY and current liabilities increased 44.2% YoY, due to the absorption merger of a subsidiary and business expansion. Although equity ratio fell due to the acquisition of treasury shares, the financial foundation remained stable with equity ratio at 76.0%.

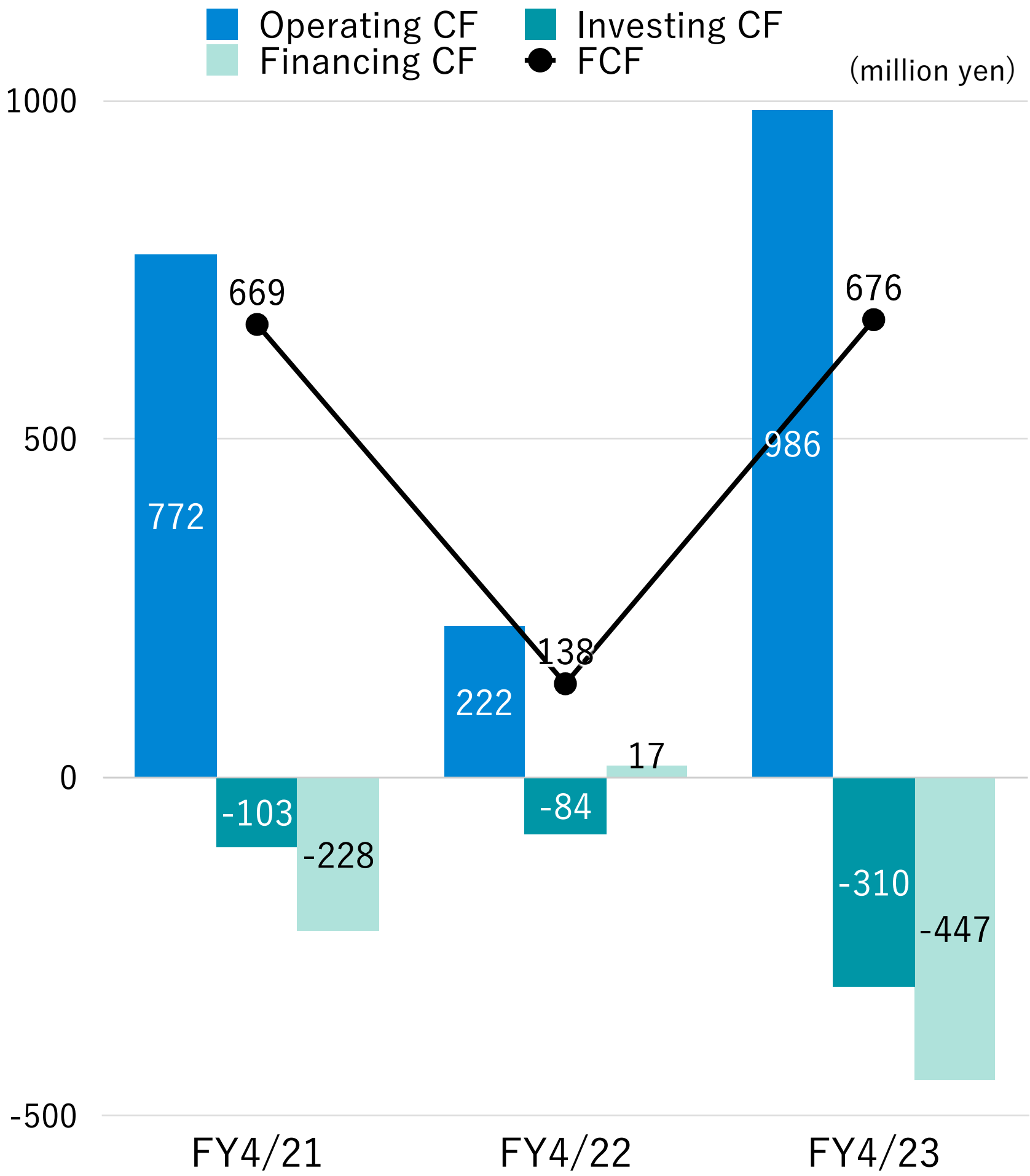
(million yen)	FY4/23 results (May 2022 - Apr. 2023)	FY4/22 results (May 2021 - Apr. 2022)	YoY change	3Q FY4/23 results (May 2022 - Jan. 2023)	QoQ change
Current assets	5,160	4,760	+8.4%	4,741	+8.8%
Cash and deposits	3,957	3,766	+5.1%	3,773	+4.9%
Non-current assets	996	596	+67.1%	992	+0.4%
Total assets	6,156	5,356	+14.9%	5,733	+7.4%
Current liabilities	1,388	962	+44.2%	1,178	+17.8%
Non-current liabilities	87	84	+3.5%	86	+1.0%
Total liabilities	1,475	1,046	+41.0%	1,264	+16.7%
Total net assets	4,681	4,309	+8.6%	4,469	+4.7%
Total liabilities and net assets	6,156	5,356	+14.9%	5,733	+7.4%



*The results for FY4/22 was the figures based on a consolidated accounting.

Net cash provided by operating activities increased significantly by 344.1% YoY due to steady business growth. Net cash used in financing activities was 447 million yen due to acquisition of treasury shares.

(million yen)	FY4/23 results (May 2022 - Apr. 2023)	FY4/22 results (May 2021 - Apr. 2022)	YoY change	
			Amount	%
Cash flows from operating activities	986	222	+764	+344.1%
Cash flows from investing activities	-310	-84	-226	+269.0%
Free cash flows	676	138	+538	+389.9%
Cash flows from financing activities	-447	17	-464	-2,729.4%
Cash and cash equivalents at the end of period	3,957	3,766	+191	+5.1%

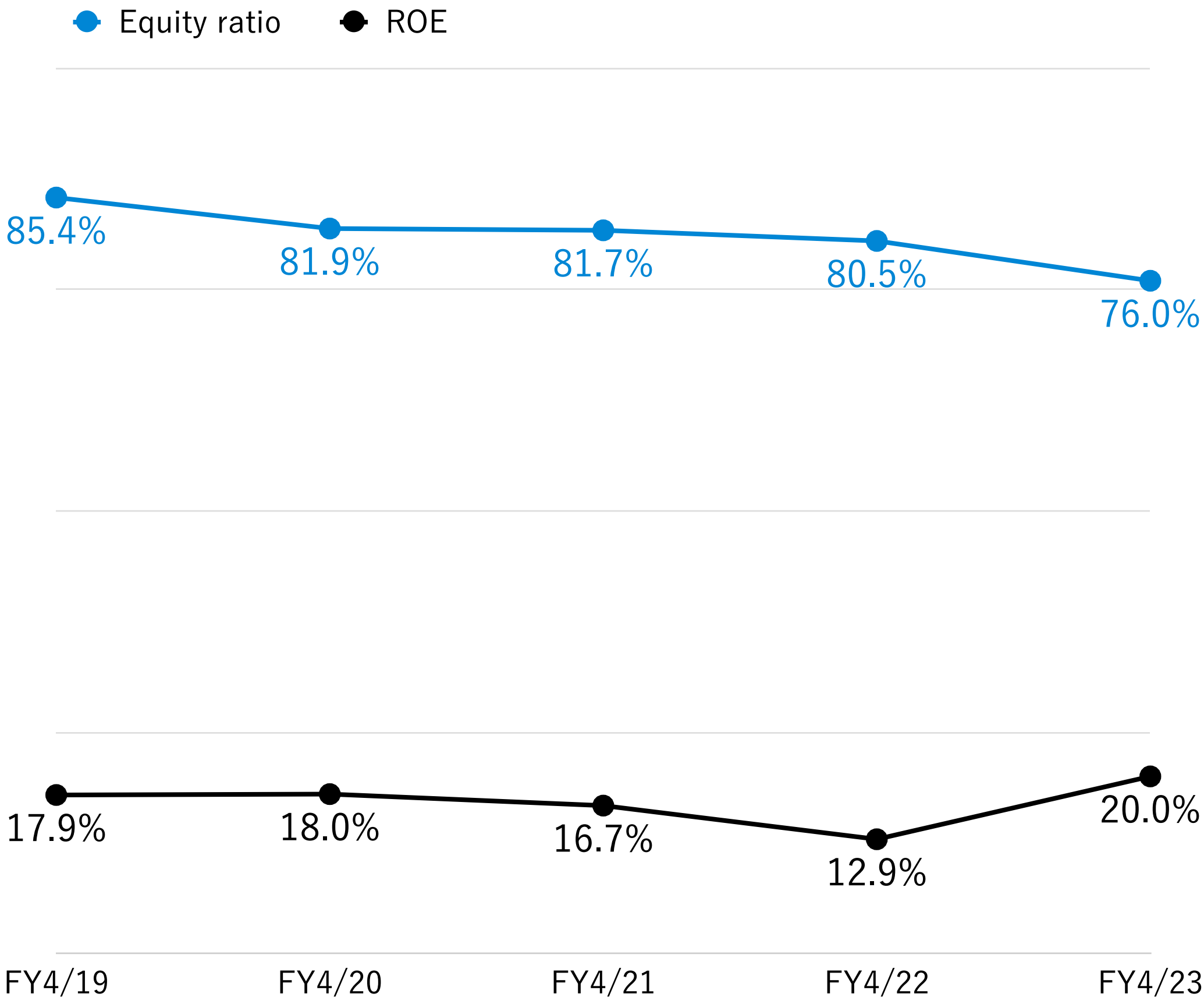


*The results for FY4/22 was the figures based on a consolidated accounting.

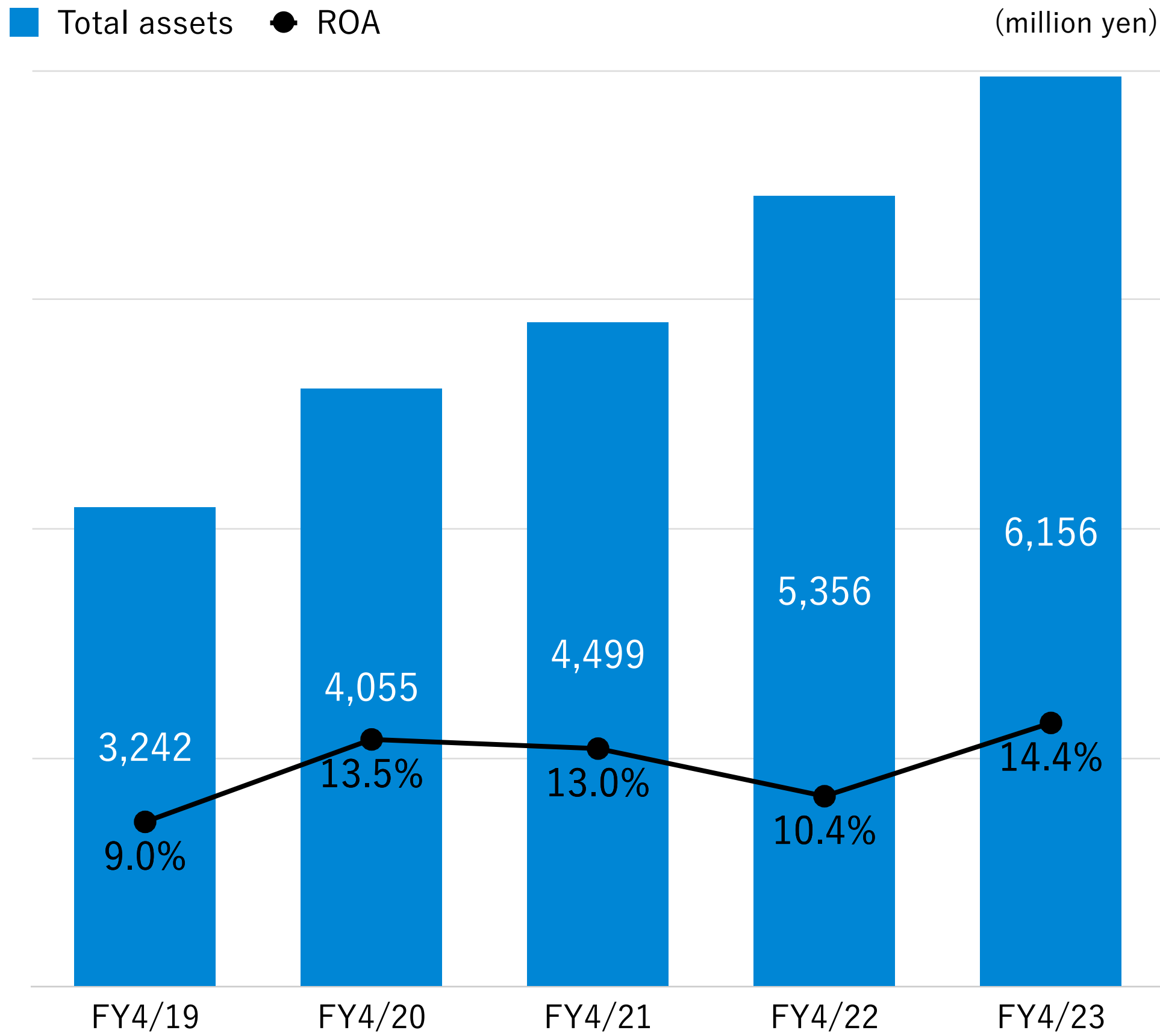


Although equity ratio fell due to the acquisition of treasury shares, we maintained stable capital efficiency and profitability with ROE at 20.0% and ROA at 14.4%.

Changes in ROE and equity ratio



Changes in ROA and total assets

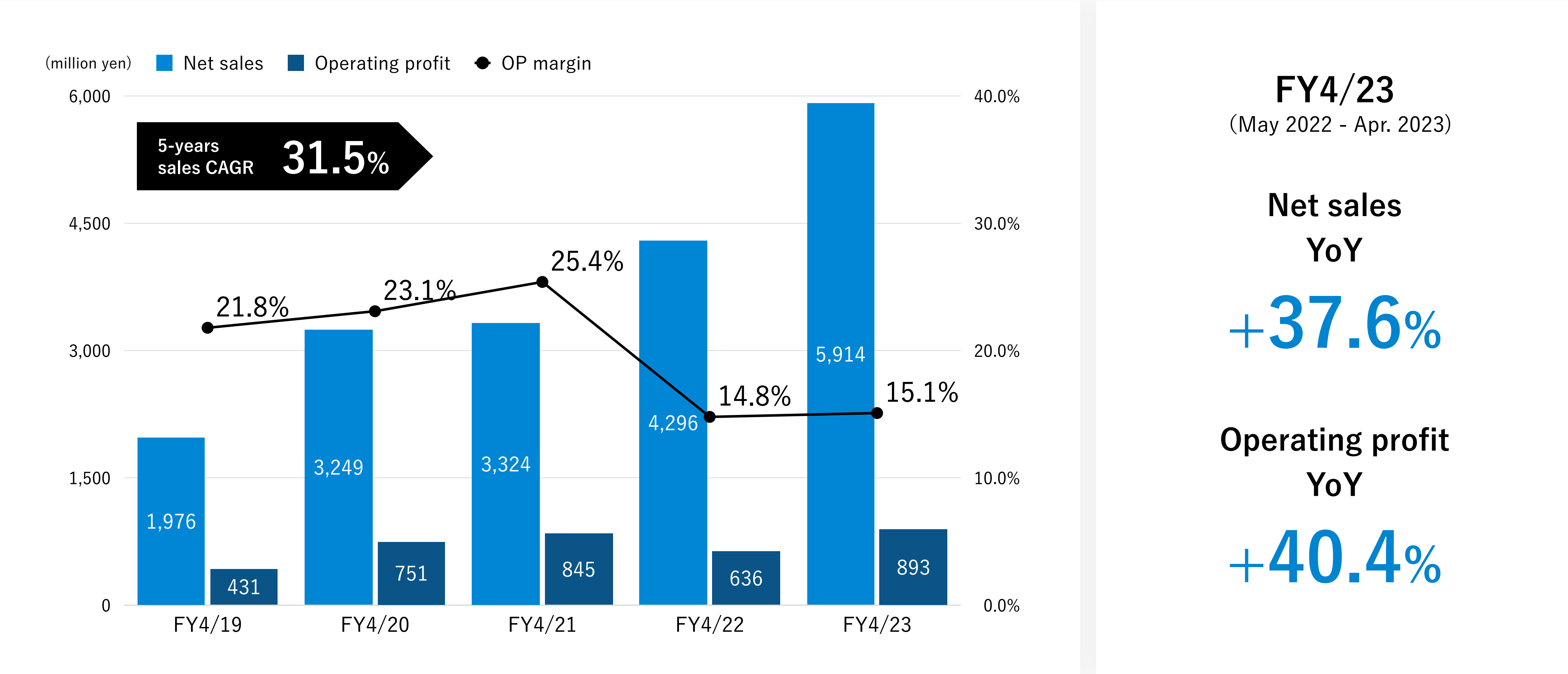


*The results for FY4/22 was the figures based on a consolidated accounting. ROE: Return on Equity, ROA: Return on Asset



Changes in Net Sales, Operating Profit, and Operating Margin

Net sales for FY4/23 increased 37.6% YoY and operating profit increased 40.4% YoY, marking significant growth from the plans at the beginning of the fiscal year. Operating margin landed at 15.1% due to S&M investments based on the Medium-term Management Plan.



FY4/23
(May 2022 - Apr. 2023)

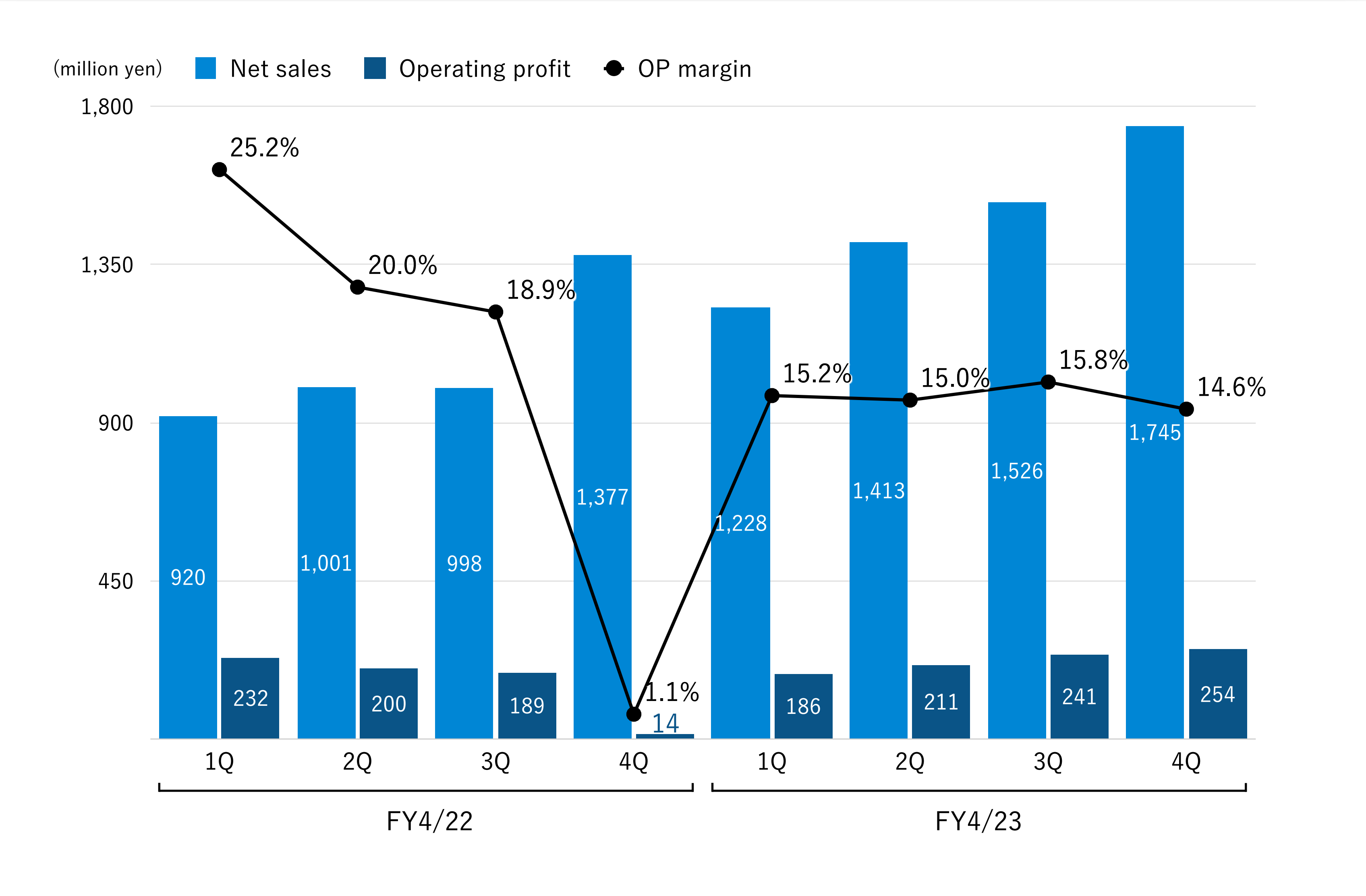
Net sales
YoY
+37.6%

Operating profit
YoY
+40.4%

*4Q FY4/22 includes the results of a consolidated former subsidiary (ROYAL GATE INC.).
*On July 1, 2022, an absorption merger with ROYAL GATE INC. as the dissolved company was implemented and it transitioned to non-consolidated accounting.

Quarterly Changes in Net Sales, Operating Profit and Operating Margin

In FY4/23, we invested efficiently in S&M across all four quarters of the year.



4Q FY4/23

Operating margin

14.6%

YoY

↑13.5pt

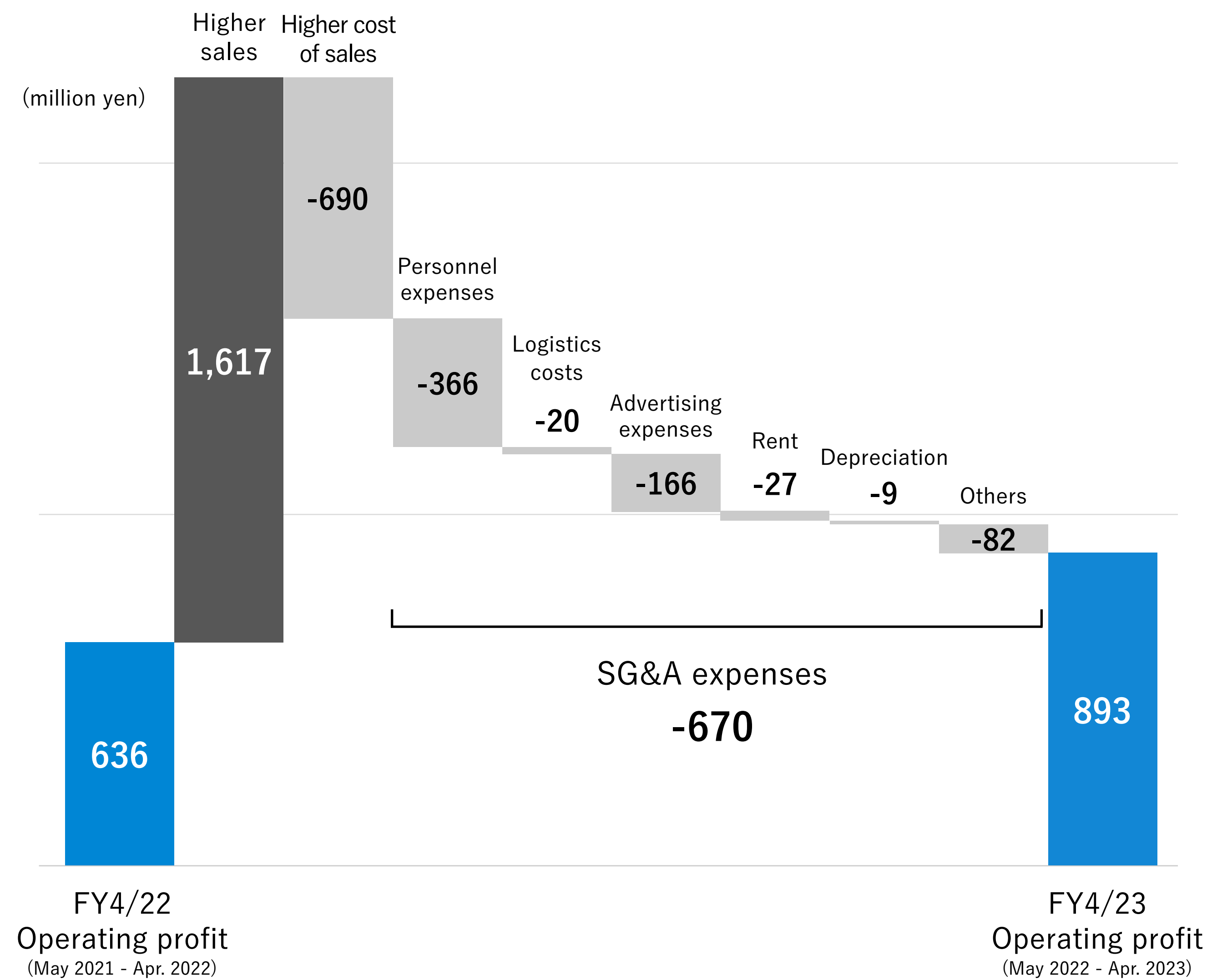
QoQ

↓1.2pt

*On July 1, 2022, an absorption merger with ROYAL GATE INC. as the dissolved company was implemented, and as a result the earnings contribution from ROYAL GATE (former consolidated subsidiary) in 1Q FY4/23 are only for the one month after July 1, the effective date of the absorption merger.

*4Q FY4/22 includes the results of a consolidated former subsidiary (ROYAL GATE INC.).

Analysis of Changes in Operating Profit (YoY change)



Higher sales

- Number of fee-based contracts increased.
- Growth of consistent sales (monthly fees) due to low churn rate.
- Synergy through M&A with a payment company.
- Price revision of monthly fees for cloud services (New prices were applied from January 2023)

Higher cost of sales

- Higher server expenses and equipment purchases because of the growth in sales.
- Higher personnel expenses due to the increased number of engineers.
- Increase in data center usage costs, etc. accompanying the operation of payment systems.

Higher SG&A expenses

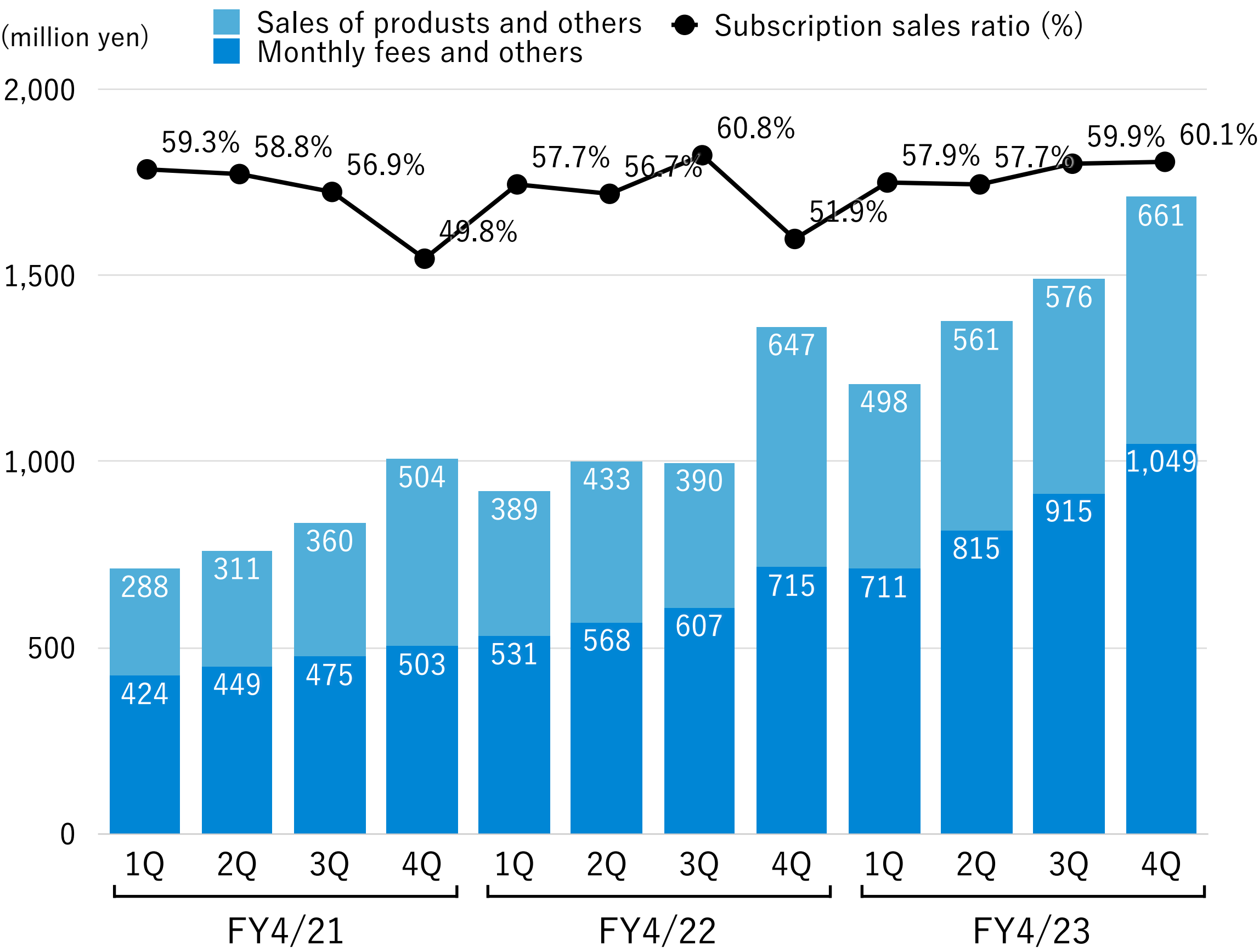
- Advertising expenses increased 31.6% YoY due to planned marketing activities.
- Higher personnel expenses due to the increased number of employees.
- Increase in other expenses due to M&A.

*The results for FY4/22 was the figures based on a consolidated accounting.

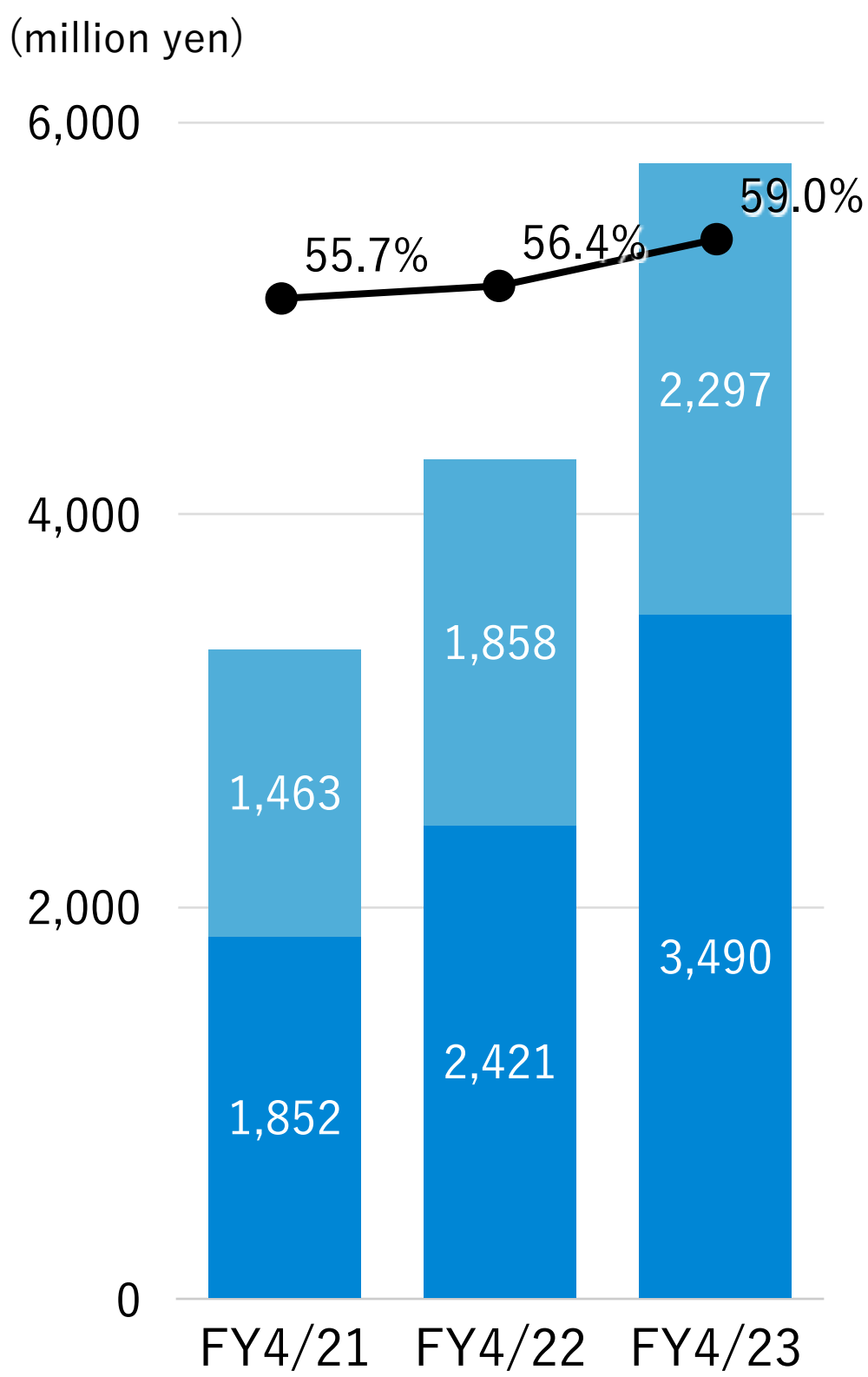
Changes in Sales Composition

Subscription sales (monthly fees and others) grew significantly by 44.1% YoY due to the increase in the number of fee-paying stores and the impact of price revisions. *Price revisions were implemented from January 2023.

Quarterly changes



Annual changes



FY4/23
(Annual average)

**Subscription
sales ratio**
59.0%

**Initial expense
gross margin**
Sales of products
and others

37.4%

**SaaS
gross margin**
Monthly fees
and others

76.6%

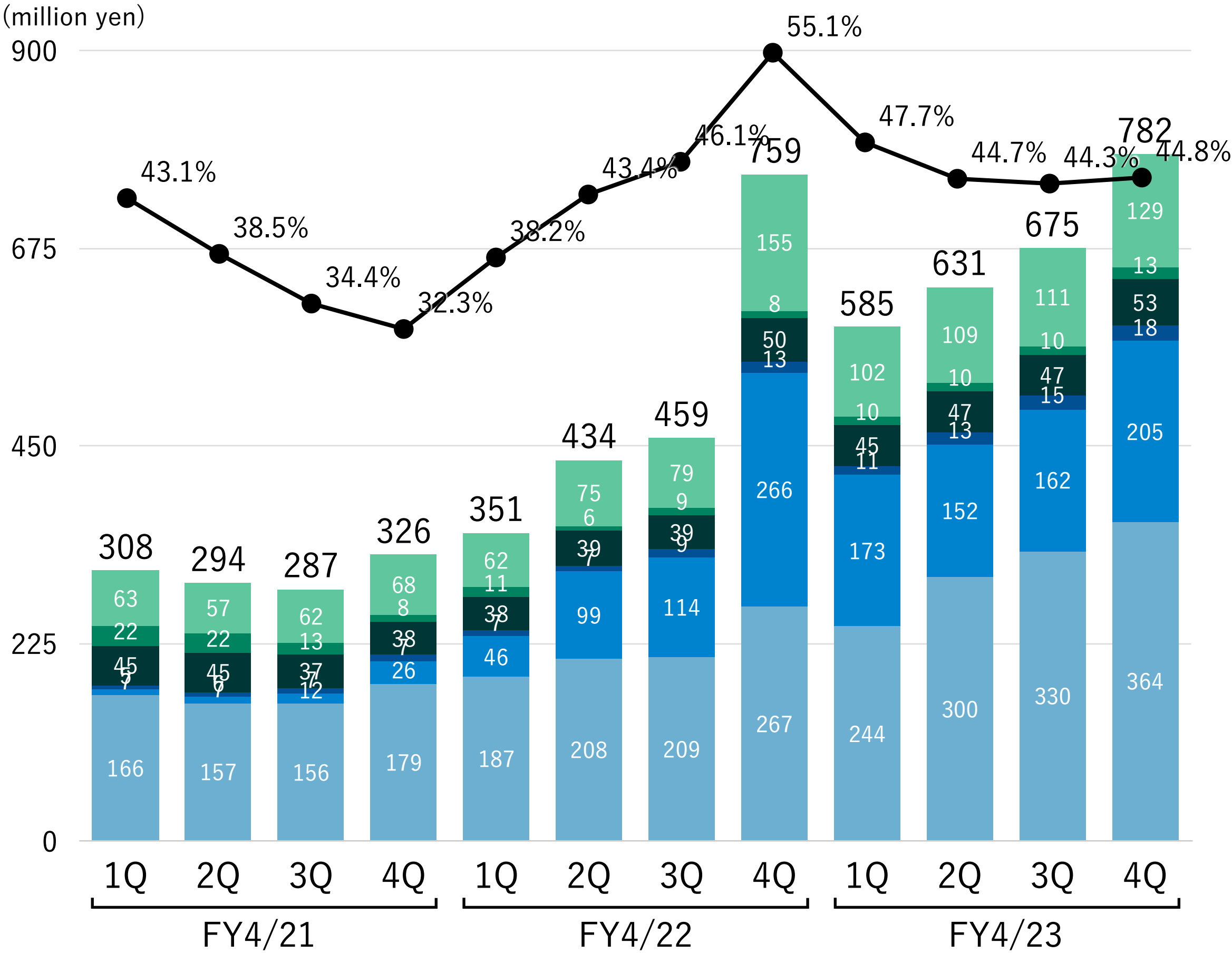
*This graph does not include sales involving other system development expenses.
*The earnings contribution from ROYAL GATE (former consolidated subsidiary) in 1Q FY4/23 is only for the one month after July 1, the effective date of the absorption merger.

Changes in SG&A expenses

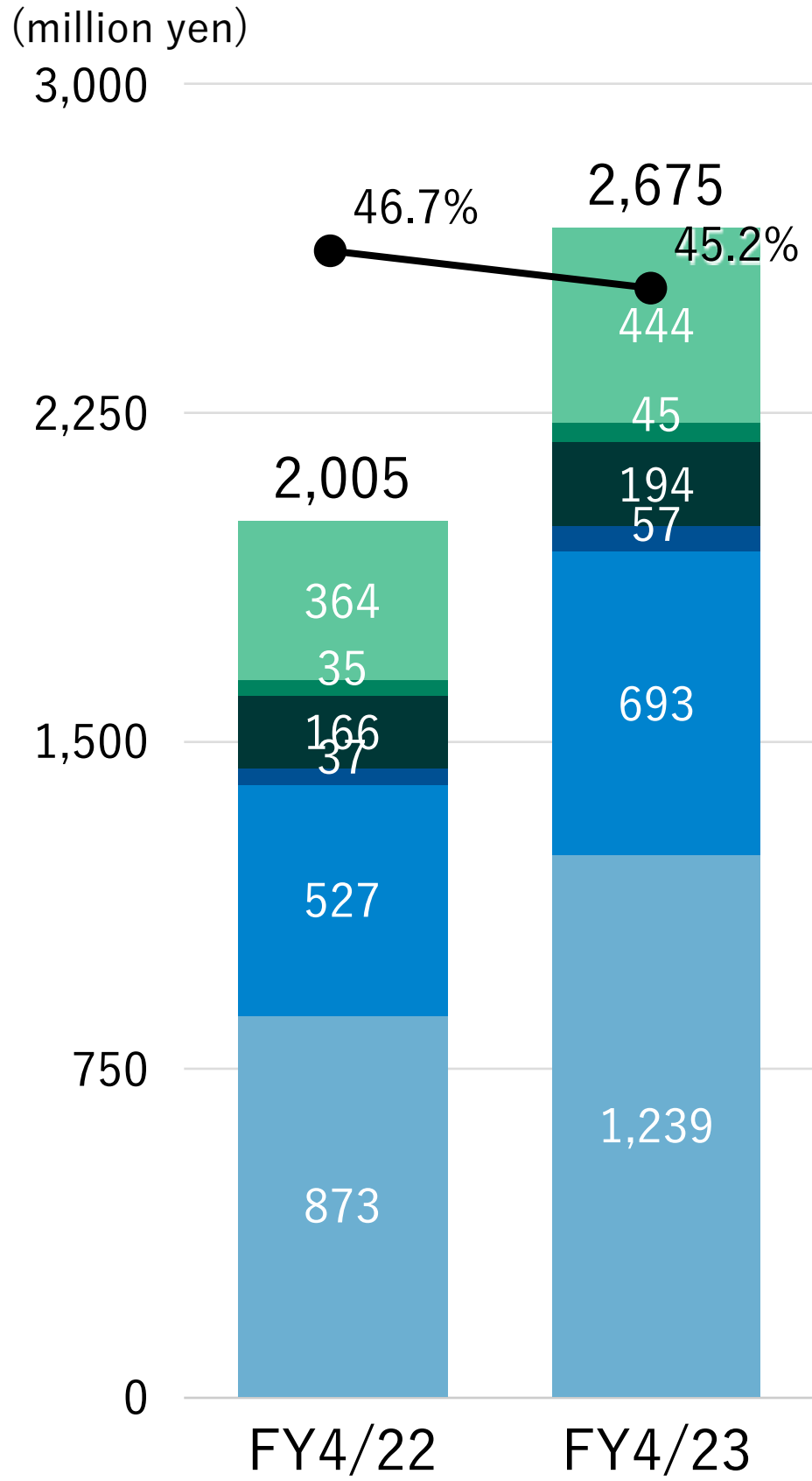
While controlling the SG&A expense ratio to keep it within the scope of the plan, we continued with investment in S&M toward achieving the Medium-term Management Plan. Personnel expenses increased by 41.9% YoY alongside the expansion of the organization, in line with our recruitment plan.

Quarterly changes

Personnel Advertising Logistics costs
Rent Depreciation Other SG&A ratio



Annual changes



FY4/23
(May 2022 - Apr. 2023)

SG&A expenses
2,675 million yen
YoY **+33.4%**

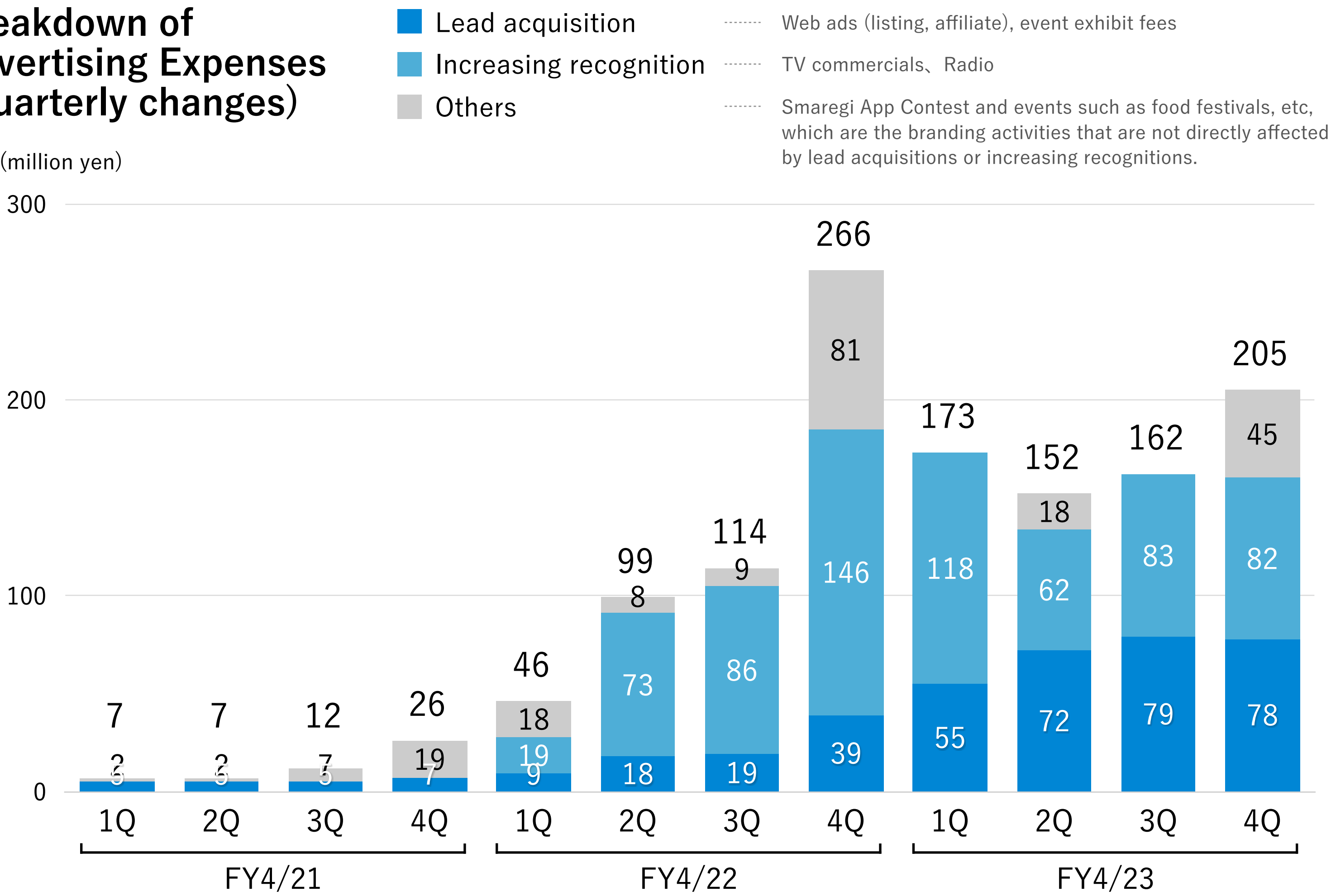
S&M
1,240 million yen

S&M ratio
21.0%

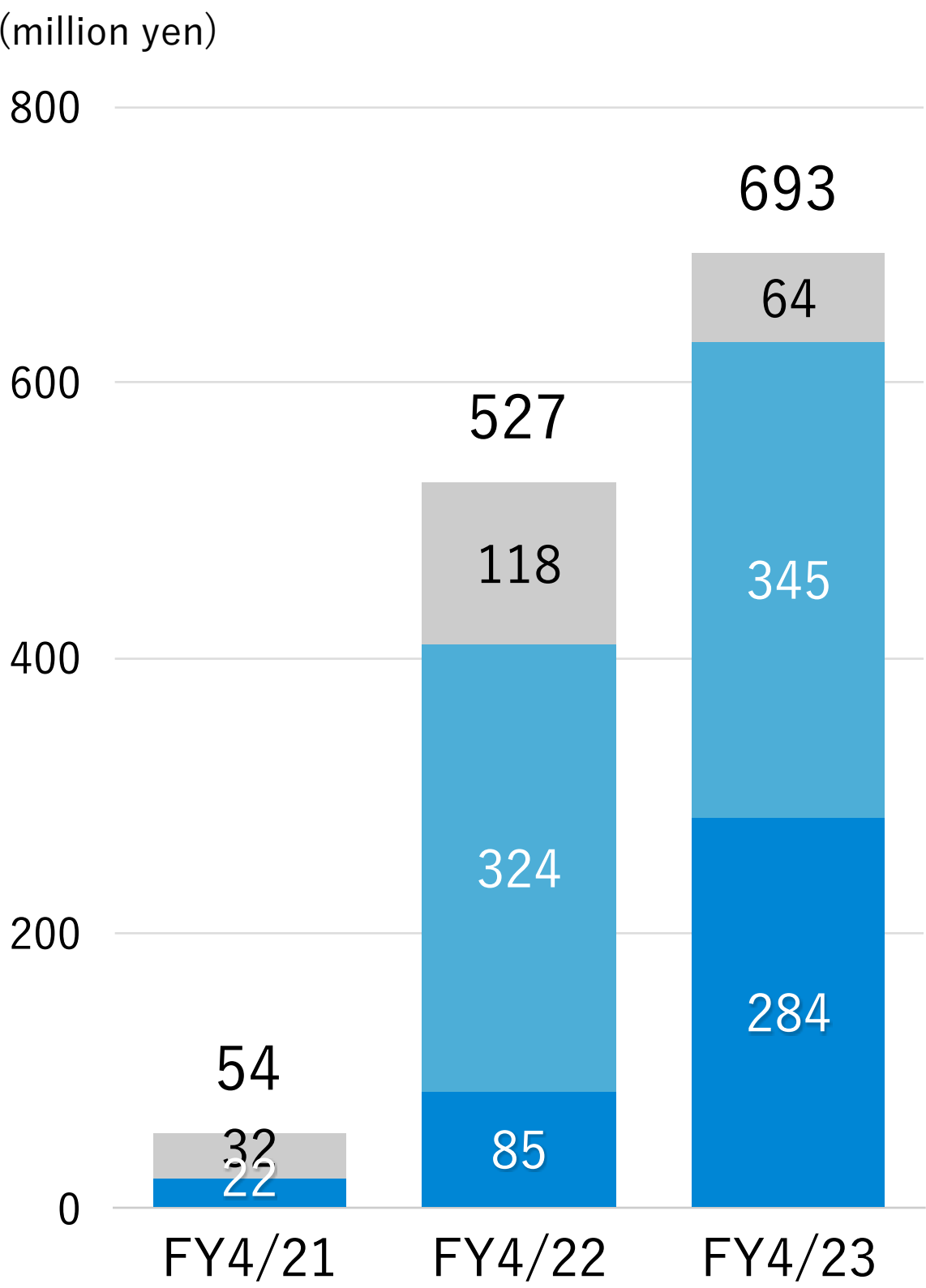
Changes in Advertising Expenses

Advertising expenses increased 31.6% YoY. We are continuing with efficient investments while optimizing spending with a focus on strategies for increasing recognition and lead acquisition, as well as utilizing exhibitions and other advertising channels.

Breakdown of Advertising Expenses (Quarterly changes)

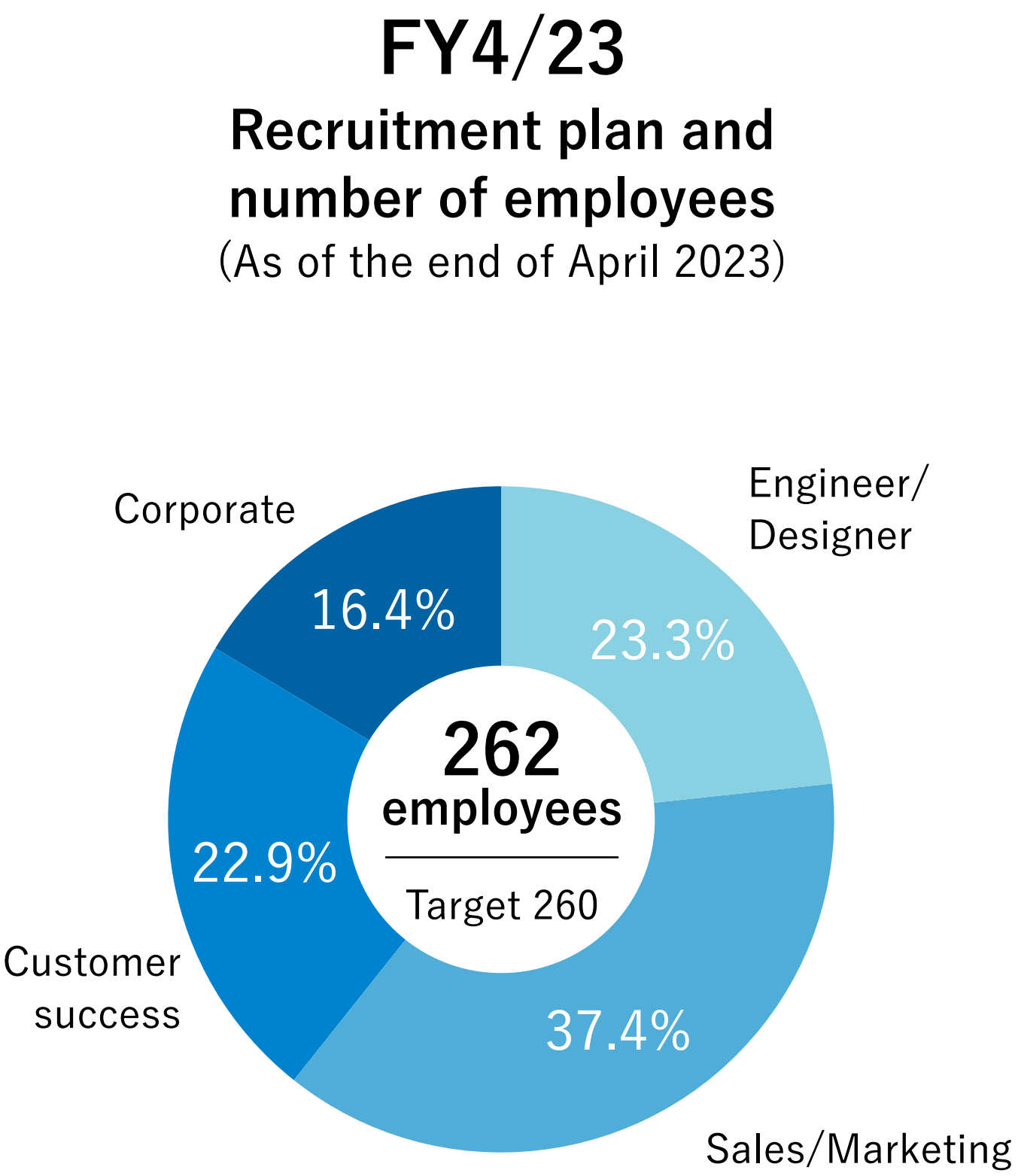
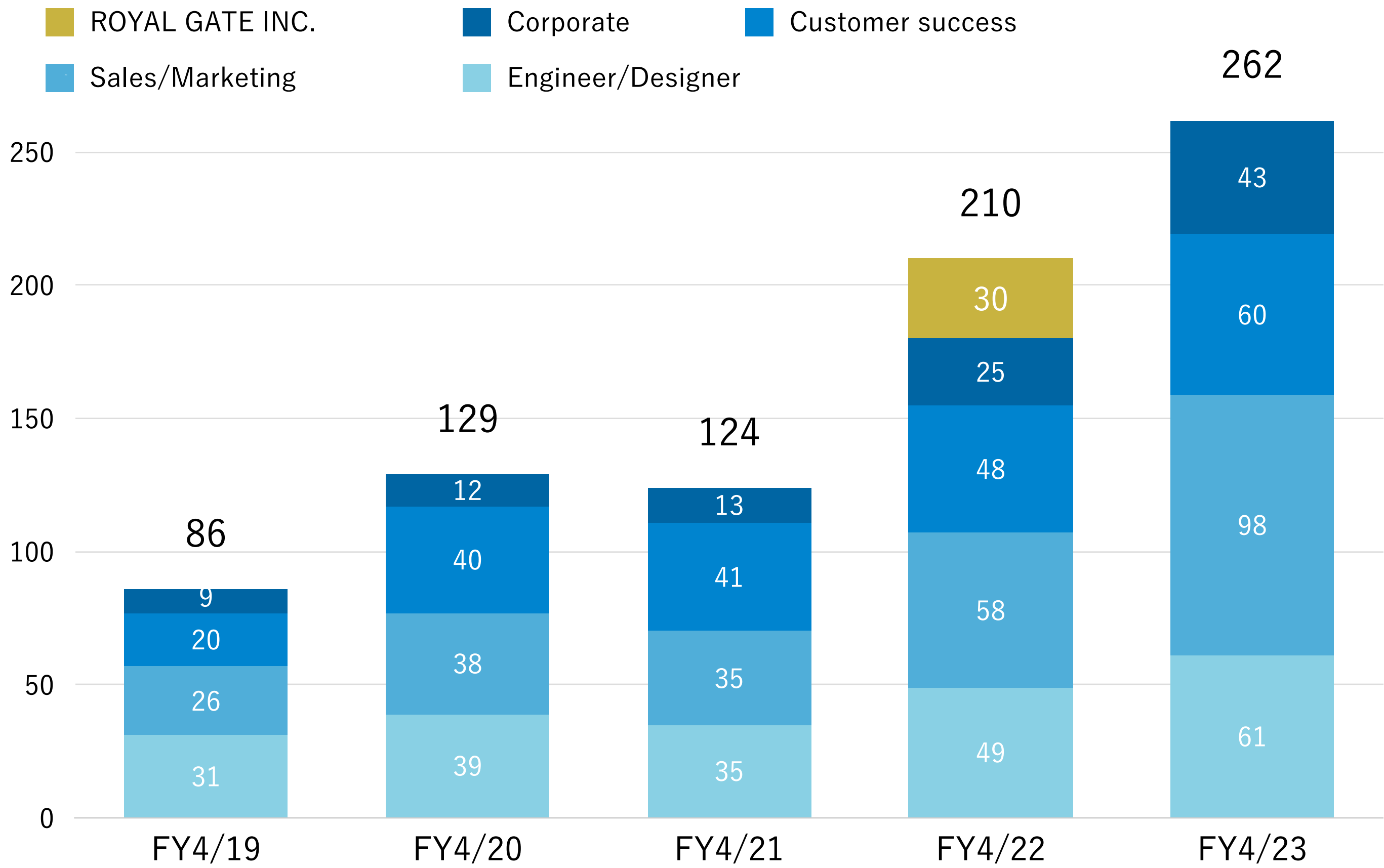


Annual changes



Growth in Number of Employees

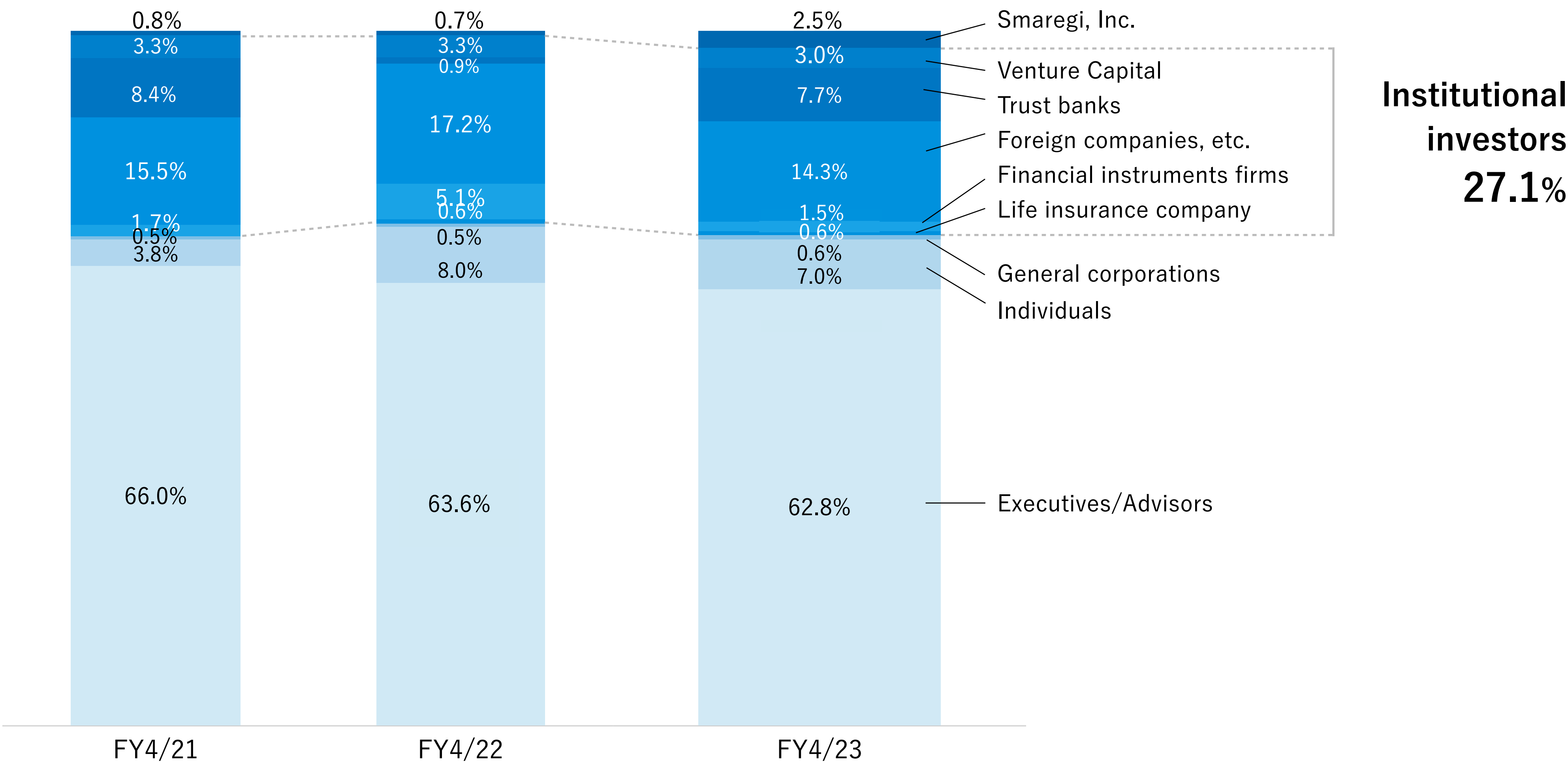
We implemented the recruitment plan based on our growth strategy and strengthened the workforce across all departments. We achieved the target set out in the full-year recruitment plan for FY4/23 (50 additional employees), with the total number increasing by 52 employees YoY to 262 employees.



*Excludes temporary employees and part-time employees.

Main Shareholders

The shareholding ratio of institutional investors increased. We acquired treasury shares based on the June 2022 growth strategy, acquiring an additional 390,000 shares.



The basic policy of Smaregi is to pay a dividend that reflects results of operations and the current financial condition. As Smaregi is still in the growth phase of its operations, there has been no dividend since the company's inception in order to retain earnings needed for upcoming business operations and for further increasing financial soundness. There is no dividend for the fiscal year ended April 30, 2023 as well because Smaregi is still in its growth phase and is placing priority on retaining earnings to fund new investments and other activities for more growth.

The graphic consists of numerous horizontal bars and small squares in various colors including pink, orange, yellow, green, blue, and purple. These elements are scattered around the title, with some bars being longer and others being small squares, creating a dynamic, abstract background.

Business Summary



- Apr. 2023**
 - Official website of Smaregi App Market updated
 - Launched standing bar “awabar Shinsaibashi” as a test store
 - Revised agency agreement, making it possible for all sales partners to handle Smaregi PAYGATE
- Mar. 2023**
 - Released PAYGATE POS, a dedicated app that enables the use of POS registers at payment terminals
- Feb. 2023**
 - Smaregi TimeCard compatible for use with variable work hour systems
 - Participated in Japan's largest comprehensive IT fair, RETAILTECH JAPAN 2023
- Jan. 2023**
 - Implemented price revisions for Smaregi and Smaregi TimeCard
 - Number of apps released on Smaregi App Market reached 100
 - New TV commercial started airing ~ Apparel edition/Japanese diner interview edition
- Dec. 2022**
 - Made the issuance of receipts compatible with Japan’s “Qualified invoice-based method (the Invoice System)”
 - Released app compatible with semi-automated checkout operations
- Nov. 2022**
 - “U-22 Programming Contest 2022” held with Smaregi participating as a Diamond Sponsor
- Oct. 2022**
 - Launched Smaregi’s user community “Akiinai LABO”
- Sep. 2022**
 - Held the "Kyushu Autumn Festival," a food festival presented by Smaregi
- Aug. 2022**
 - Smaregi’s (POS) cumulative transaction amount exceeded 5 trillion yen
 - Released the “Order Management” function that enables the integrated management of EC orders through Smaregi
- Jun. 2022**
 - Released our second new TV commercial: ~Cashless Version~
- May 2022**
 - Began sales of the "Smaregi PAYGATE" payment service
 - The Fukuoka Tenjin Showroom relocated and opened in Shintencho Shopping Arcade

Cloud service prices were revised from January 2023 with the aim of strengthening the operational system. Although there were some downgrades, thorough steps were taken to support individual cases. As a result, there was hardly any negative impact.

Impact to date (As of April 30, 2023)

Churn rateNo notable changes

Customer unit priceARPA +17.4% ARPU +17.7%
(Comparison of 4Q FY23 after price revisions and 2Q FY23 before price revisions)

Number of inquiries48

Main contents of inquiries	No. of inquiries
Wish to know the billing amount from January	22
Requests to review the start date for the application of price revisions (While the price increase is acceptable, would like to request for adjustment to the start date as internal procedures take time, and the timing for notification was too late, etc.)	6
Questions about the background to the price increase	4

*Inquiry information obtained through the dedicated inquiry form was categorized by type of inquiry

Price revisions (Applying from January 1, 2023)

Smaregi		
Main service plans	Previous price	New price
Premium	¥4,000	→ ¥5,000
Premium Plus	¥7,000	→ ¥8,000
Food Business	¥10,000	→ ¥11,000
Retail Business	¥12,000	→ ¥14,000
Food Retail	¥15,000	→ ¥17,000

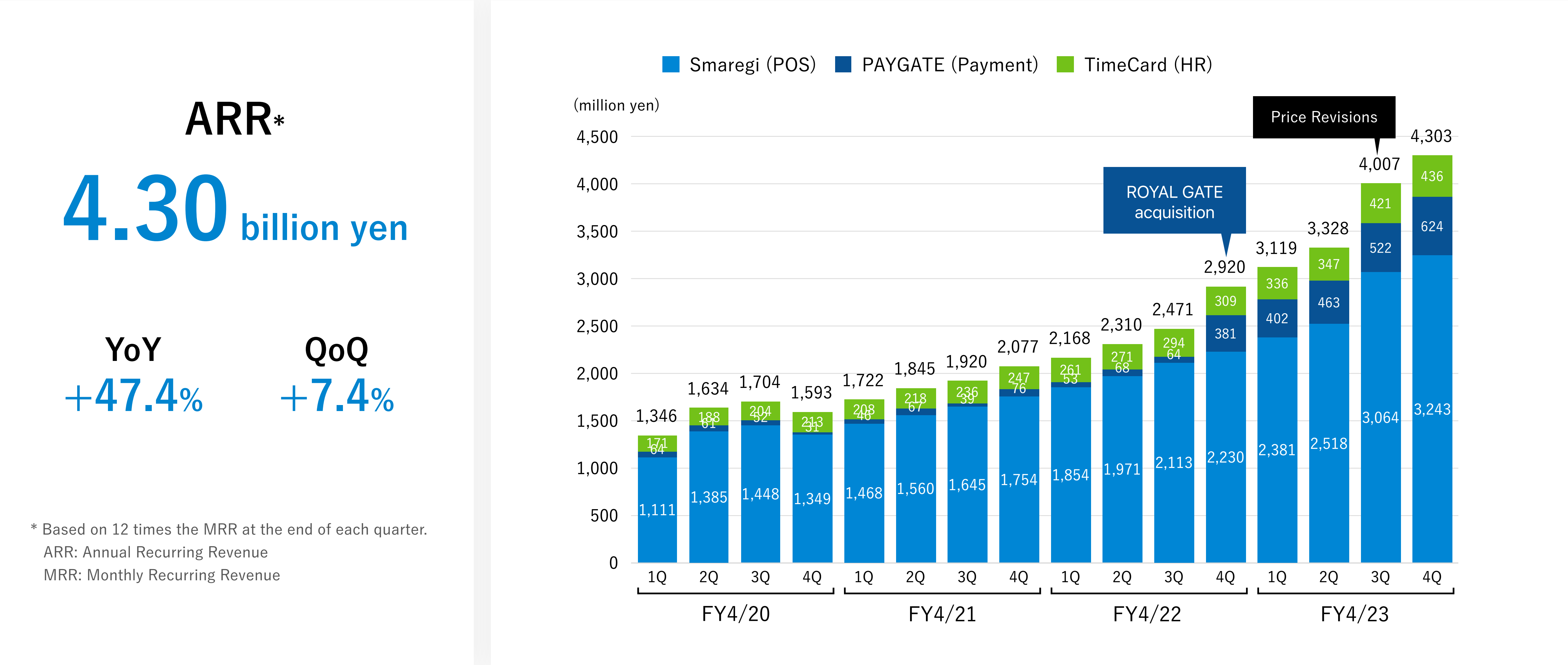
Smaregi TimeCard		
Main service plans	Precious price	New price
Standard Additional fee per person	¥1,000 ¥100/person	→ ¥1,100 ¥100/person
Premium Additional fee per person	¥2,000 ¥300/person	→ ¥2,200 ¥350/person
Premium Plus Additional fee per person	¥4,000 ¥400/person	→ ¥4,400 ¥450/person
Premium Plus (POS combination) Additional fee per person	¥2,000 ¥400/person	→ ¥2,200 ¥450/person
Enterprise Additional fee per person	¥6,000 ¥600/person	→ ¥6,600 ¥700/person

*All prices above are excluding tax.

*ARPA(Average Revenue Per Account): Customer unit price per contract ID (only for paid plan contracts),
*ARPU(Average Revenue Per User): Customer unit price per store (only for paid plan contracts). Both are NOT include sales from Smaregi TimeCard, Smaregi App Market, or the payment service.



Due to the increase in number of fee-paying stores and the impact of price revisions, ARR exceeded the ARR plan after the upward revision (4.1 billion yen) by 4.9% to reach 4.3 billion yen. ARR for payment services grew 63.8% YoY to 624 million yen on the back of enhanced cross-selling efforts.



*Smaregi: POS monthly fees, equipment subscription, additional options (terminal addition fees, self-checkout fees, member-limit additional fees etc), App Market.

*Payment service: monthly fees, member store fees/processing fees (From 4Q FY4/23, calculated based on quarterly averages, taking into account the effect of seasonal fluctuations), payment terminal linkage costs, kickbacks.

*Smaergi TimeCard: Time management monthly fees, member-limit addition

スマレジ

ARPA
18,851 yen
YoY +6.4%

ARPU
8,044 yen
YoY +7.6%

Avg. stores per contract
2.34 stores
YoY -2.1%

MRR churn
0.58%
YoY -0.02%

CAC
252,094 yen
YoY +10.3%

LTV
719,741 yen
YoY +3.3%

Unit economics
LTV/CAC
2.86
YoY -6.2%

No. of apps
106
YoY +27 apps

No. of fee-paying stores
29,410 stores
YoY +20.3%

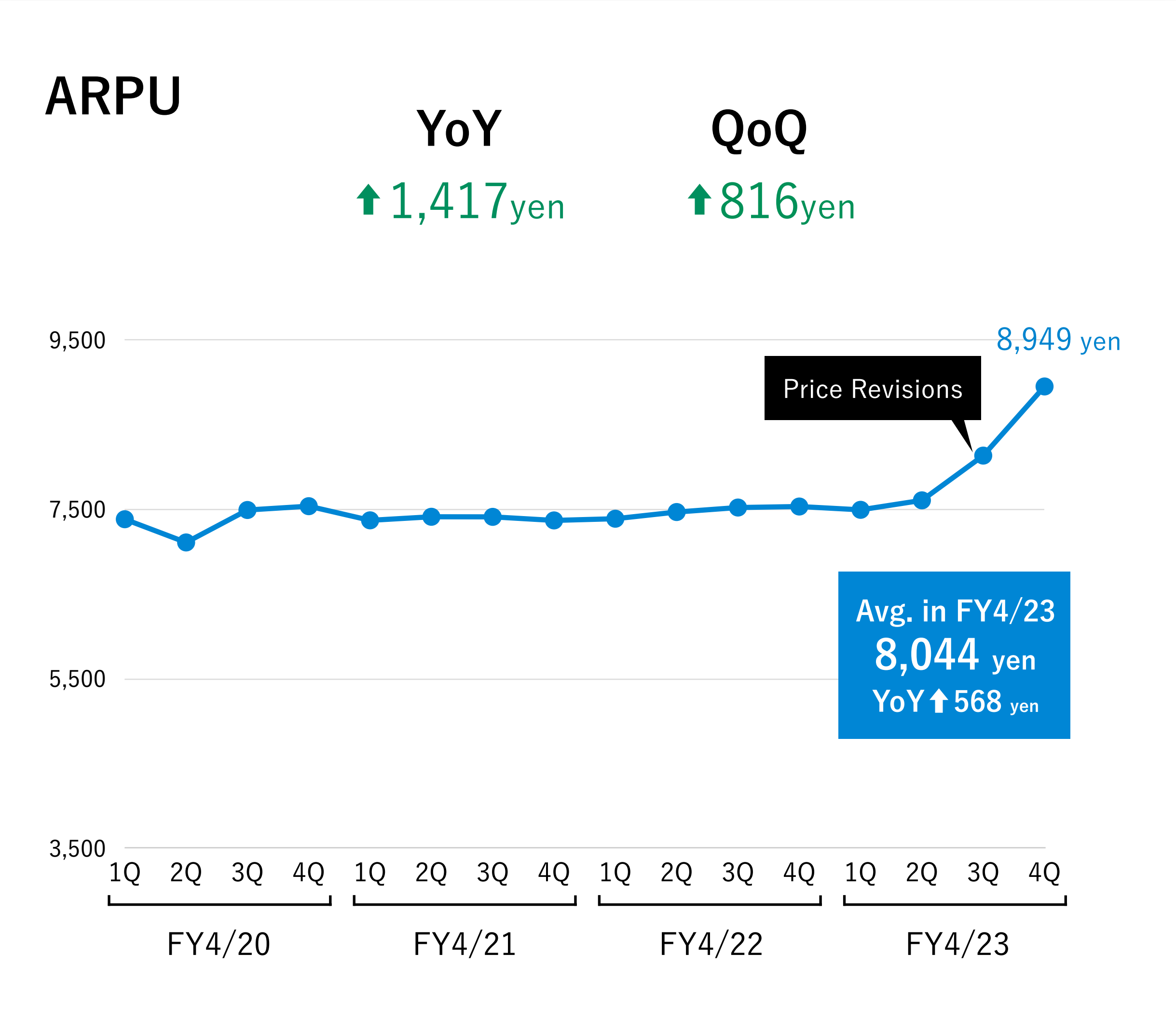
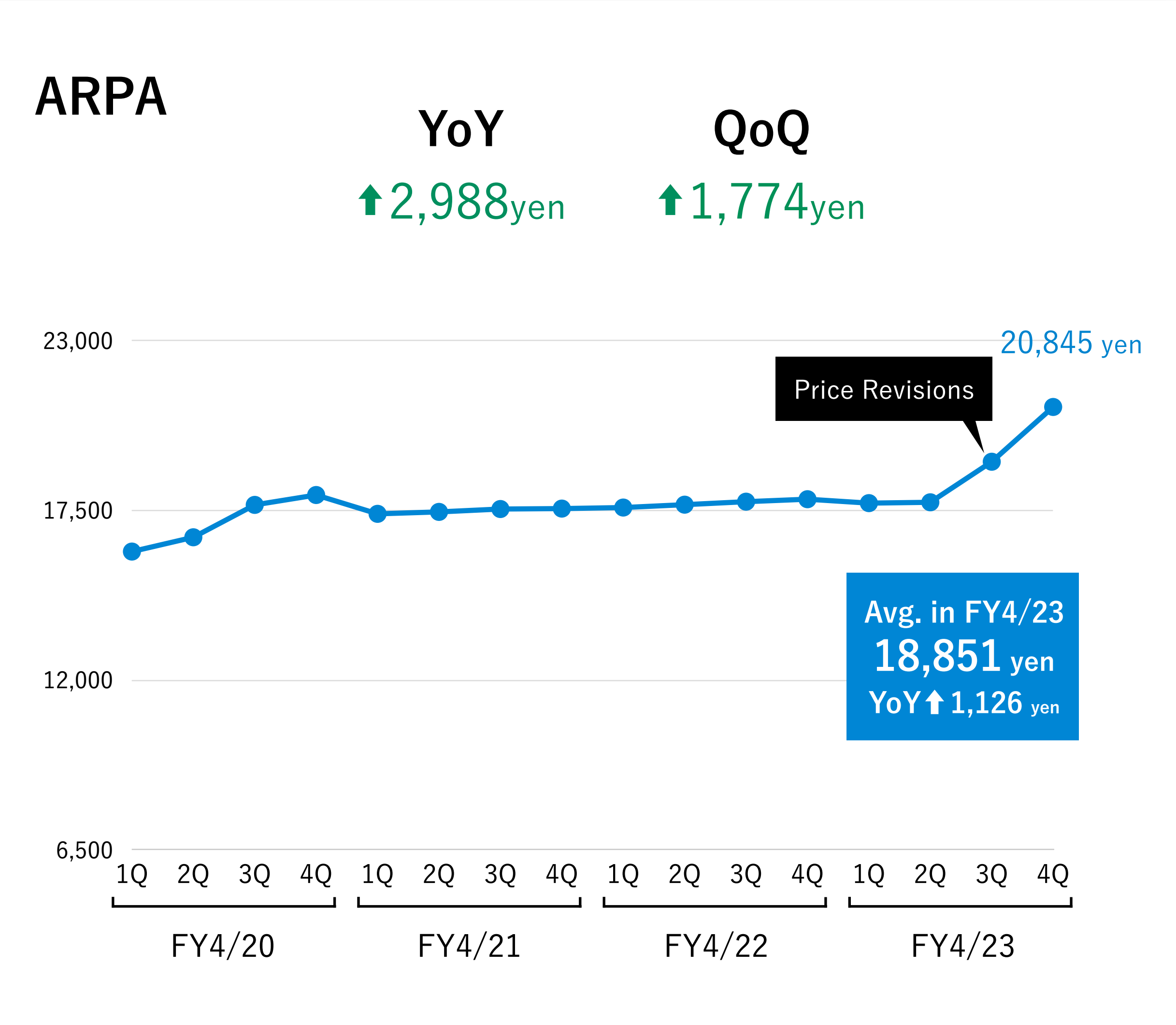
MAU
36,375 stores
YoY +19.8%

No. Of registered stores
126,620 stores
YoY +14.4%

GMV
1.63 trillion yen
YoY +44.0%

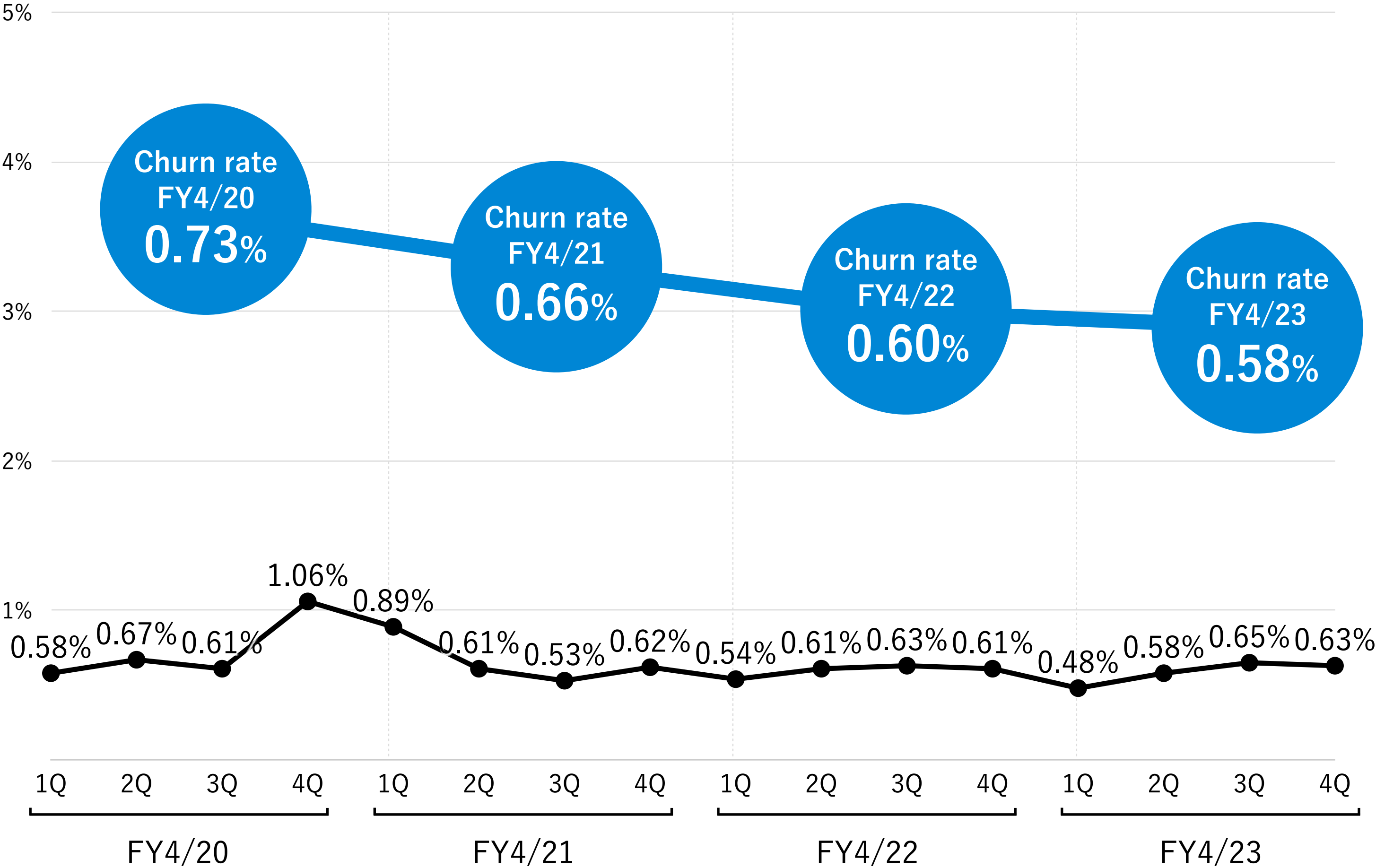
ARPA: revenue per customer for each fee-based contract, **ARPU:** revenue per customer for each fee-paying store, **MRR churn:** the attrition rate calculated by using Smaregi monthly recurring revenue, **CAC:** the customer acquisition cost per contract, **LTV**(customer lifetime value): the lifetime value per customer for each contract (excluding product sales for cloud services), calculated on a gross profit basis using account churn by contract, rather than MRR churn, **Unit economics:** profitability per customer obtained by dividing LTV by CAC, **No. of apps:** total number of public apps available on the Smaregi App Market, **MAU:** active stores with transactions in the current month, **GMV:** total value of distribution transactions processed by Smaregi

Customer unit price increased significantly due to the impact of price revisions *1 (compared to 2Q FY4/23 before the price revisions, ARPA increased 17.4% and ARPU increased 17.7%). *Price revisions were implemented from January 2023



*ARPA(Average Revenue Per Account): Customer unit price per contract ID (only for paid plan contracts),
*ARPU(Average Revenue Per User): Customer unit price per store (only for paid plan contracts). Both are NOT include sales from Smaregi TimeCard, Smaregi App Market, or the payment service.

There have been no noticeable effects from the price revisions, and average churn rate for FY4/23 reached a record low of 0.58%. We have continued with measures to strengthen onboarding and improve service quality.



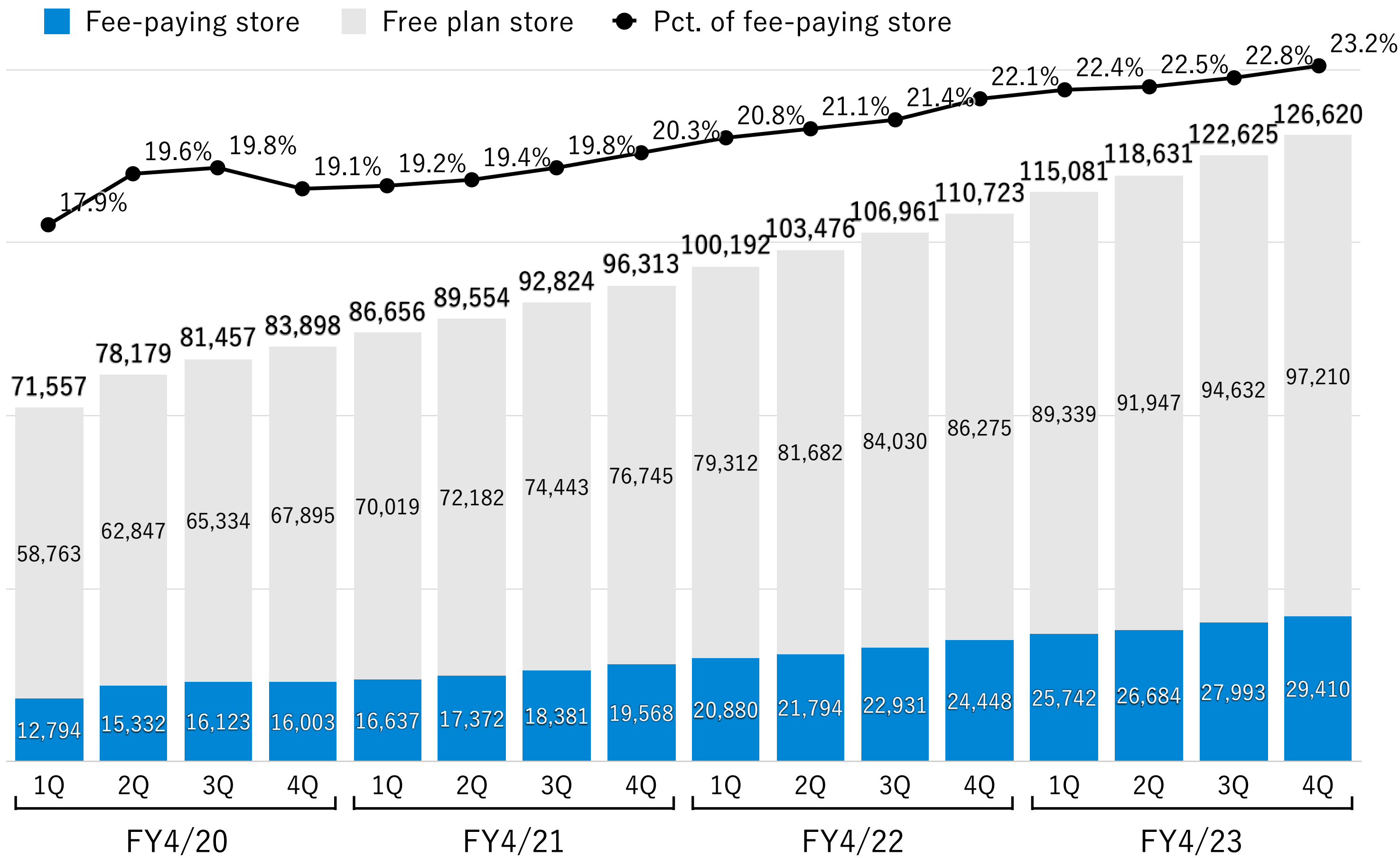
FY4/23
Churn rate
(May 2022 - Apr. 2023)

0.58%

YoY **QoQ**
↓ 0.02pt ↓ 0.02pt

(Churn rate: MRR churn rate)
The percentage of decrease in existing customer monthly fees caused by cancellations.

Store numbers continued to grow steadily even after the price revisions.
The ratio of fee-paying stores also increased 1.1 points YoY to 23.2%.



Fee-paying stores*

29,410

YoY

+20.3%

+4,962stores

QoQ

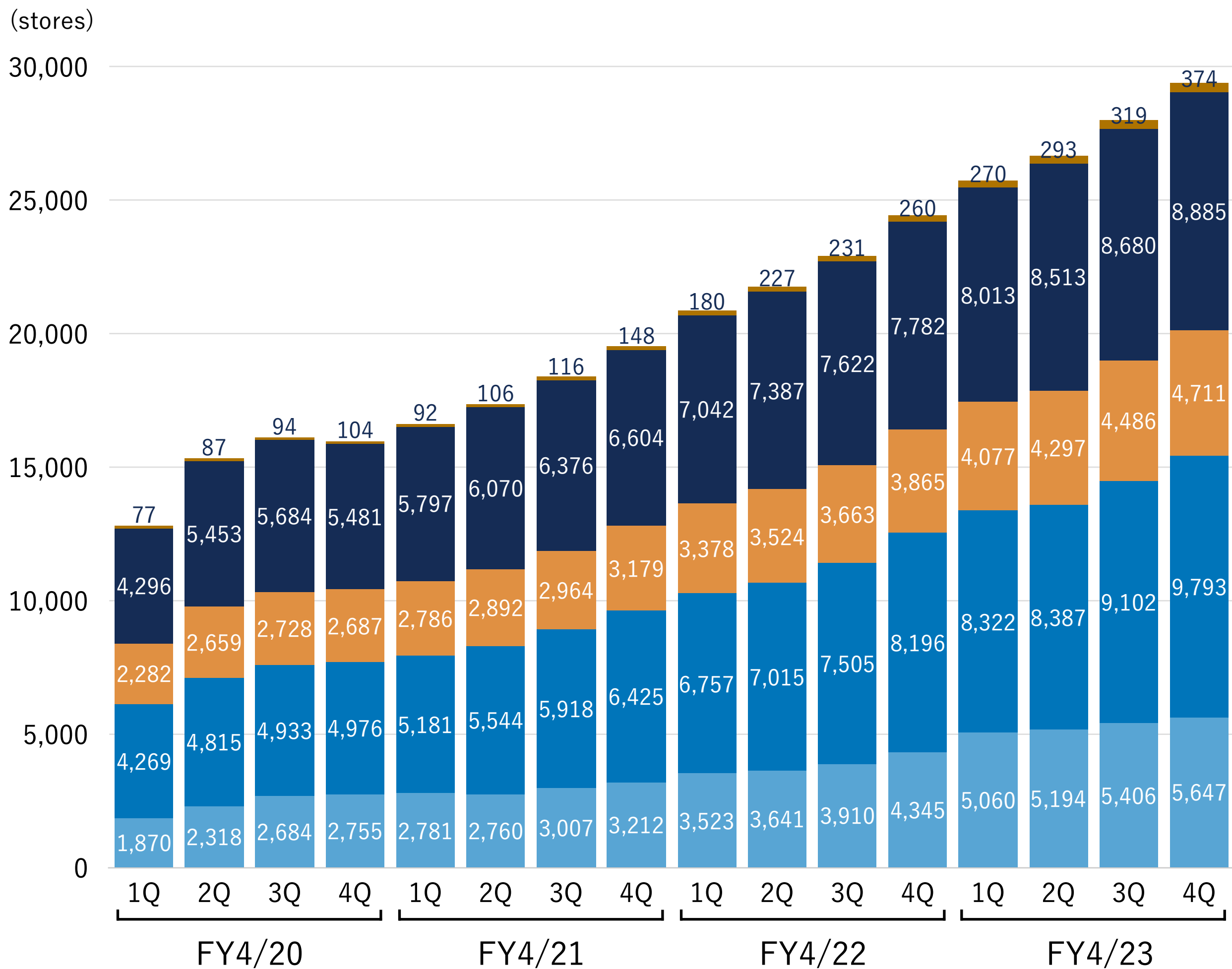
+5.1%

+1,417stores

*Monthly disclosure of the latest information on the number of fee-paying stores

Smaregi discloses information on the number of fee-paying stores every month. As of May 31, 2023, the number of fee-paying stores is **29,961 stores**. For details, please refer to the [IR site](#).

Even after the price revisions, the increasing trend has been sustained through steady growth for each plan.

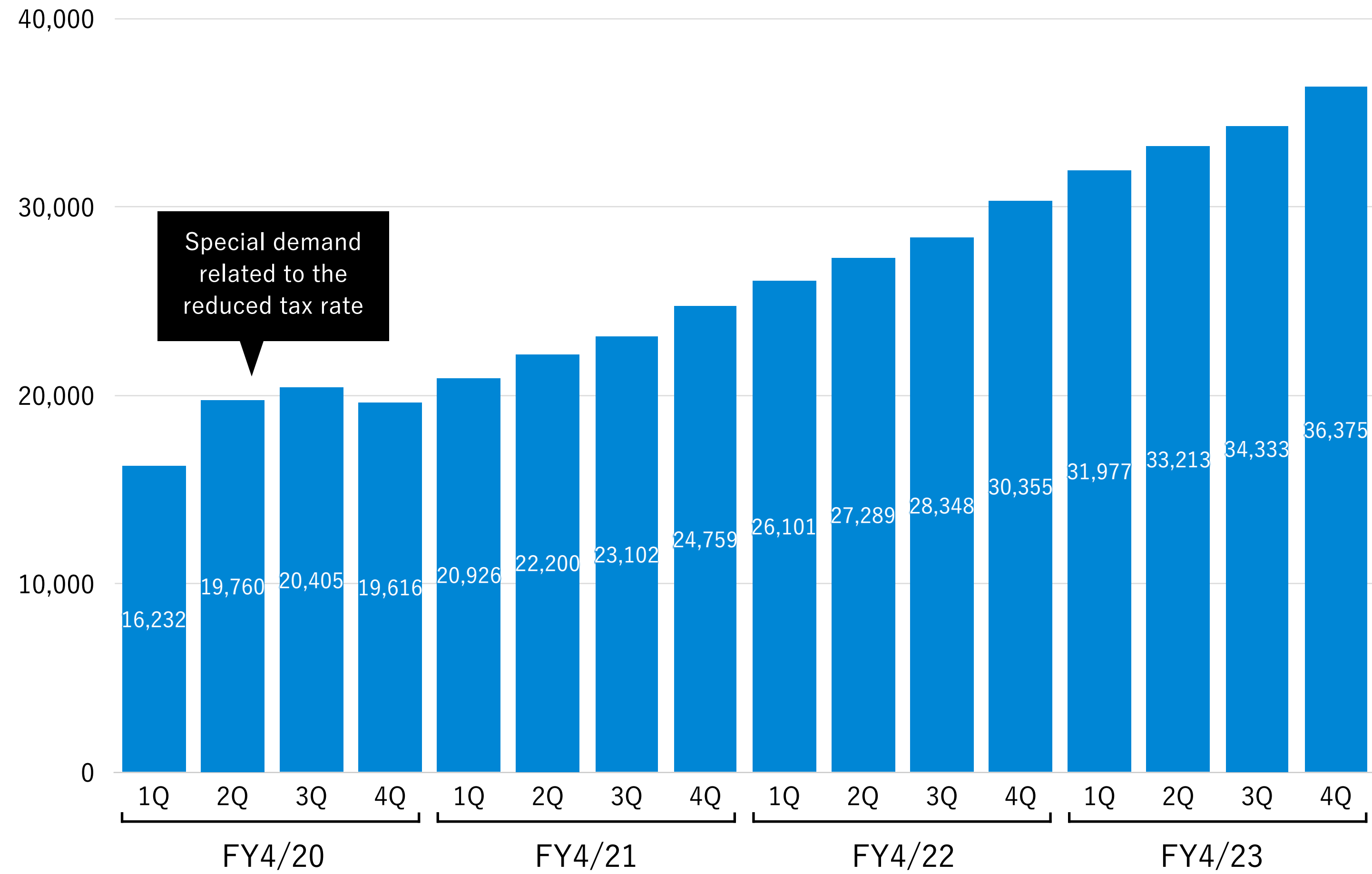


	YoY	QoQ
Food Retail 17,000 yen/store	+43.9%	+17.2%
Retail Business 14,000 yen/store	+14.2%	+2.4%
Food Business 11,000 yen/store	+21.9%	+5.0%
Premium Plus 8,000 yen/store	+19.5%	+7.6%
Premium 5,000 yen/store	+30.0%	+4.5%

*Free plan stores paying a fee due to the use of an optional service are not included in this graph.
*Please refer to the [IR site](#) for the latest number of stores per plan (as of May 31, 2023).

*The price for each plan is the monthly price after the January 2023 revision (excluding tax).

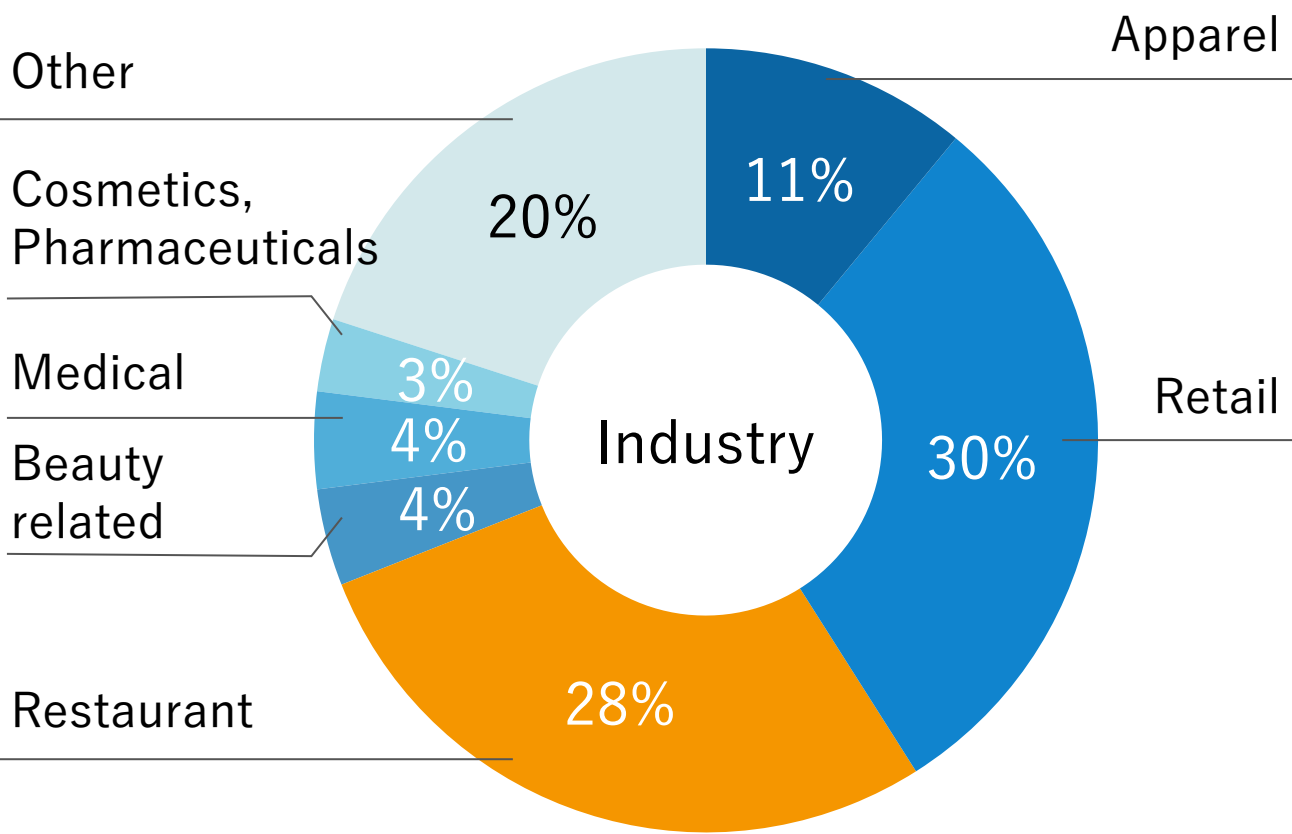
The number of stores increased 19.8% YoY to 36,375 stores, building up toward the target of 300,000 active stores.



MAU
36,375

YoY
+19.8%
+6,020 stores

QoQ
+5.9%
+2,042 stores



*Stores that recorded commercial transactions (sales) in the most recent one-month period using Smaregi's cash register function, irrespective of the type of plan. Even if the stores utilize the inventory management and other functions, if there are no commercial transactions then they are not counted. *The latest number of active stores (as of May 31, 2023) is 37,106 stores, please refer to the [IR site](#).

GMV grew 44.0% YoY to 1,637.1 billion yen on the back of an increase in the number of stores and post-COVID-19 recovery of economic activities. The cumulative transaction amount exceeded the 6 trillion yen mark in March 2023 as Smaregi’s economic zone expands steadily.

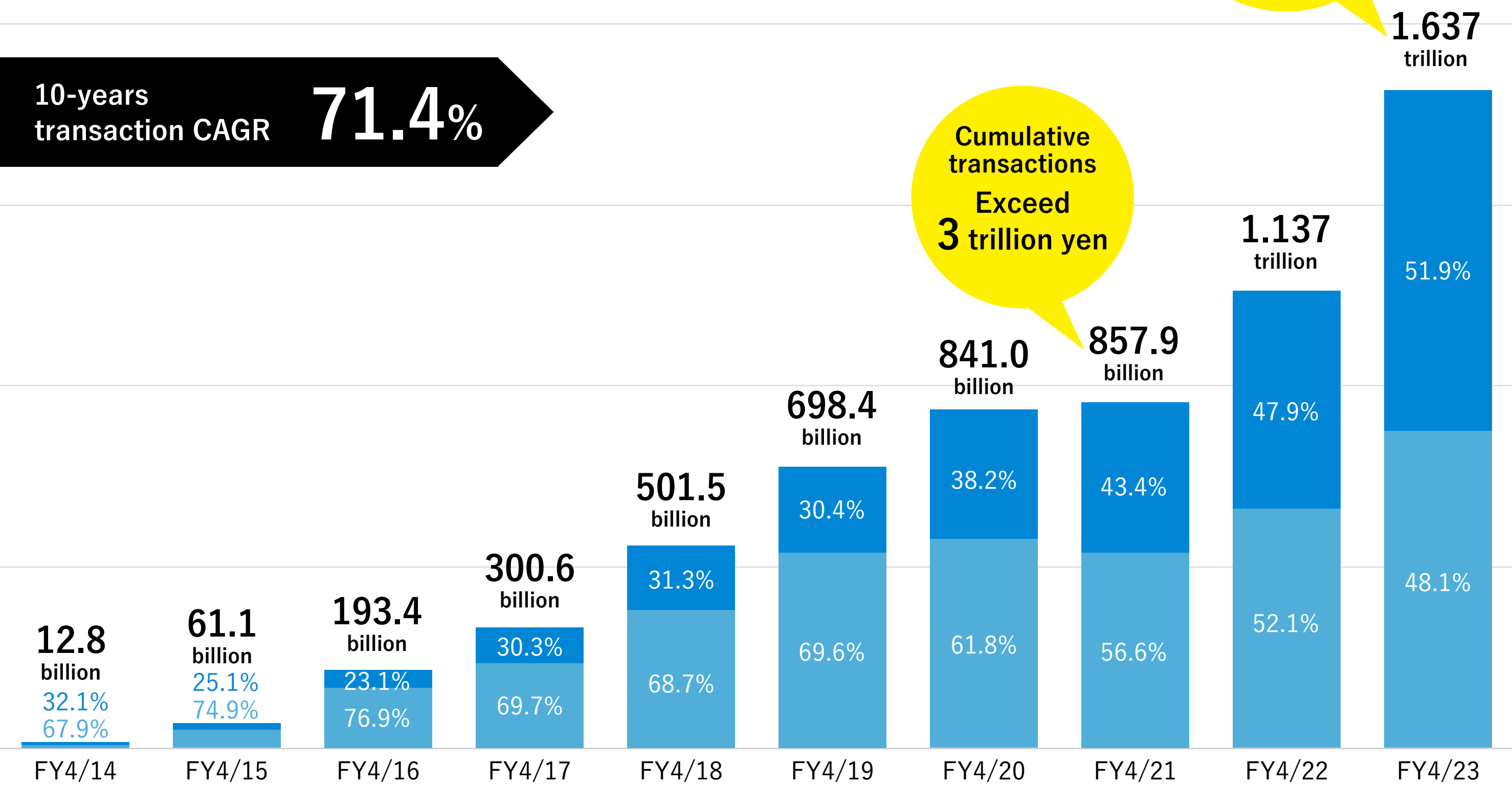
GMV growth ratio
YoY
+44.0%

Cumulative
Transaction Amount
6.2 trillion yen
(As of April 30, 2023)

Cumulative transaction totals

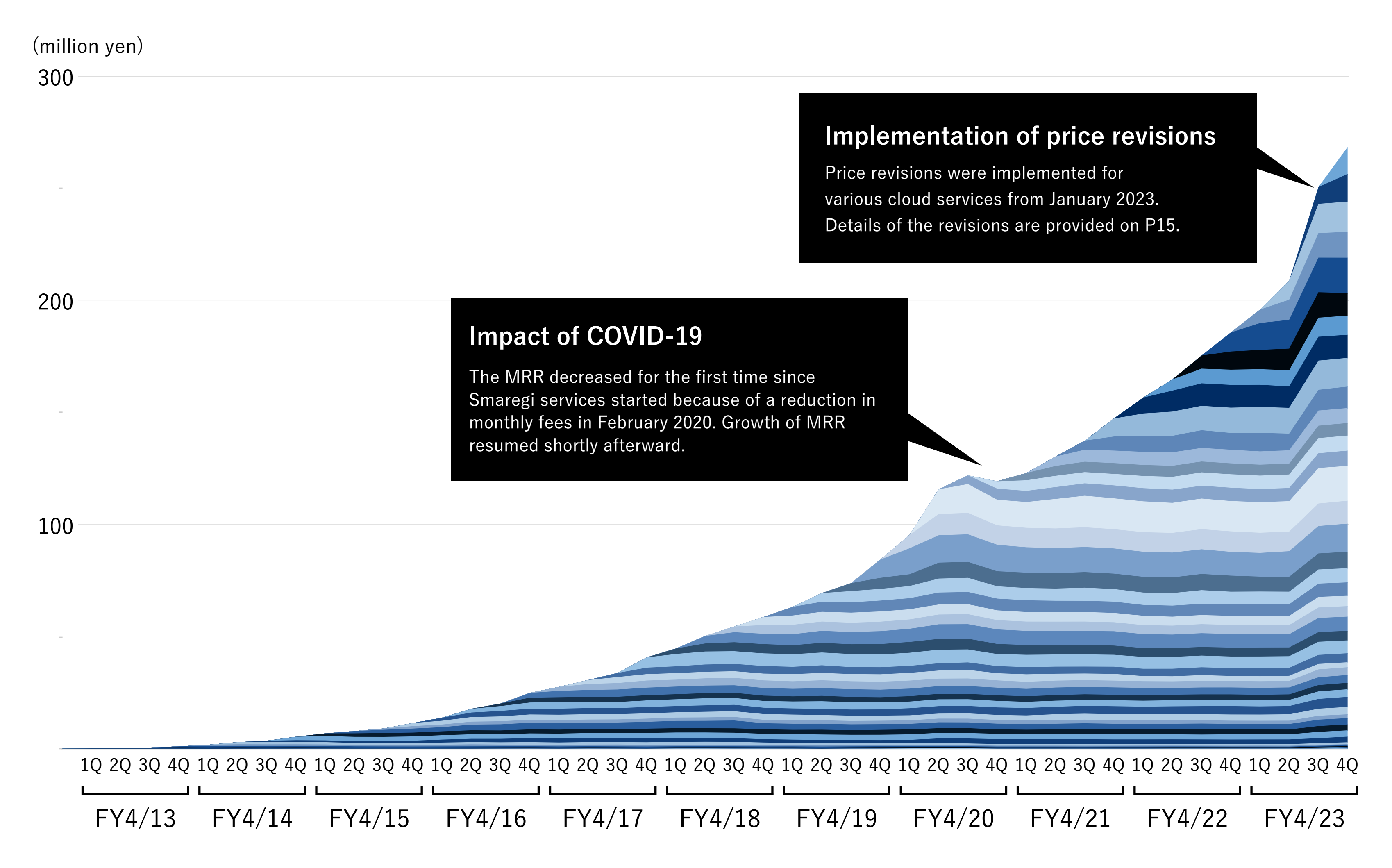
(yen) Cash Cashless

10-years
transaction CAGR **71.4%**



*Cashless transactions: Also includes credit cards, electronic money, QR code payments, and some tradable coupons, gift certificates, etc.

MRR increased due to the price revisions. We are achieving sustainable growth through the steady growth of MRR brought about by new contracts and the stable, continuous use of services by customers due to a low churn rate.



4Q FY4/23

MRR
(POS service only)

268 million yen

*Although monthly fees for Smaregi were reduced in March - April 2020 in consideration of the impact of the COVID-19 pandemic, the impact of this reduction measure has not been included in the graph above.

ARR
436 million yen
YoY +41.2%

ARPA
5,992 yen
YoY +5.6%

Registered locations
132,900
YoY +14.8%

Registered employees
2,567,868
YoY +19.8%

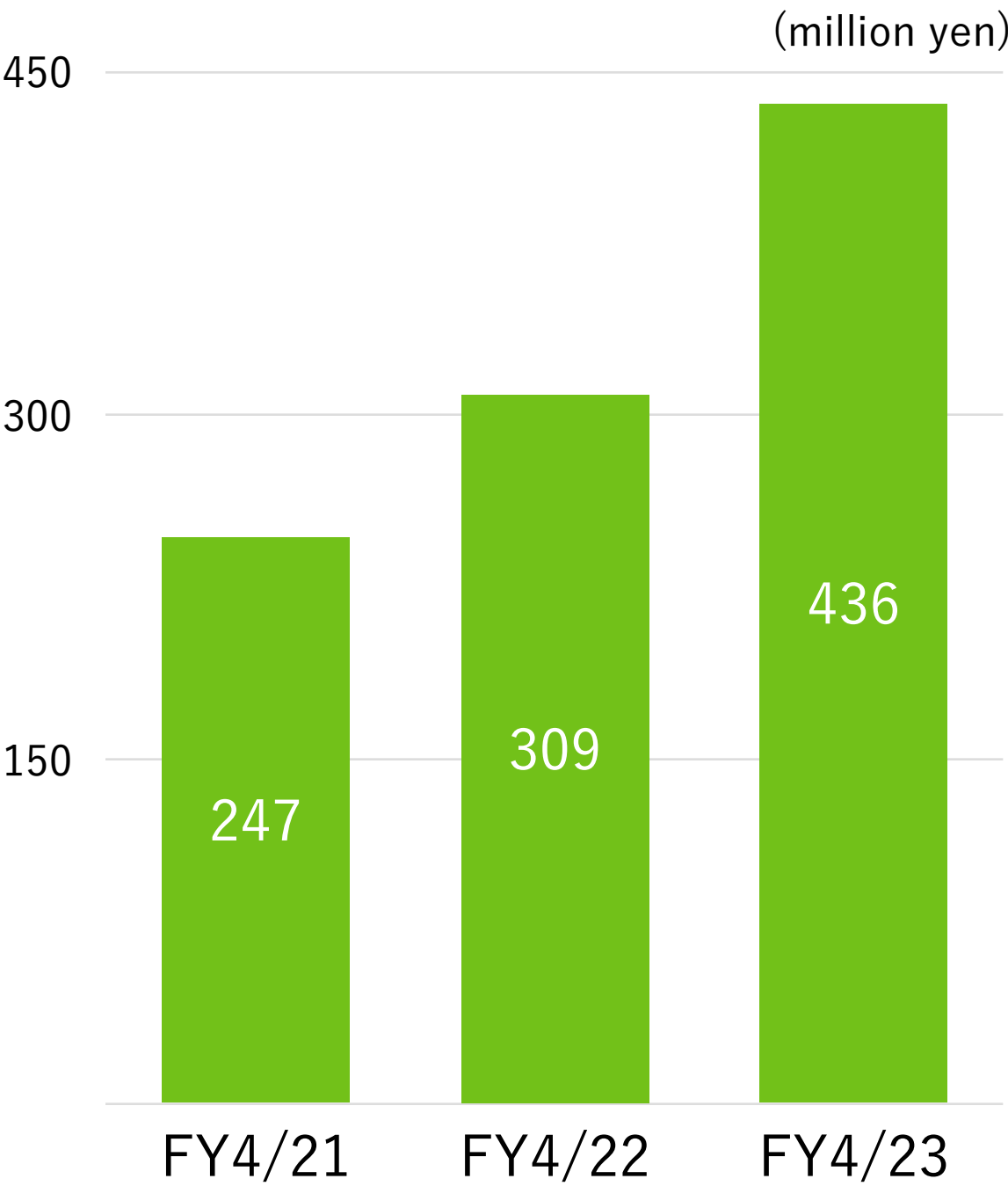
Usage ratio by POS users
(Cross-selling rate)
12.1%
YoY +0.2pt

ARR (annual recurring revenue from monthly Smaregi TimeCard utilization fees): April 2023 MRR multiplied by 12, **ARPA**: revenue per customer for each fee-based contract, **Usage ratio by POS users**: combined usage rate of TimeCard among POS register users is calculated based on contract ID.

We are strengthening cross-selling measures for TimeCard (HR) to POS register users, based on the Medium-term Management Plan. The cross-selling rate for POS register users increased by 0.2 points YoY to 12.1% as a result of thorough onboarding efforts and enhanced functions.

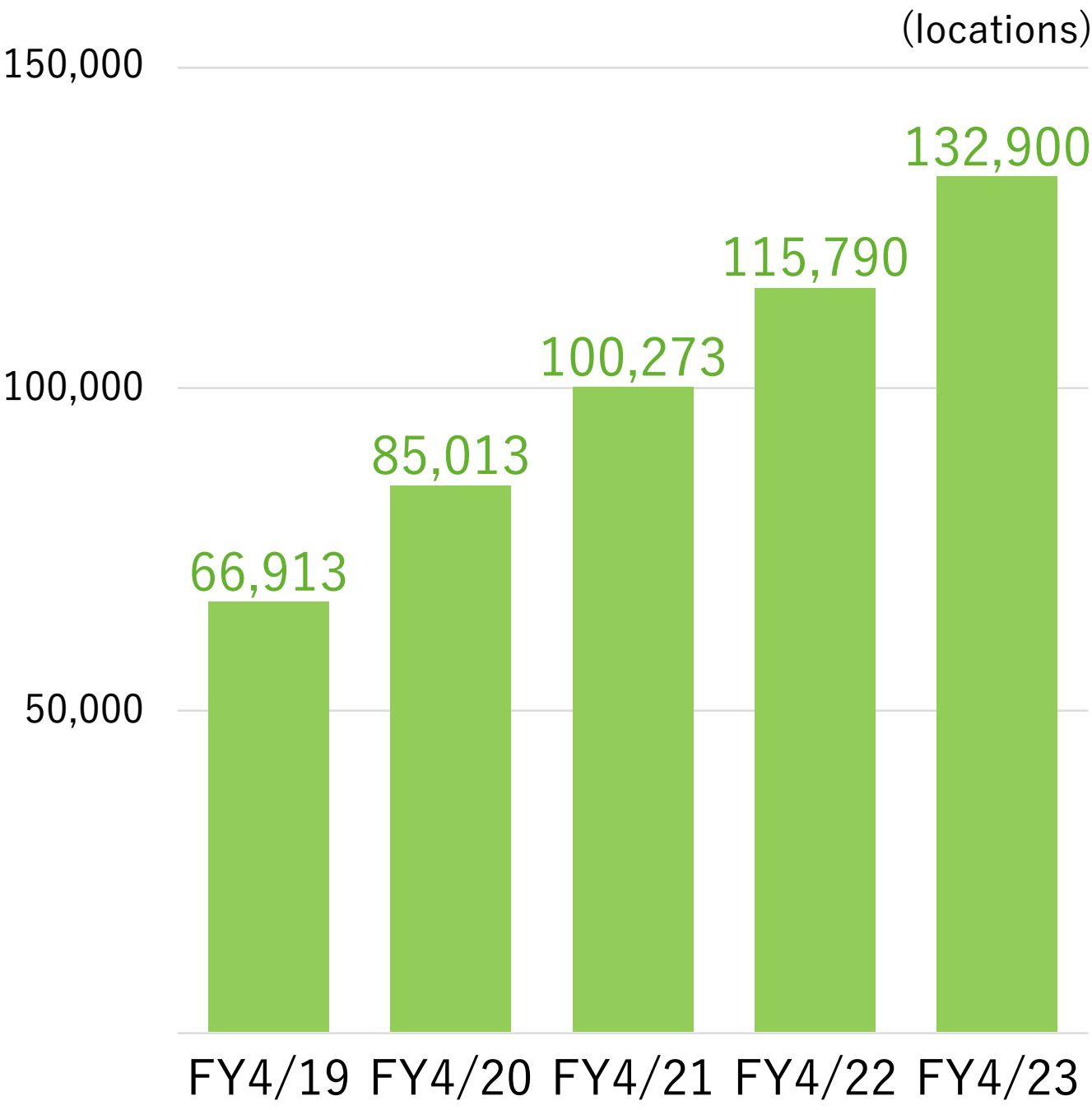
ARR

YoY +41.2%



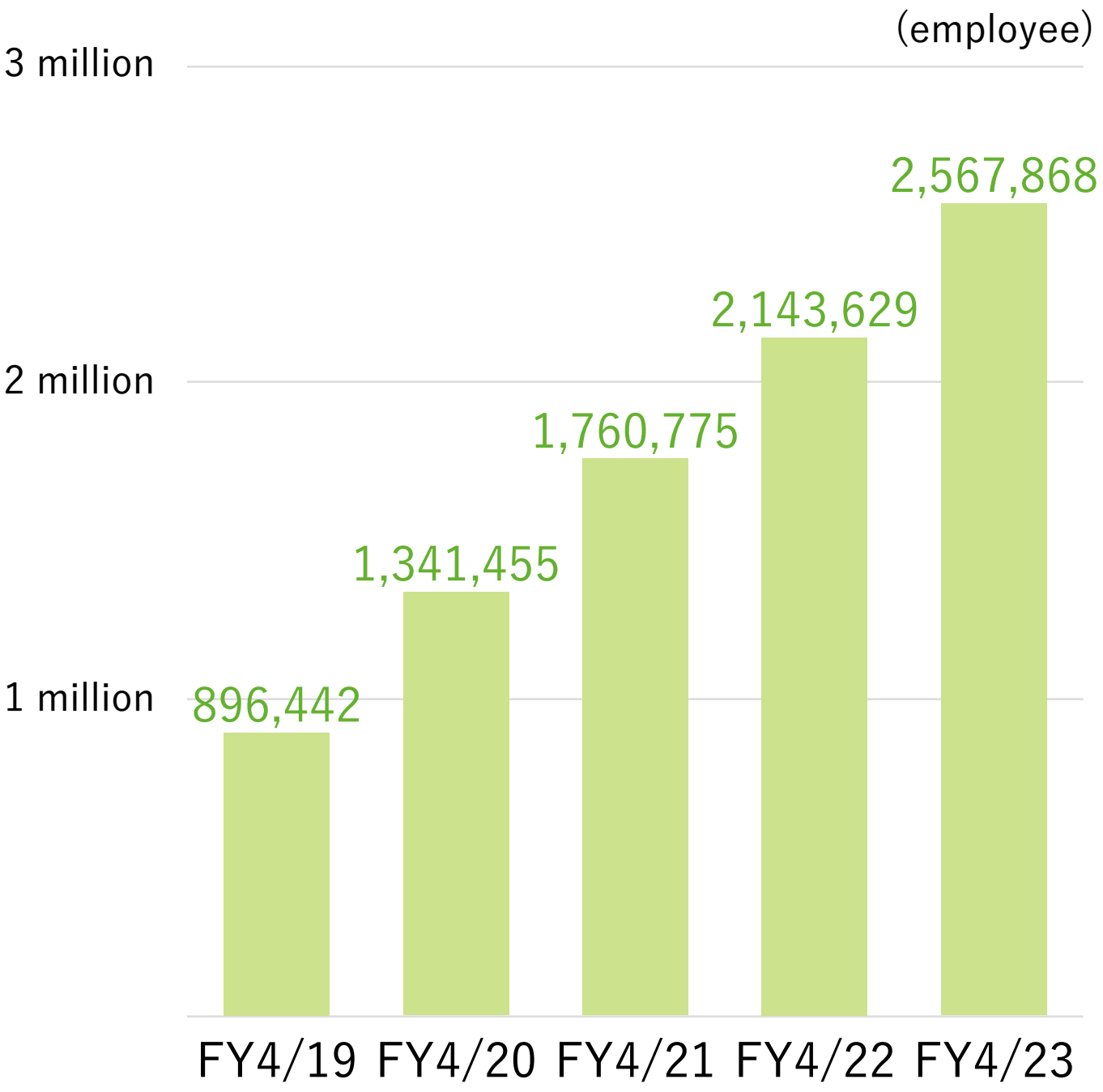
Registered locations

YoY +14.8%



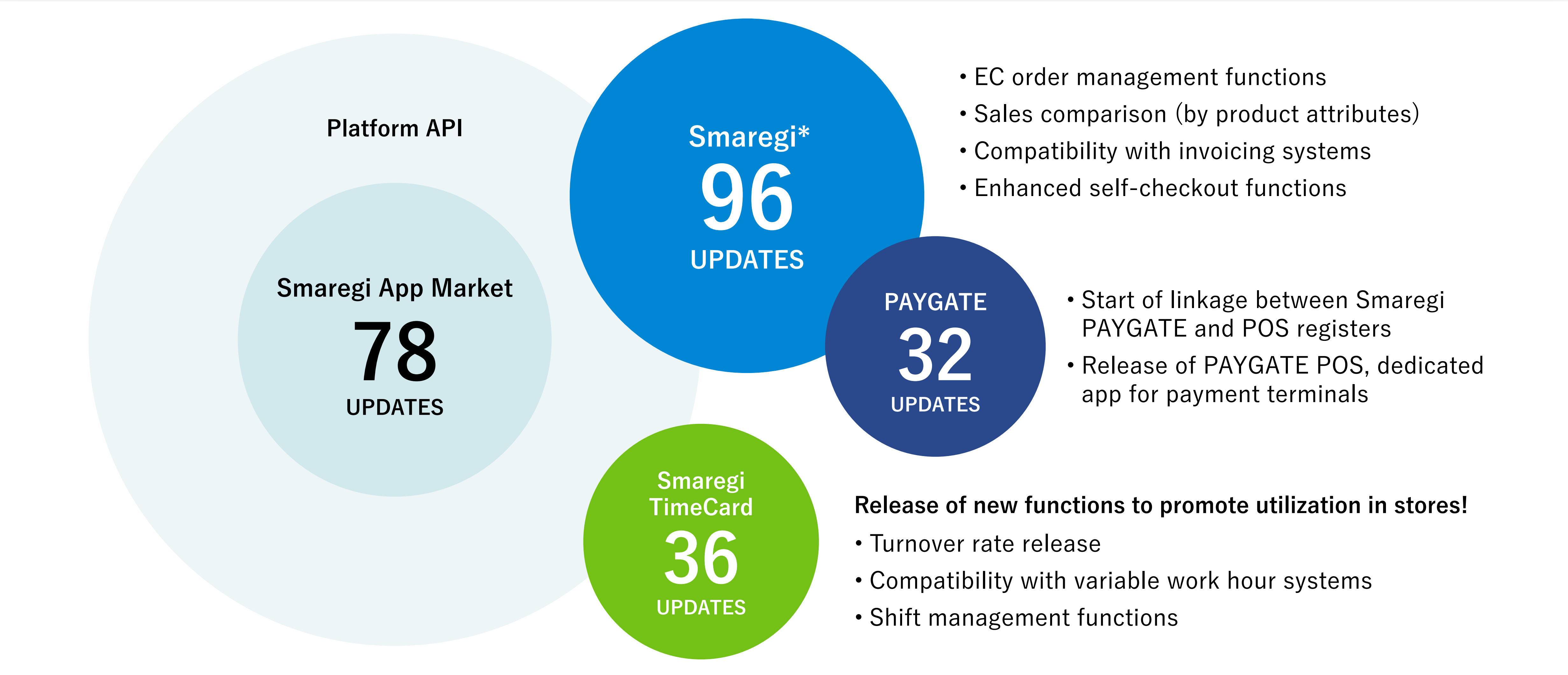
Registered employees

YoY +19.8%



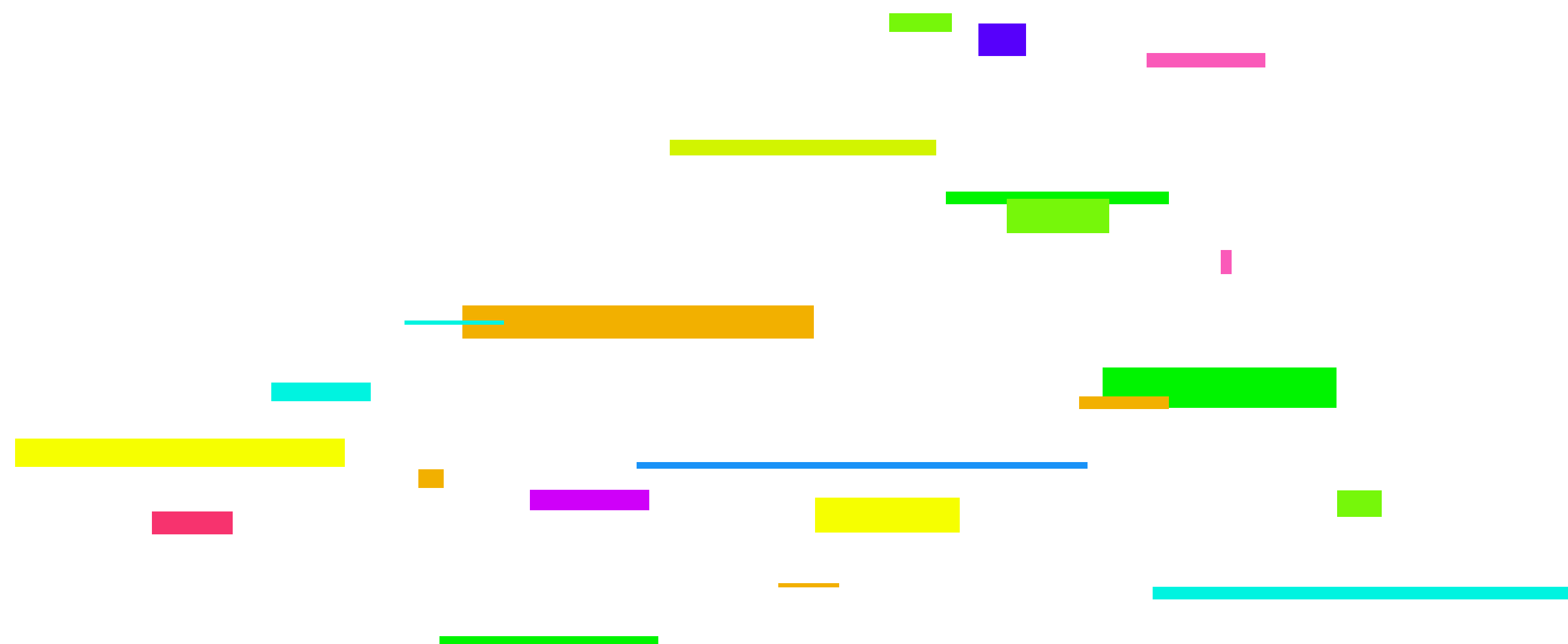
New Product Development Activities in FY4/23

We implemented a total of 242 updates, including linkage between Smaregi PAYGATE and POS registers, addition of new functions to TimeCard to reflect store demands, and implementation of user requests.



* Including updates for Smaregi Waiter, order entry system for restaurants

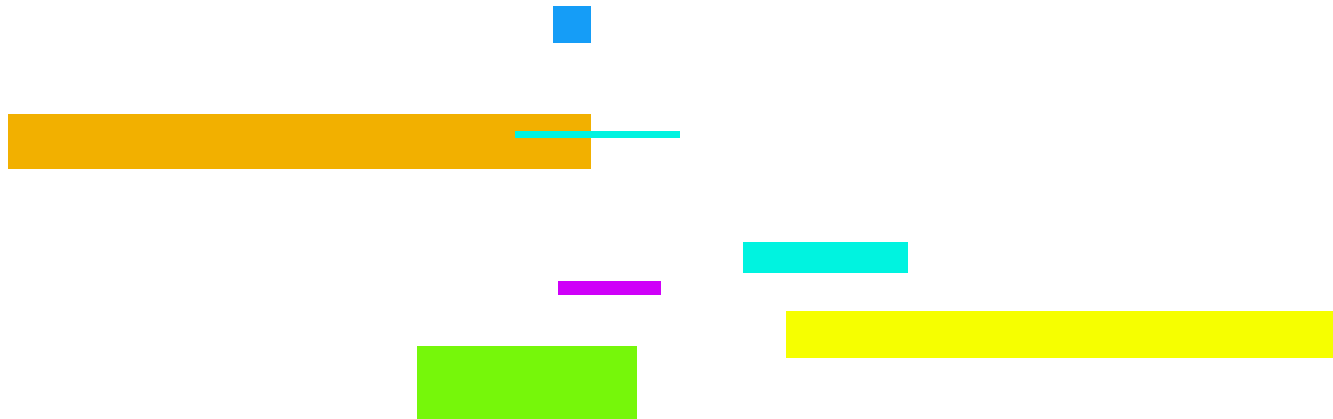
Business Plan for FY4/24



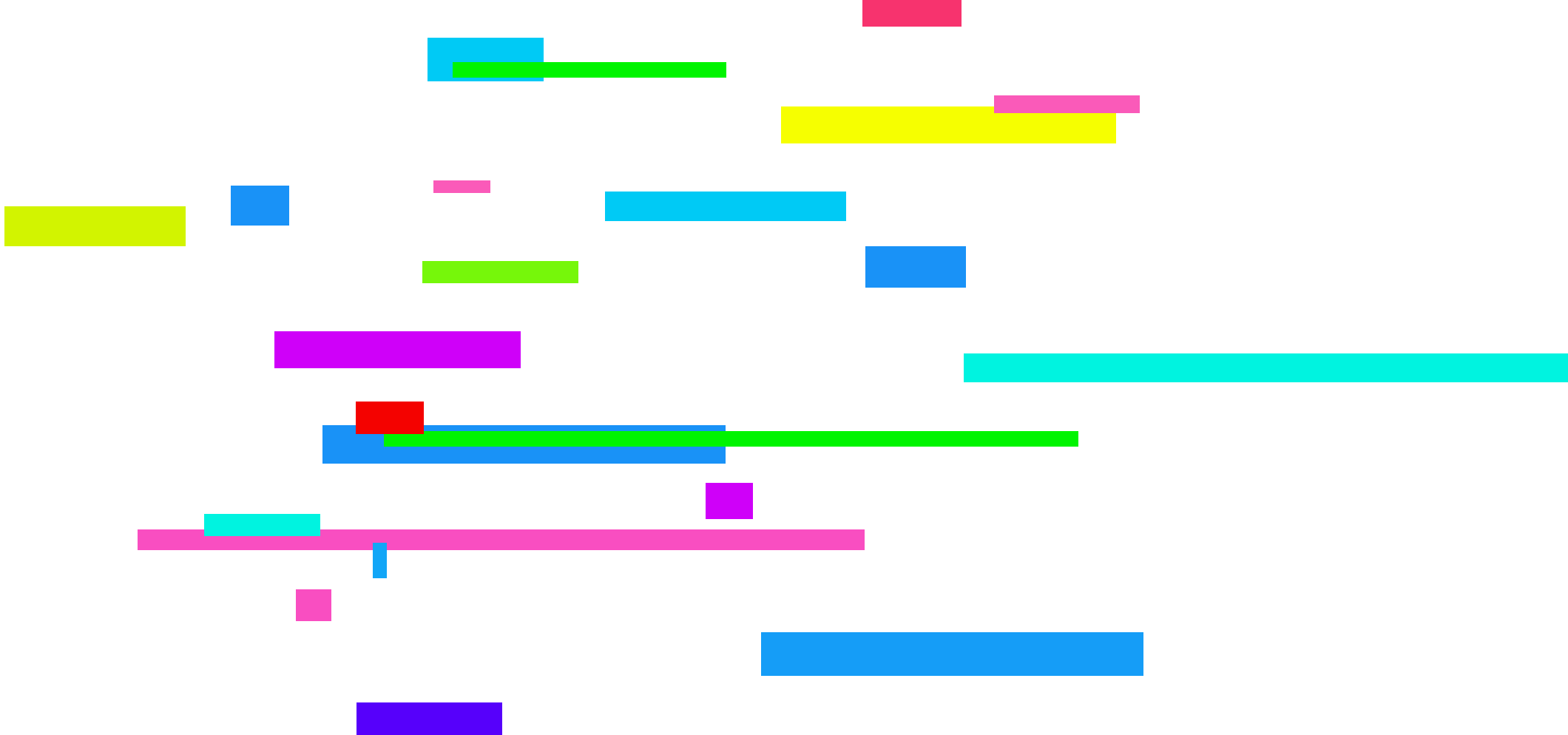
Forecast of the FY4/24 (Plan)

We plan to invest actively with a view to increasing earnings while maintaining sales and profit growth. We aim to achieve the goals of the Medium-term Management Plan, and to increase ARR by increasing the number of contracts as well as customer unit price.

(million yen)	FY4/24 (May 2023 - Apr. 2024)		FY4/23 (May 2022 - Apr. 2023)
	Plan	YoY changes	Results
Net sales	7,688	+30.0%	5,914
Operating profit	914	+2.4%	893
Ordinary profit	914	+2.1%	896
Profit	636	-28.3%	887



Progress of Long-term Vision and Medium-term Management Plan



VISION 2031 TO BE THE NEW STANDARD

Smaregi aims to be the top in Japan

Dynamic stores bring about dynamic towns.

Dynamic towns bring about dynamic societies.

By supporting stores, we aim to revitalize society as a whole.

Smaregi aims to be the market leader in Japan. Based on our management philosophy of “OPEN DATA, OPEN SCIENCE!,” we aim to carve out an “era of data access and utilization for everyone.”

VISION 2031

Goal

Active Store

300,000

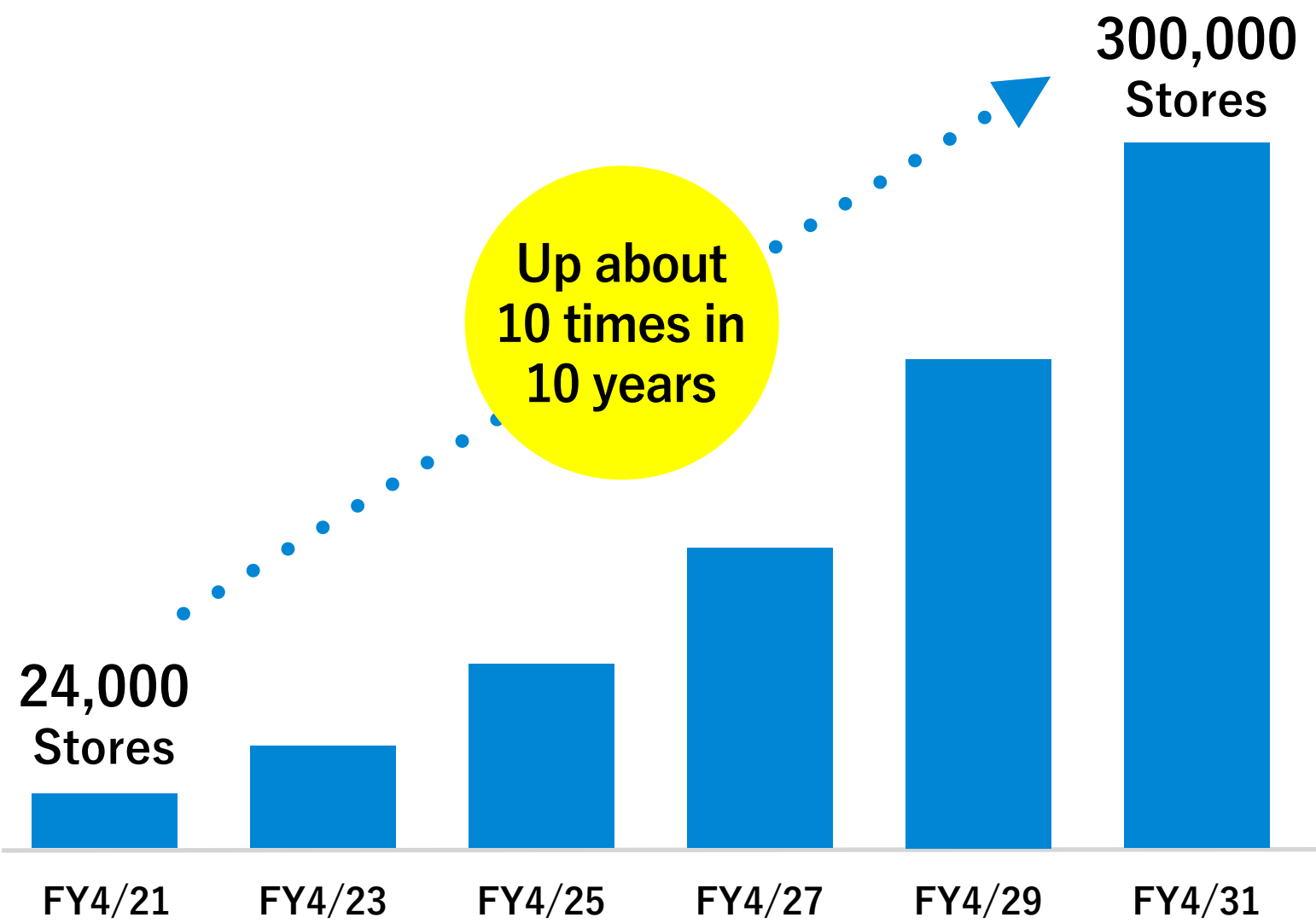
Share in the mid-sized category

38%

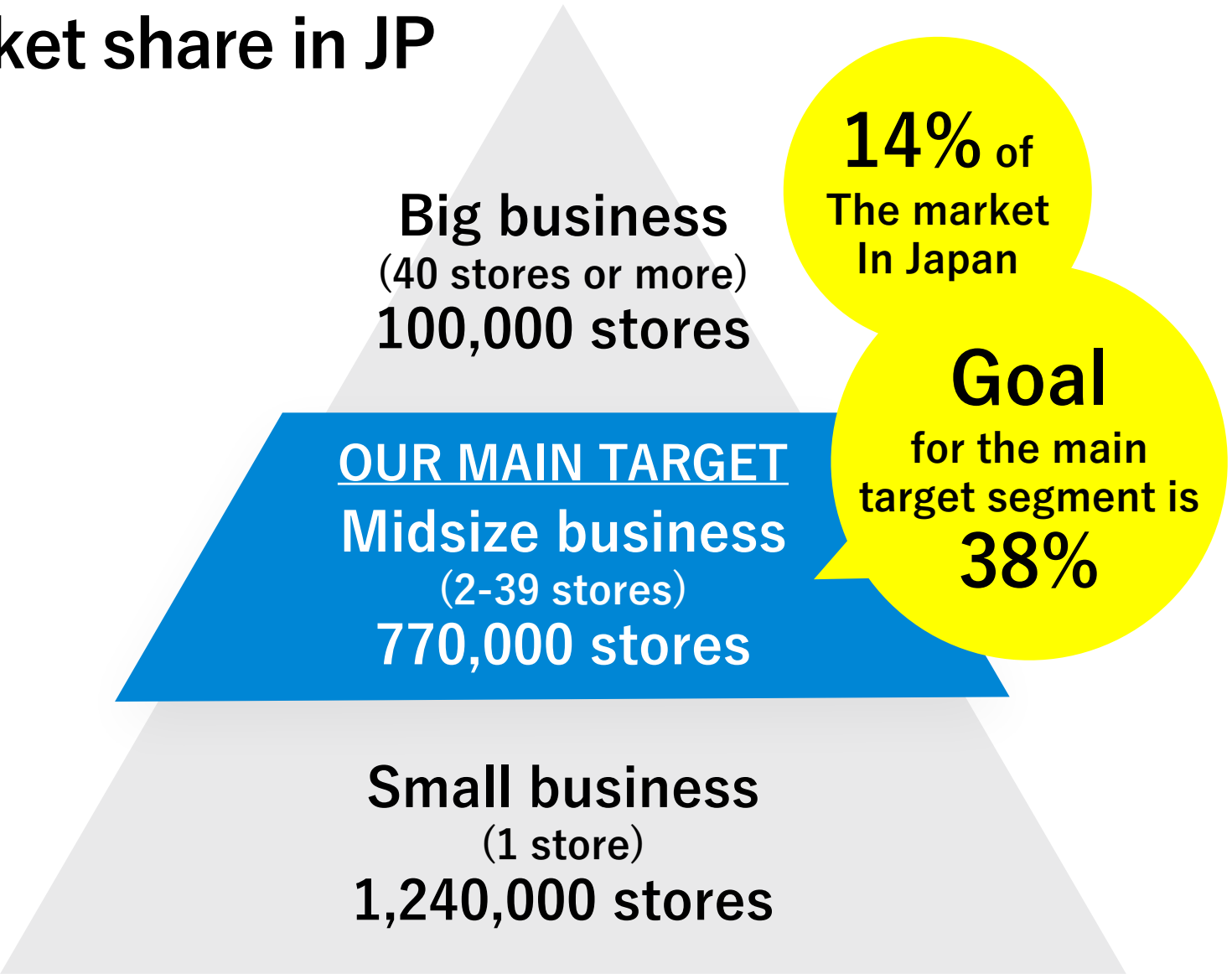
To become the top company in the POS market, we first aim to be the top in the mid-size business category in Japan.

The target has been enlarged from the core midsize business category to include big businesses and small businesses.

Number of active stores



Market share in JP



Prepared by Smaregi *1

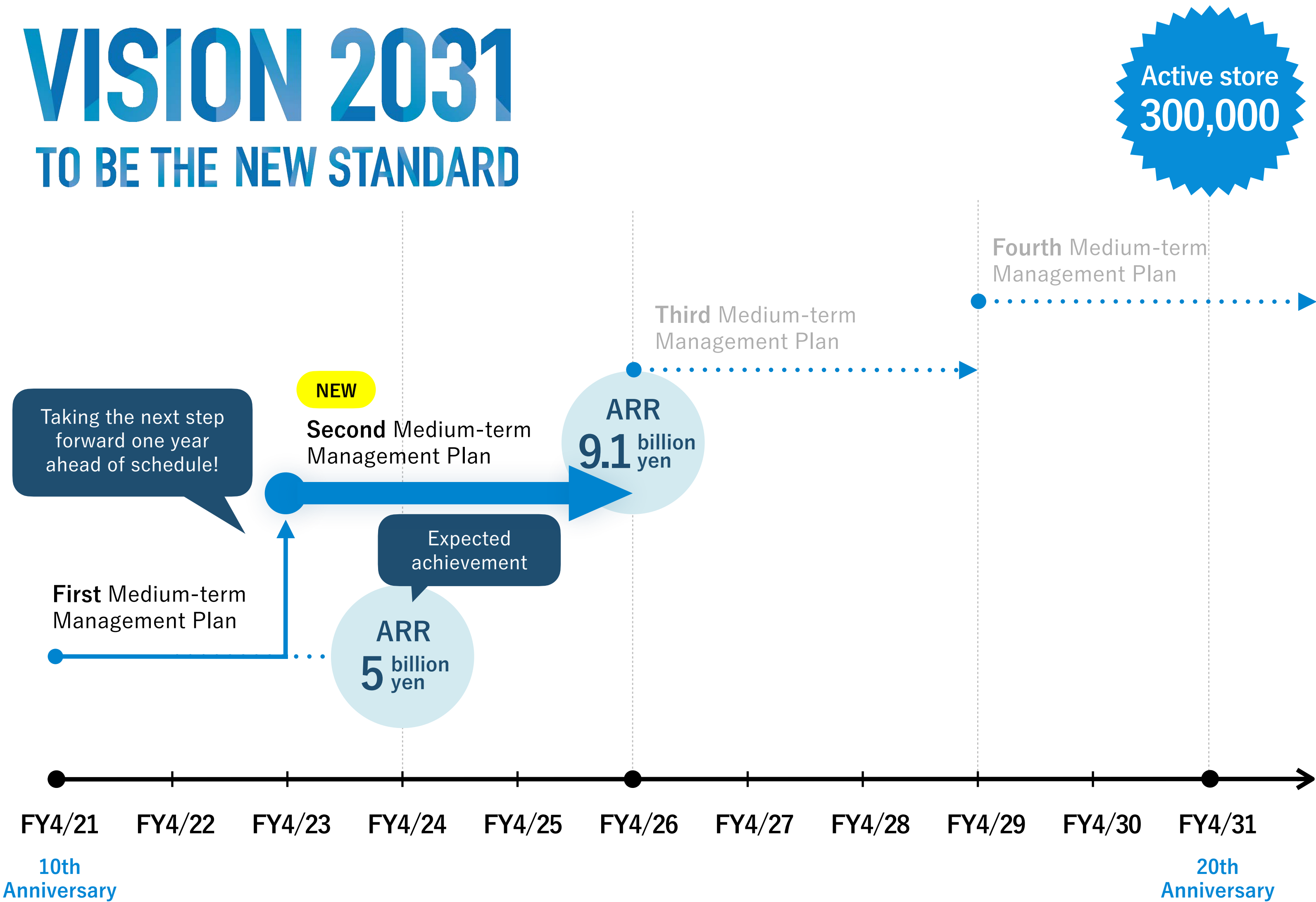
*1 Based on 2016 Economic Census conducted by the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communications.

For achieving VISION 2031 Toward the Second Medium-term Management Plan

With a significant rise in the probability of achieving the KPI of "ARR 5 billion yen" set out in our First Medium-term Management Plan (FY4/22 - FY4/24) with a view toward the achievement of VISION 2031, as well as our success in **reforming mindset** within the company, we will move to the Second Medium-term Management Plan (FY4/24 - FY4/26) ahead of schedule without waiting for the remaining one year, toward the achievement of VISION 2031.

Mindset reform within the company

- From emphasis on net sales to emphasis on ARR.
- Liberation from the sense of despair and entrapment brought about by the COVID-19 pandemic.
- Focus on growth rate and investment in advertising and publicity, etc. Stepping on the accelerator with the readiness to sacrifice profits.



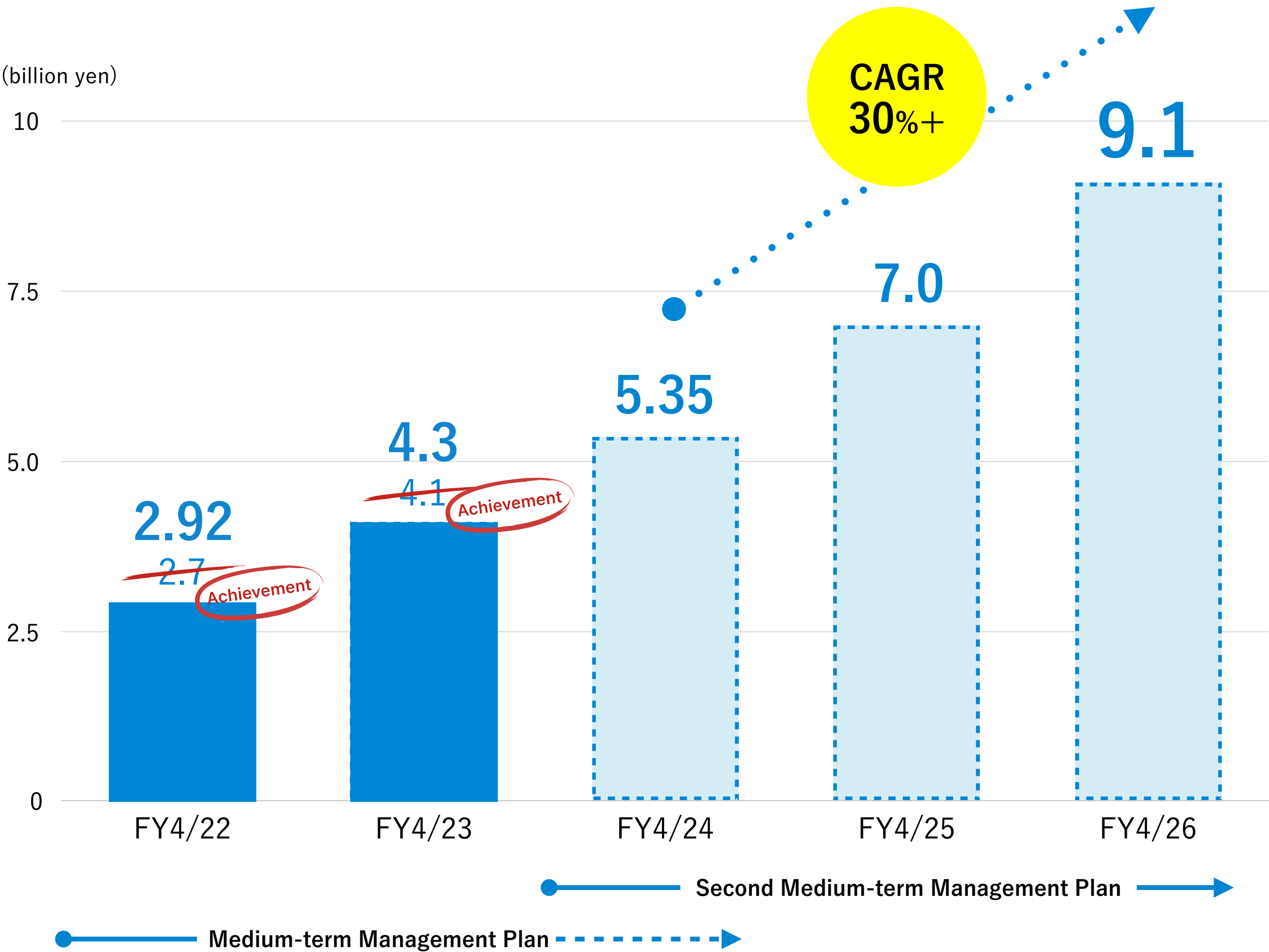
Second Medium-term Management Plan

FY4/24 - FY4/26

Plan for Increasing ARR

We continue to position ARR as the most important indicator.

Toward the Plan for Increasing ARR - Aiming for Annual Growth of 30% or More



Goal

ARR

9.1

billion yen

Aim to achieve growth exceeding CAGR 30% over the three-year period from FY4/24

We have carried forward measures from the First Medium-term Management Plan. We aim to maximize ARR by increasing the number of contracts as well as customer unit price.

Increase the number of contracts

Marketing, Sales strategy

Acquire new users

Strengthen targets through market segmentation strategy

NEW

Approach EC businesses

NEW

Continue with S&M investment

Continue

×

Increase customer unit price

Customer success, Upselling/cross-selling measures

Expand usage by existing customers

Upsell

Cross-sell

Enhance payment services

Continue

Strengthen App Market

Continue

Strengthen Smaregi TimeCard

Continue

Strengthen targets through market segmentation and enhance marketing efficiency

Market segmentation strategy

Break down the broad target segments of “retail stores” and “restaurants” by “type of industry/business” and “scale,” and strengthen the approach to specific industries.

Strive to enhance sales and market efficiency through the detailed segmentation of targets.

Through the App Market, provide niche functions that the target industries/businesses demand.

Retail 42%		
Food and drinks	Cars/Bicycles	Machinery & equipment
280,000	89,000	44,000
Apparel*	Daily necessities	Medical/Cosmetic products
99,000	30,000	85,000
Agricultural supplies/Fuel	Entertainment	Furniture & fittings
59,000	40,000	33,000
Books/Stationery	Non-store retailers	Other
33,000	34,000	98,000

Medical care 10.7%		
Clinics/Therapeutic businesses	Dental clinics	Other
153,000	63,000	20,000

F&B/Accommodations 27.6%	
Accommodations	Bars
45,000	181,000
Specialty restaurants	Cafes
198,000	60,000
Takeaway/Delivery	Other
52,000	72,000

Services 19.7%	
Hairdressing & beauty	Lifestyle
256,000	51,000
Entertainment facilities	Other
36,000	89,000

*Clothing, drapery, fabric, bedding, etc.

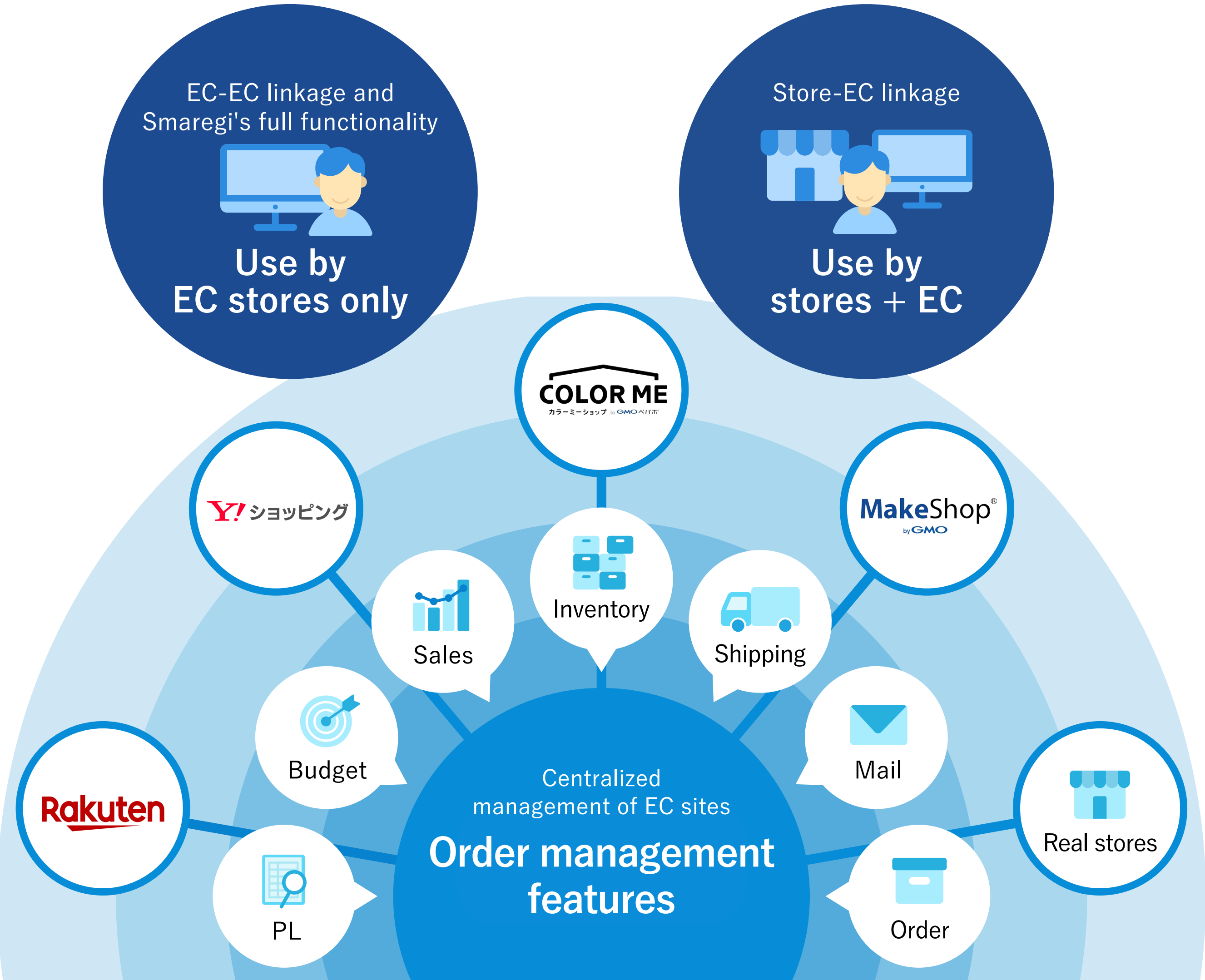
(stores)

Expand sales channels to EC businesses by strengthening EC functions

Enabling use of Smaregi by EC stores through EC-EC linkage and EC-store linkage

EC functions were updated in August 2022. This made it possible for **EC businesses** that do not have physical stores to **make use of all Smaregi functions**.

Inventory linkage had been the greatest issue for EC businesses. However, **by using Smaregi, it is now possible to link inventory in physical stores and EC stores easily**. We will promote the use of Smaregi among EC businesses as a store tool for the EC era that moves beyond the POS register mechanism.

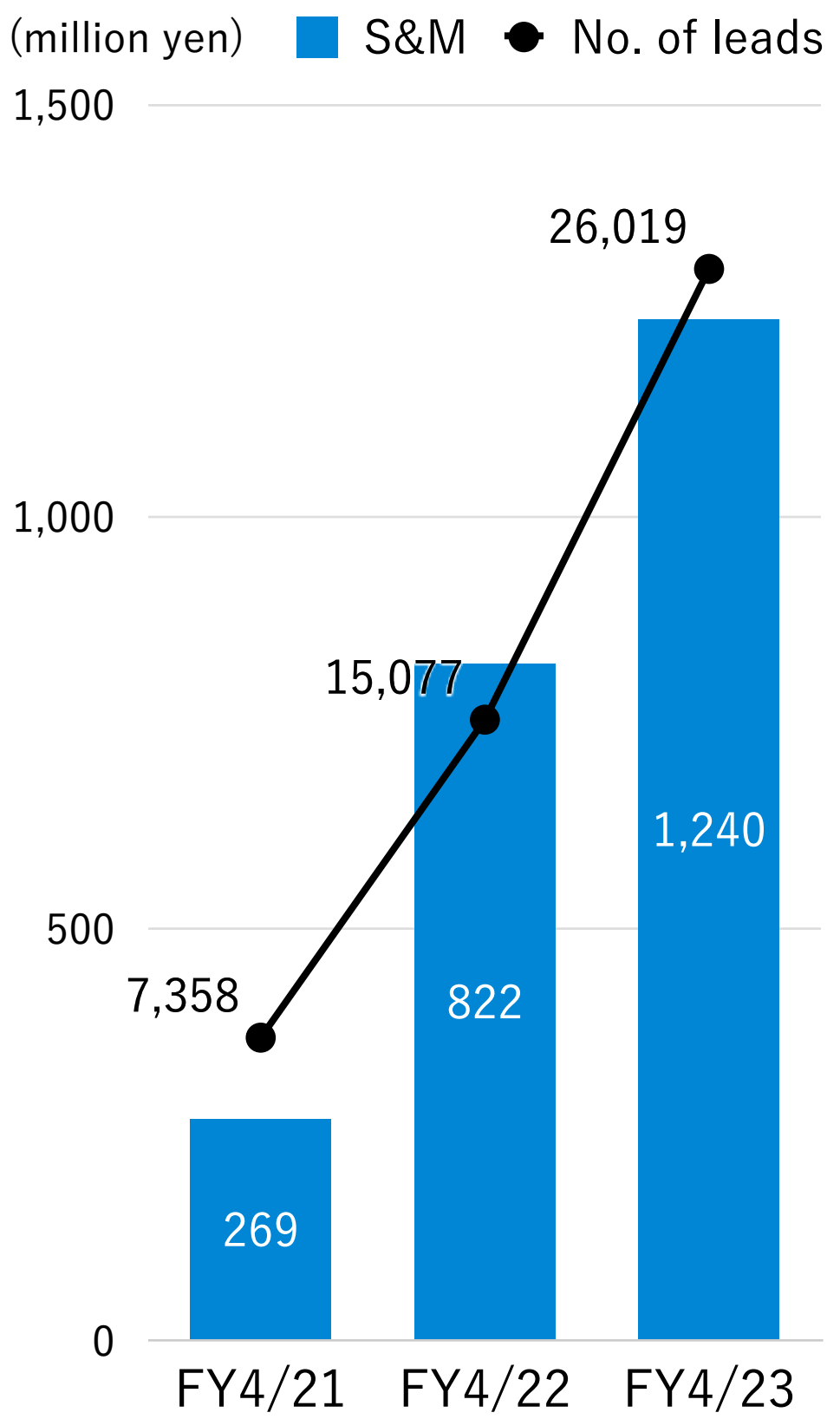


*We plan to update the functions successively, such as compatibility with mall EC carts, etc.

Implement measures tailored to each marketing funnel and increase CVR at each stage.



Changes of S&M and Leads



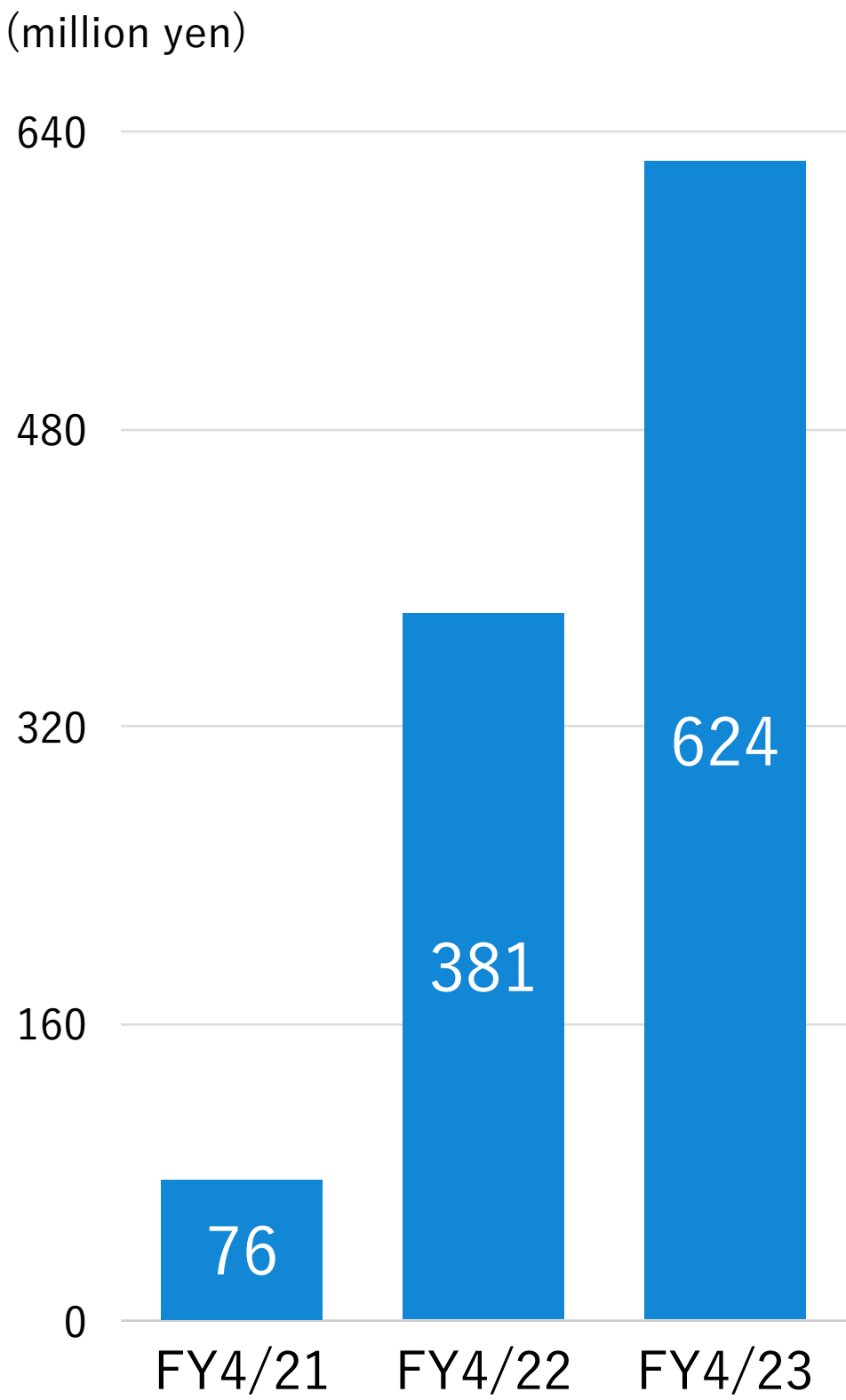
Expand our earnings model in the payments domain with a focus on the cross-selling strategy with Smaregi POS.



Expand revenue model

- Build a revenue model with GMV as its source.
- Continue to improve the business (PMI and rebuilding) of ROYAL GATE INC. which Smaregi absorbed through a merger.
- Expand cross-selling with Smaregi, centred on sales as a package with POS services.
- Take up the challenge of the online payment domain. (advance booking, advance orders, table orders, etc.)

Changes of ARR



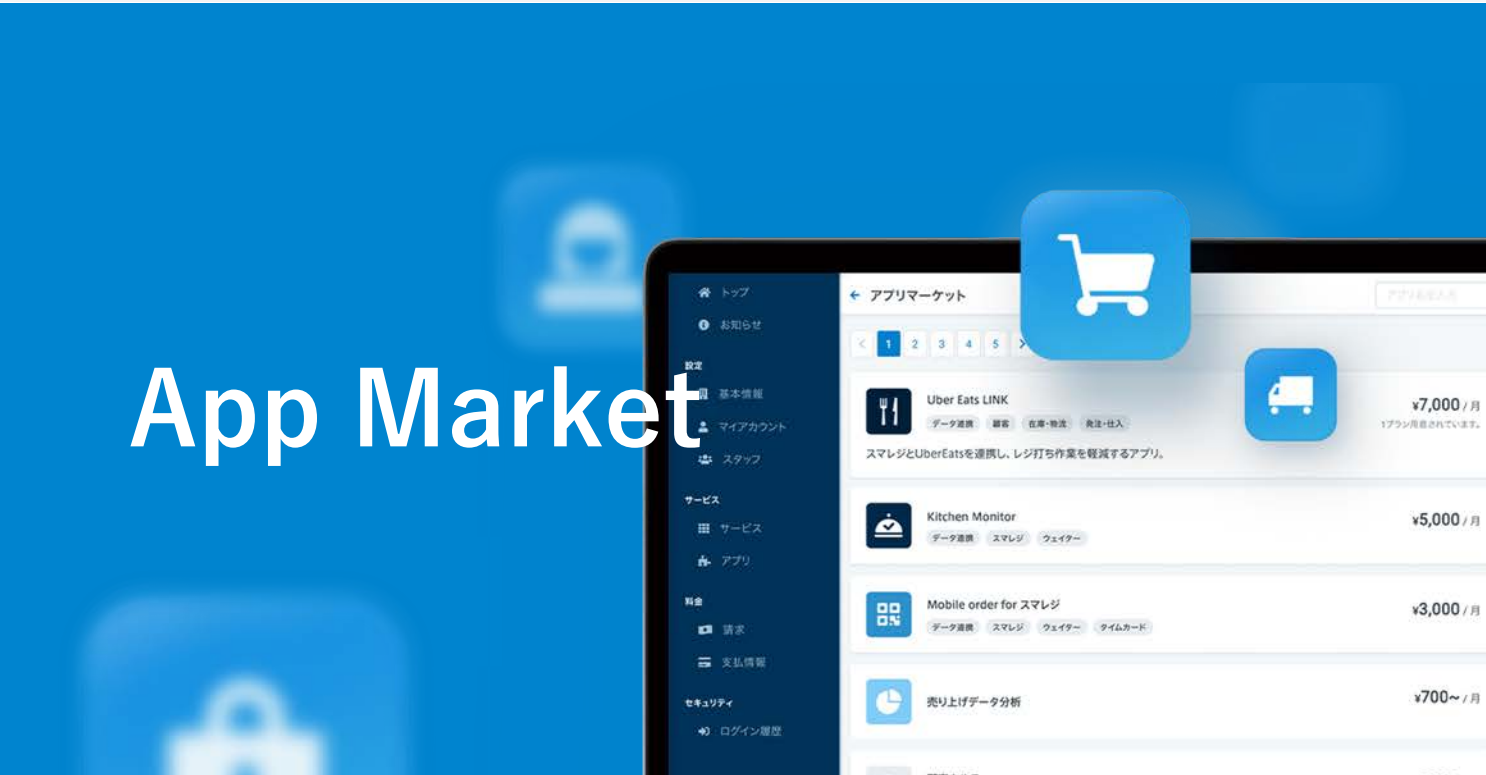
YoY **+63.8%**

Achievements in FY4/23

- Sale launch of Smaregi PAYGATE in May 2022
- Released PAYGATE POS, an app for use with payment terminals
- Implemented cross-selling measures targeted at new and existing customers
- Significant improvements to equipment shipment flow, making it possible to ship in half the time compared to the initial sales launch period.

Increase Customer Unit Price - Strengthen App Market

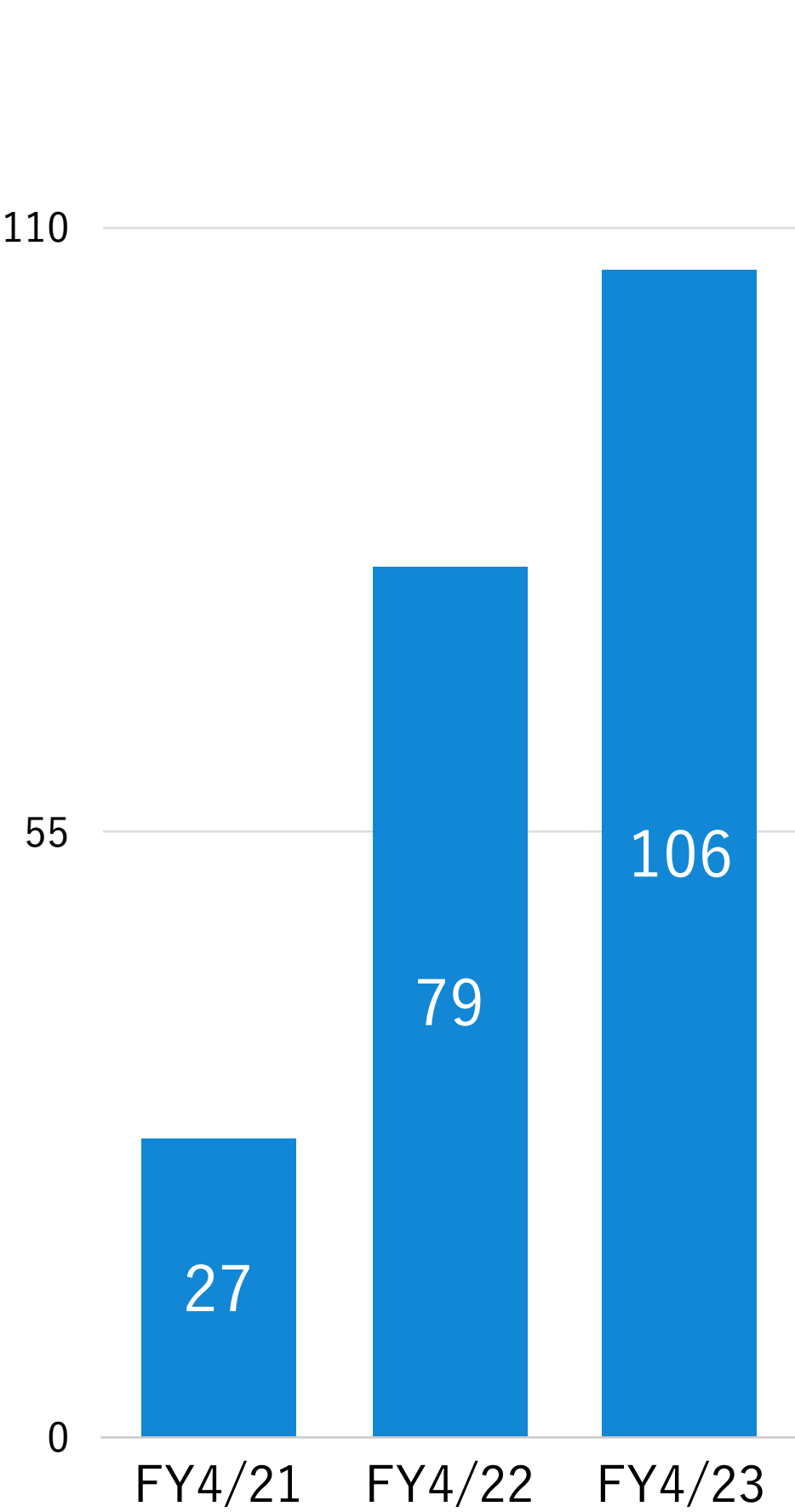
Enhance customer satisfaction and increase customer unit price by providing niche functions through our developer partners.



Improve customer satisfaction customer

- Aim to increase customer unit price and improve customer experience (CX) by providing industry-specific niche functions.
- Aim to strengthen collaboration with development partners and increase the number of apps.
- Strengthen EC cart and social media tie-up for retailers. Enhance the OMO/omni-channel domains.

Changes of Apps



App Development Partners

(As of April 30, 2023)

Corporate

889

Individual

510

Achievements in FY4/23

- Released 27 apps in FY4/23, including apps linked to EC sites such as Yahoo! Shopping and Rakuten
- Launched the “Small- and Medium-sized Stores DX Consortium” and became a business supporting subsidies for introduction of IT. Promoted the use of apps in cooperation with developer partners.
- Enhanced web contents, such as improving and expanding adoption case studies

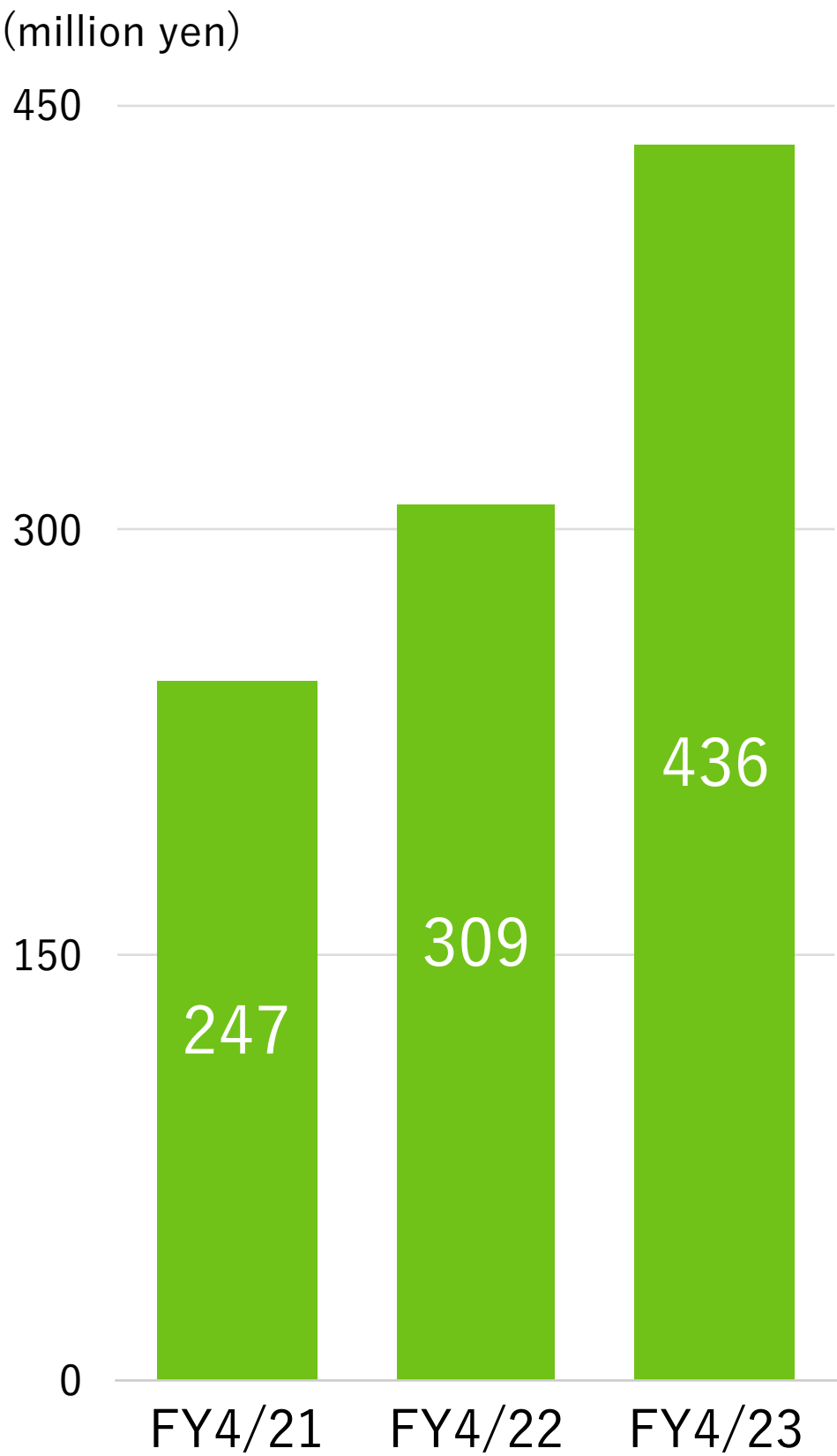
Cross-sell with Smaregi POS by enhancing HR functions for stores, on top of the existing sales strategy.



Strengthen functionality for stores and strengthen HR

- Develop functionality for retail, apparel, and F&B businesses, which is Smaregi's strength.
- Strengthen employee management and overall work attendance and salary management as a means of acquiring CV regardless of industry and preventing cancellations resulting from scaling up.
- Air commercials, participate in exhibitions, and reinforce upselling efforts to existing customers.

Changes of ARR



YoY +41.2%

Achievements in FY4/23

- Full-scale launch of dedicated TimeCard development and sales teams
- Strengthened functions for stores to support cross-selling (updates for variable work hour systems and shift creation function, etc.)
- Implemented systematic onboarding at customer touchpoint



Business Outline

With Smaregi (POS) and Smaregi TimeCard (HR) as the core cloud services businesses, we are aiming to expand the Smaregi economic zone through venture investments and IT human resources discovery and training businesses.

Cloud Services

Smaregi (POS)



A new, cloud-based POS register system that enables efficient store management and data management through sales analysis, advanced inventory management, and other DX transformations for the retail, restaurant, and service industries.

Payment Service



A multi-payment service that supports a variety of payment methods such as credit card payments, contactless payments, and barcode payments.

Smaregi TimeCard (HR)



An HR service that has been requested by stores and companies, which goes beyond the framework of attendance management with features such as payroll calculations, vacation management, shift management, daily reports, project management, and workflow.

Others

EC



Online store for store peripherals

SES



IT and creative human resources discovery and training business through SES

CVC

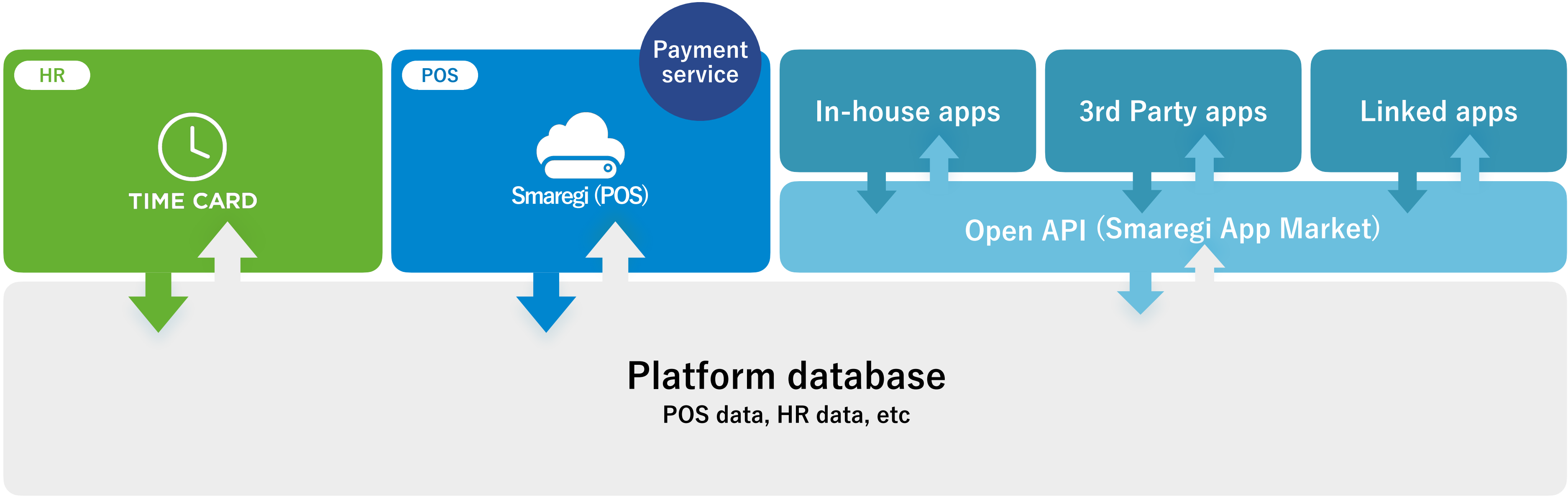


Venture investments business and Smaregi economic zone expansion business

Society is moving towards an era of storing and utilizing data, and Smaregi supports store management based on data with a rich set of APIs that other companies lack.

Smaregi Platform

Smaregi provides a platform centered around the vast amounts of sales data and HR data that are accumulated by Smaregi, and then flexible data input and output are realized through the app market and an open API.



スマレジ High-performance cloud-based POS system

Smaregi provides platform for performing many tasks chiefly involving the utilization of sales (POS) data. Its innovative cloud-based POS systems have capabilities that go far beyond those of conventional POS systems. Smaregi products analyze sales, perform sophisticated inventory management tasks and have many other functions that raise the efficiency of stores in the retail, restaurant and service sectors.

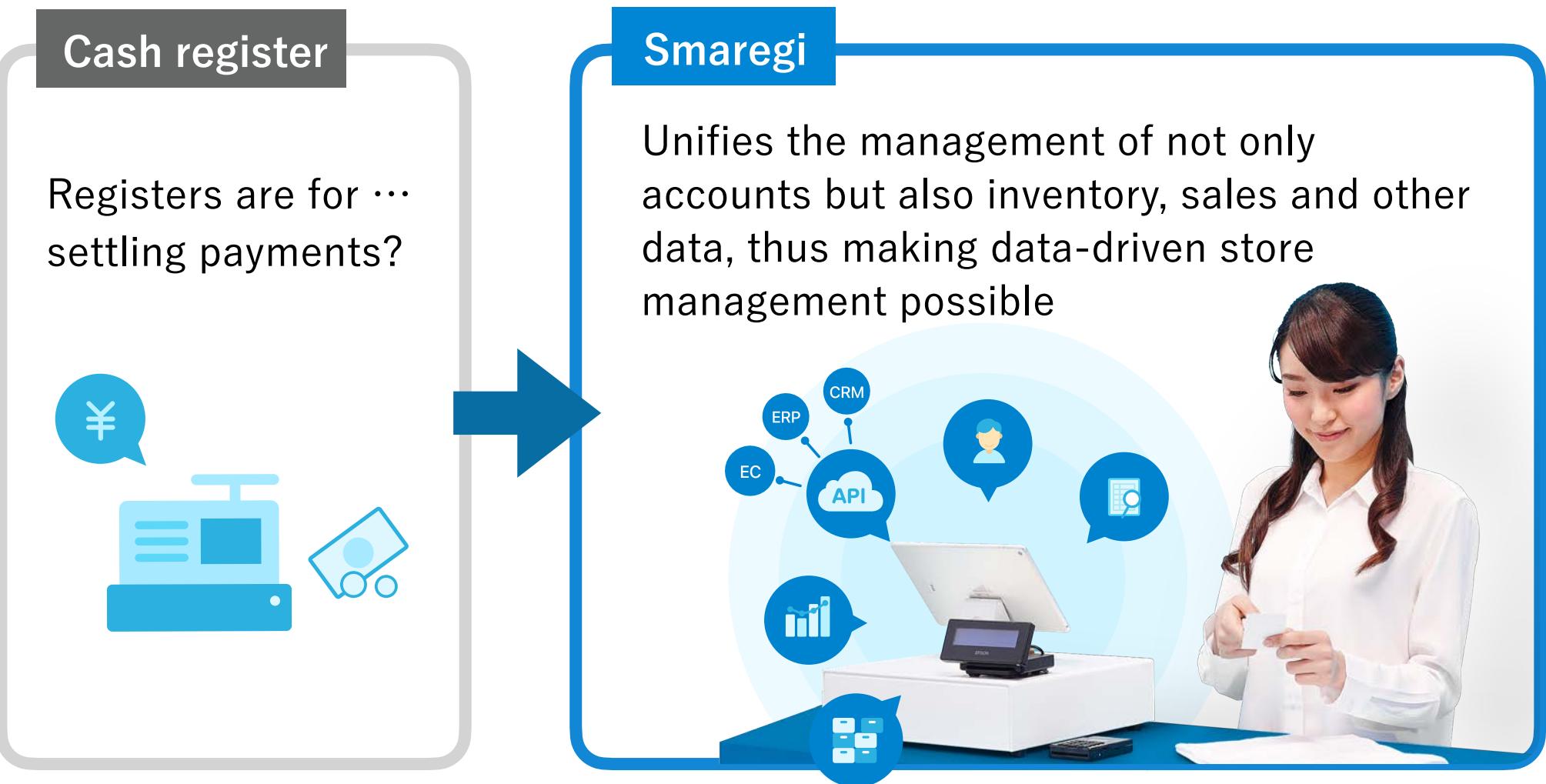


Taking Store Management to the Next Level Science store management with POS data

POS systems are means of utilizing data. Based on Smaregi, Inc.'s management philosophy of "OPEN DATA, OPEN SCIENCE!", the Company promotes the resolution of store management challenges through the provision of frameworks that enable POS data to be utilized in store management.

Into an era of storing and utilizing data Smaregi An evolution of traditional POS systems

Realizing flexible data in/data out through open API and the platform (Smaregi App Market). It is a POS system that makes data-driven management possible.

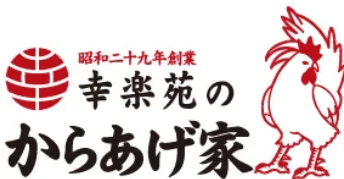


Smaregi (POS) is adopted by a wide range of stores and businesses operating from single-store to more than 600 stores.

Retail/Apparel/Others



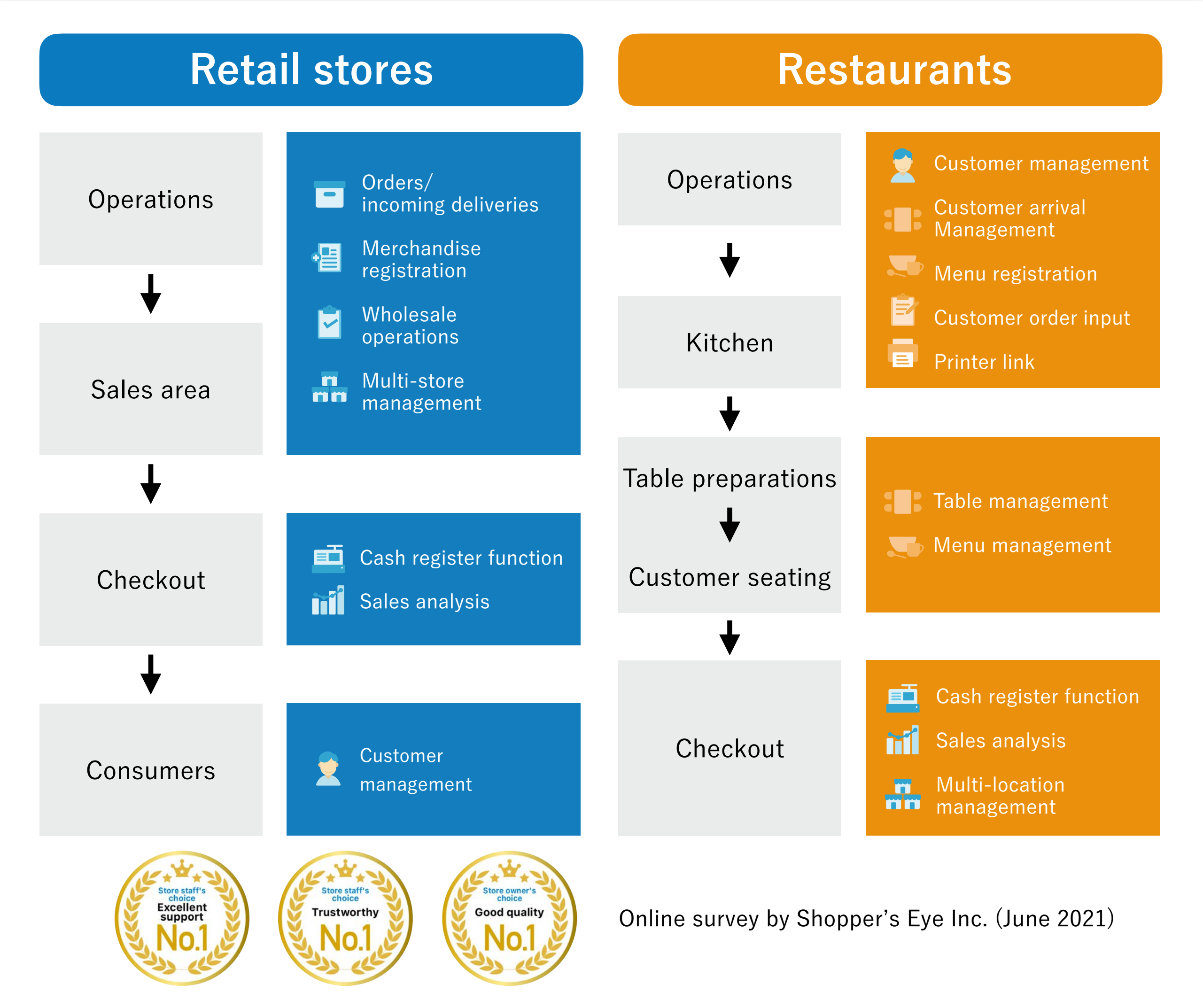
Restaurants



*Random order. Posted some stores that got approval to publish.

Unique Features of Smaregi (POS) - Exceptional High Performance

The basic functions of Smaregi’s POS are provided free of charge. Smaregi is a highly-functional cloud-based POS register that uses sales data to make store management a science.



Open API

Able to handle the demand of big business

Easily linked with external services, such as accounting etc

Extensive track record of linking with systems such as CRM/ERP

User-centered design

Resolves stores’ challenges with design concepts

Outstanding inventory management

- ✓ Order/incoming deliveries
- ✓ Wholesale Ops
- ✓ Multi-locations

Displays supreme performance in inventory management coordinated with POS

Strength in the retail industry

Sophisticated sales analysis

Possible to confirm various types of sales analysis from anywhere, at any time

Omni-channel

Integrates inventory and customer information

Improves quality of customer contact by removing barriers between online and real

Customer success

High level of customer satisfaction resulting from full-support structure

Churn rate 0.58%*1

Smaregi App Market

Purchase what store want

Realizes multifaceted approaches to various business categories and enhanced user convenience

From single-store to large scale

Responds to store needs, irrespective of their size. Obtaining broad share

Links with payment

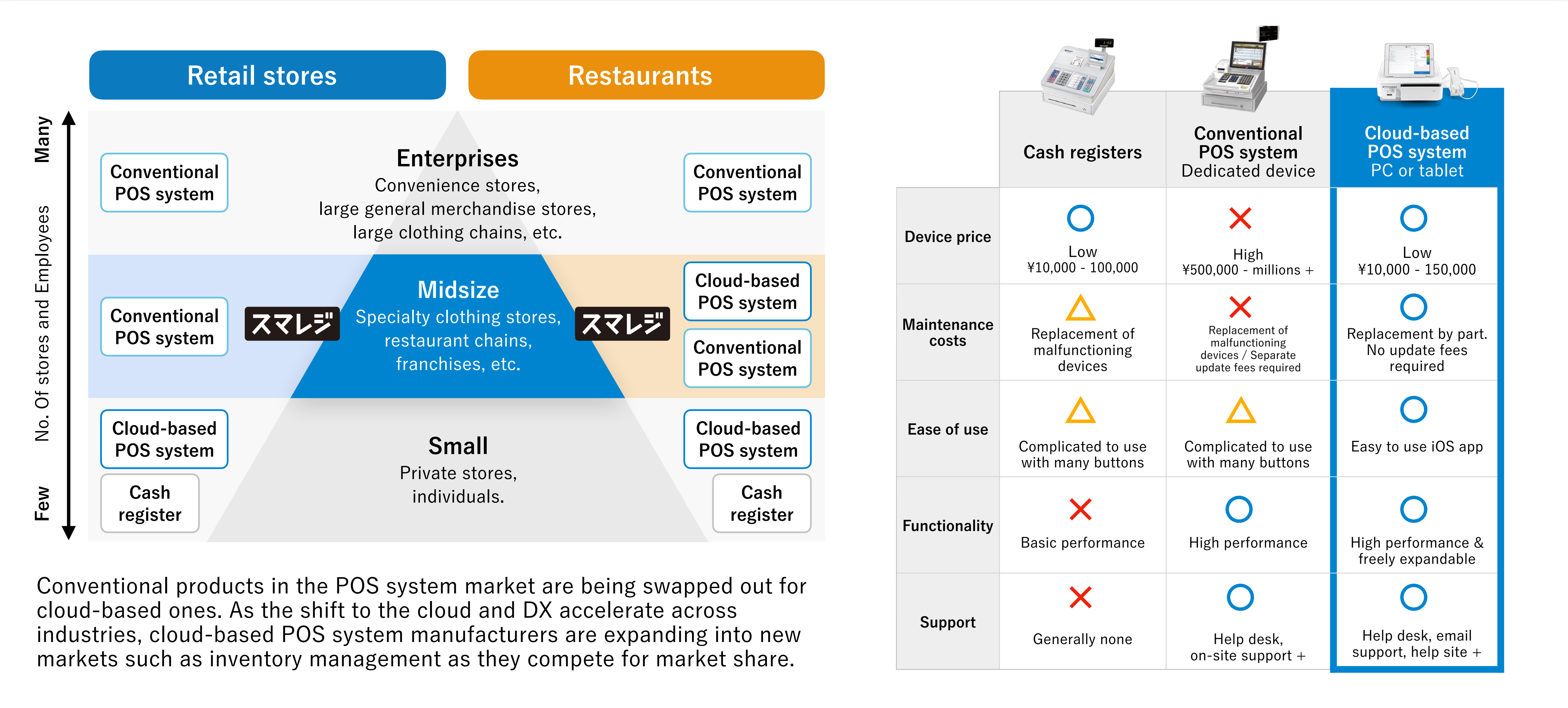
Our own payment service

High compatibility between POS and payment. Realizes enhanced convenience and ARPU/ARPA

*1 MRR churn is the attrition rate calculated by using Smaregi monthly recurring revenue. The average is from May 1, 2022 to April 30, 2023.



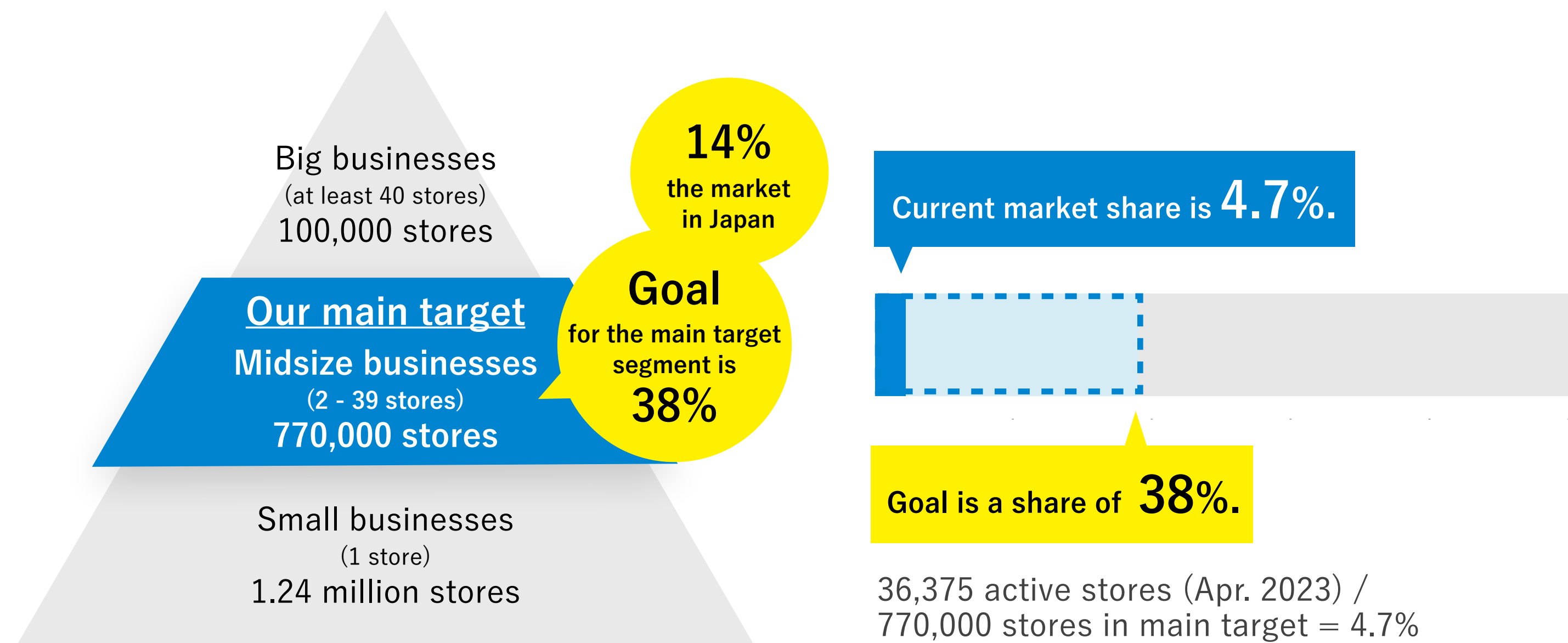
Product distribution by store size and industry. Smaregi shows its strengths among retail and midsize businesses.



Our goal is a 38% share of the targeted 770,000 stores

The POS system market will remain competitive rather than dominated by a single company because a company that monopolizes this market would have no benefits from the larger scale of operations.

Focusing on midsize businesses as our main target, we will expand our target to both big businesses (replacement demand from conventional POS) and small businesses (billing through use of the App Market), aiming to expand our market share from the center of the pyramid.

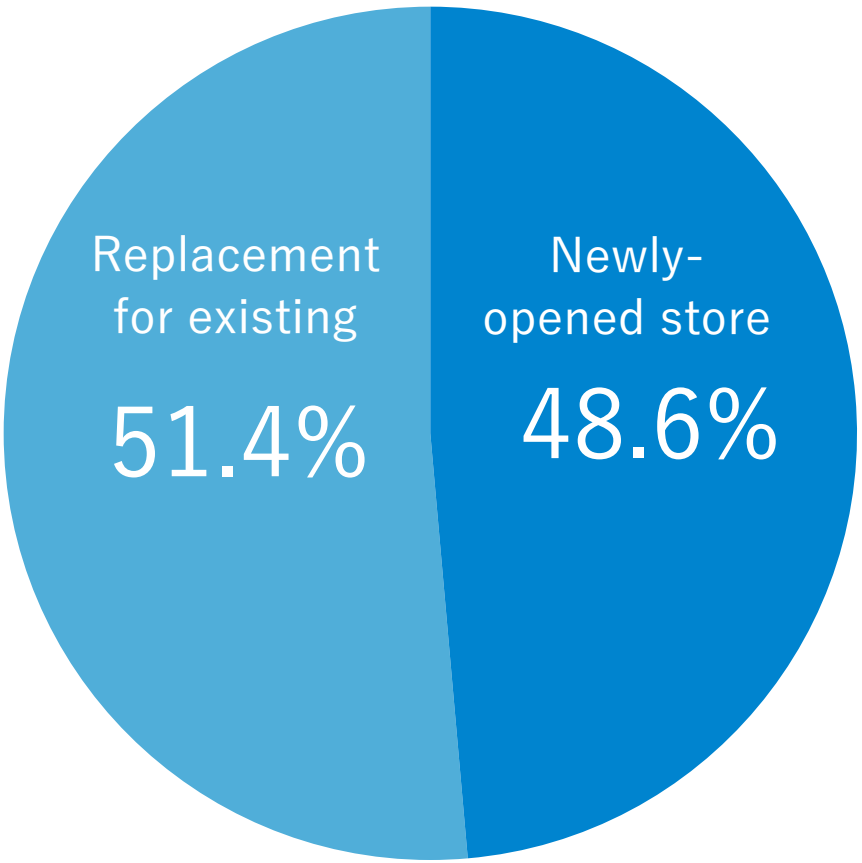


Prepared by Smaregi based on the 2016 Economic Census conducted by the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communication.

Sales opportunities half - and - half; newly - opened stores and replacement for existing

Based on our data, there tends to be a rise in demand when a business owner opens a new store, or when the contract for their existing system is expired or outdated. Our dual focus on both opportunities is a way to gather quality sales leads with the aim to further market expansion.

Market Needs



*Calculated based on Smaregi inquiry data (May 2022 - Apr. 2023)

We are actively considering M&A with a focus on companies that have direct business synergies.

We are also considering acquiring IT engineers as well.

1

Acquire Customer Numbers

M&A to speed up
customer acquisition or
expand target areas.

Target Companies

Cloud-based POS vendors.

2

Increase Revenue per Customer (Full lineup of products/services)

M&A of companies that can
functionally complement Smaregi.
Aim for cross-selling and up-selling.

Target Companies

Companies that have software
for stores and that likely have
direct synergy with Smaregi.

3

Acquire IT Engineers

Companies that have web engineers.
The companies don't have to
own a product.

Target Companies

System development companies,
systems integrators, and
production companies.

Making the future even better

Smaregi, Inc.

Growth market
Securities code: 4431

Established	May 24, 2005
Representative Director	Hiroshi Yamamoto
Capital	¥1,150 million (As of the end of April 30, 2023)
Head office	3F 4-2-12 Honmachi, Chuo-ku, Osaka 541-0053
Locations	Osaka, Tokyo, Nagoya, Fukuoka, Hokkaido (Sapporo CS center)
Showrooms	Osaka, Tokyo (Ebisu, Shibuya, Shinjuku, Shinagawa), Nagoya, Fukuoka Tenjin Total 7 showrooms
Employees	262 (As of the end of April 30, 2023)



Representative Director

**HIROSHI
YAMAMOTO**



Engaged with business systems development as an IT engineer since 2003. Launched the cloud-based POS cash register service, Smaregi, in 2011.

**Executive Vice President
and Director**
Business Planning/COO

**RYUTARO
MINATO**



An IT engineer who has been involved in many large-scale development projects including financial systems and POS. Developed the Smaregi cloud-based POS system in 2011.

Director
Products/CTO

**RYUHEI
MIYAZAKI**



Joined Smaregi in 2011. After participating in development as a founding member of Smaregi, launched the Smaregi TimeCard in 2014.

Director
Corporate Planning and Marketing/
CSO

**KOHEI
TAKAMADATE**



Joined the JAFECO Group in 2007. Worked in the areas of venture investment, M&A, and stock listing, appointed president and representative director of Sekaie in 2013, then joined Smaregi.

Outside Director
IT Venture Investments

**SHINJI
ASADA**



Worked at ITOCHU Corporation, ITOCHU Techno Solutions Co., Ltd., and Salesforce Ventures Japan representative, then founded One Capital Co., Ltd. in 2020.

Outside Director (Candidate)
Branding/Communication strategy

**SAKI
IGAWA**



NEW

Started up inflorescence inc. in 2022 after a career in Staff Service Holdings Co., Ltd., Pretzel Japan, TORIDOLL Holdings Corporation, and BLUE BOTTLE COFFEE Inc. (as President Asia).

Executive Officer
In charge of Sales

**SOSUKE
SUGIMOTO**



Joined Smaregi in 2013 after working in a major enterprise in the apparel industry. Has served as section manager and general manager of the Sales Department.

Executive Officer
In charge of Customer Success/
Smaregi TimeCard

**DAI
TAKEMURA**



Joined Smaregi in 2013. Engaged in the launch of the Customer Success Department, which covers a range of solutions from onboarding to after-sales support.

Executive Officer
In charge of business alliance/
Smaregi App Market

**SHUGO
SUZUKI**



NEW

Joined the company in 2016 after working in manufacturing and retail companies. Involved in the launch of the business partner scheme and partner promotion department.

Full-time Corporate Auditor

**TAKUYA
MOCHIZUKI**



In 2005, established genephics design, Inc. (now Smaregi Inc.) with Makoto Tokuda (a Smaregi Corporate advisor) and became a director of this company. Appointed as a full-time corporate auditor in 2017.

Outside Corporate Auditor

**YUTAKA
OHIRA**



Certified public accountant and tax accountant. Worked as a professional accountant since 1994 after passing the national examination. Appointed as a corporate auditor in 2017.

Outside Corporate Auditor

**MASAYUKI
MURATA**



Worked at the stock exchange for 27 years since 1991. Established PUBLIC GATE LLC in 2018, and appointed as a corporate auditor of Smaregi.

Appendix



Major risks affecting the realization of growth and the execution of the business plan

	Key risks	Likelihood of ccurrence	Potential impact	Risk management measures
Securing Technicians (Software engineers)	There is a risk that business operations will be affected by a lack of progress in securing and training human resources in line with the scale of our business.	Medium	Medium	Operates "Smaregi Tech farm" for the purpose of discover and develop young talent.We will work to train entry-level engineers while striving to secure outstanding human resources by utilizing various recruitment methods
Reliance on Specific Suppliers	There is a risk that changes in transaction volumes or terms and conditions may affect our business and performance.	Medium	Medium	We have strengthened cooperation with suppliers (detailed delivery management, etc.) and established a system allowing us to always secure our required volumes. We will also aim to quickly build out an alternative supply system with multiple suppliers.
Economic fluctuation/ customer trends	The electronic payments market is growing steadily as a result of increasing demand, but in cases where contractions in the value of payments or number of member stores occur accompanying market downturns triggered by economic fluctuations and so forth, there is a risk business performance will be affected.	Low	Large	Because the Company’s core business is a stable subscription-type business that covers a great variety of member stores, the Company is endeavouring to stabilize its revenue base through share expansion. We will engage in strengthening the business model in order to minimize impacts on the Group as a whole
Regulation by laws and ordinances	In the payment agency business, there is a risk the Group’s business performance could be affected as a result of controls on member stores being strengthened accompanying a revision of the Act for Partial Revision of the Installment Sales Act (Revised Installment Sales Act), which was enacted in 2018, or further revisions in the future.	Medium	Large	In order to eliminate the potential for business performance to be affected accompanying legislative revisions, regulatory changes and so on, we will strengthen our framework for gathering information through lawyers and various external organizations, while also striving to expand the legal department in order to respond appropriately.

Impact of COVID-19: As a result of a careful review of the degree of impact for "COVID-19 Impact 1 and 2" described in the Consolidated Financial Results for the Year Ended April 30, 2022, disclosed on June 13, 2022, we have decided to suspend publication of the impact from this report and thereafter. With the abolition of travel restrictions accompanying the review of border measures, changes to the positioning of the novel coronavirus disease under the Infectious Diseases Act, and other factors, economic activities in Japan are on a recovery trend. In view of that, we expect the impact of COVID-19 on the store opening trends of retail stores and restaurants, which are Smaregi's main customers, to be alleviated over time. Moreover, with regard to the diversification of sales format associated with changes in social structure, we will continue to put in place risk mitigation measures such as working with developer partners to actively promote function development.

Disclaimer

Business plans, forecasts, and other forward-looking statements in this presentation are based on the reasonable judgments of Smaregi based on information that was currently available. The actual results of operations may differ because these statements include uncertainties involving market conditions, political events, the economy, and other items.

The purpose of this presentation is not to encourage investors to buy or sell Smaregi stock or make any other investment decisions. Investors are responsible for making these decisions on their own.

Disclosure Policy

The Company plans to disclose the latest information, including the status of progress, at the end of each fiscal year under the section of “Business Plan and Growth Potential”. However, the Company’s financial data and key performance indicators are planned to be disclosed at the end of each quarter.



4Q FY2023

May 1, 2022 - April 30, 2023

Presentation Materials
Business Plan and Growth Potential

Smaregi, Inc.