

# Presentation Materials for 4Q FY2024

+ Business Plan and Growth Potential

2023.5.1～2024.4.30

Smaregi, Inc.

Securities code: 4431

P3      FY2024 Financial Summary

P18     Business Summary

P31     Business Plan for FY2025

P33     Progress of Long-term Vision and  
         Medium-term Management Plan

P46     Business Outline

P58     Appendix

**Definitions as noted in this document**

**Figures:** Rounded down to the nearest unit of display, **Ratios:** Calculated in yen and then rounded to the nearest display unit, **Net Income:** Quarterly/Net Income attributable to owners of the parent company

**Note**

As of the end of April 2023, we finalized the provisional accounting treatment related to the business combination and applied retrospective adjustments. As a result, the figures for 1Q to 4Q of the April 2023 period in this document differ from those in previous reports. The impact is minimal, and there is no change to the full-year performance.

Record  
high

Net sales

YoY

+41.8%

8,385 million yen

Record  
profit

Operating profit

YoY

+94.1%

1,735 million yen

Record  
high

ARR

YoY

+37.9%

5,932 million yen

Highest  
ever

Number of  
employees

YoY

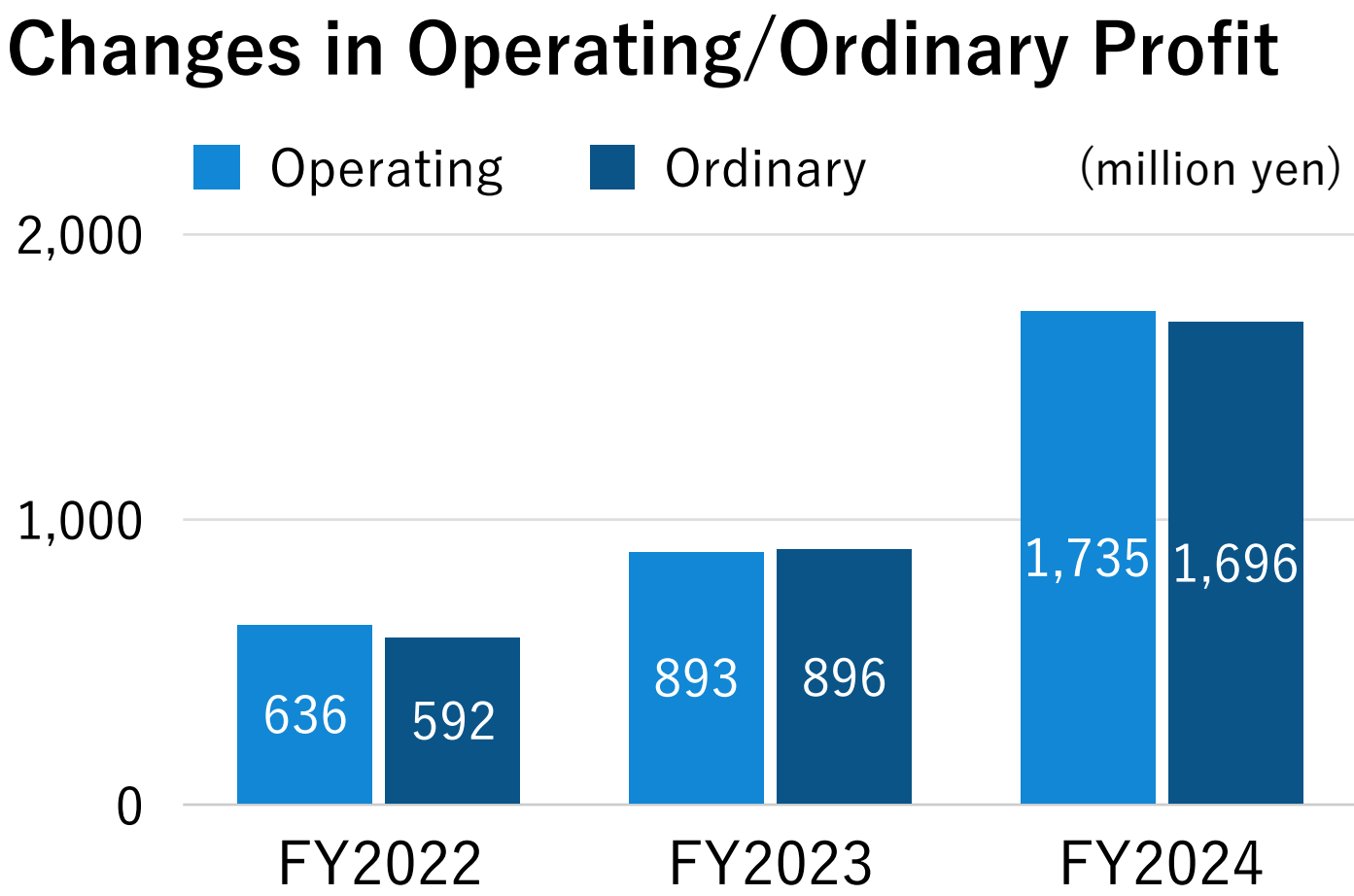
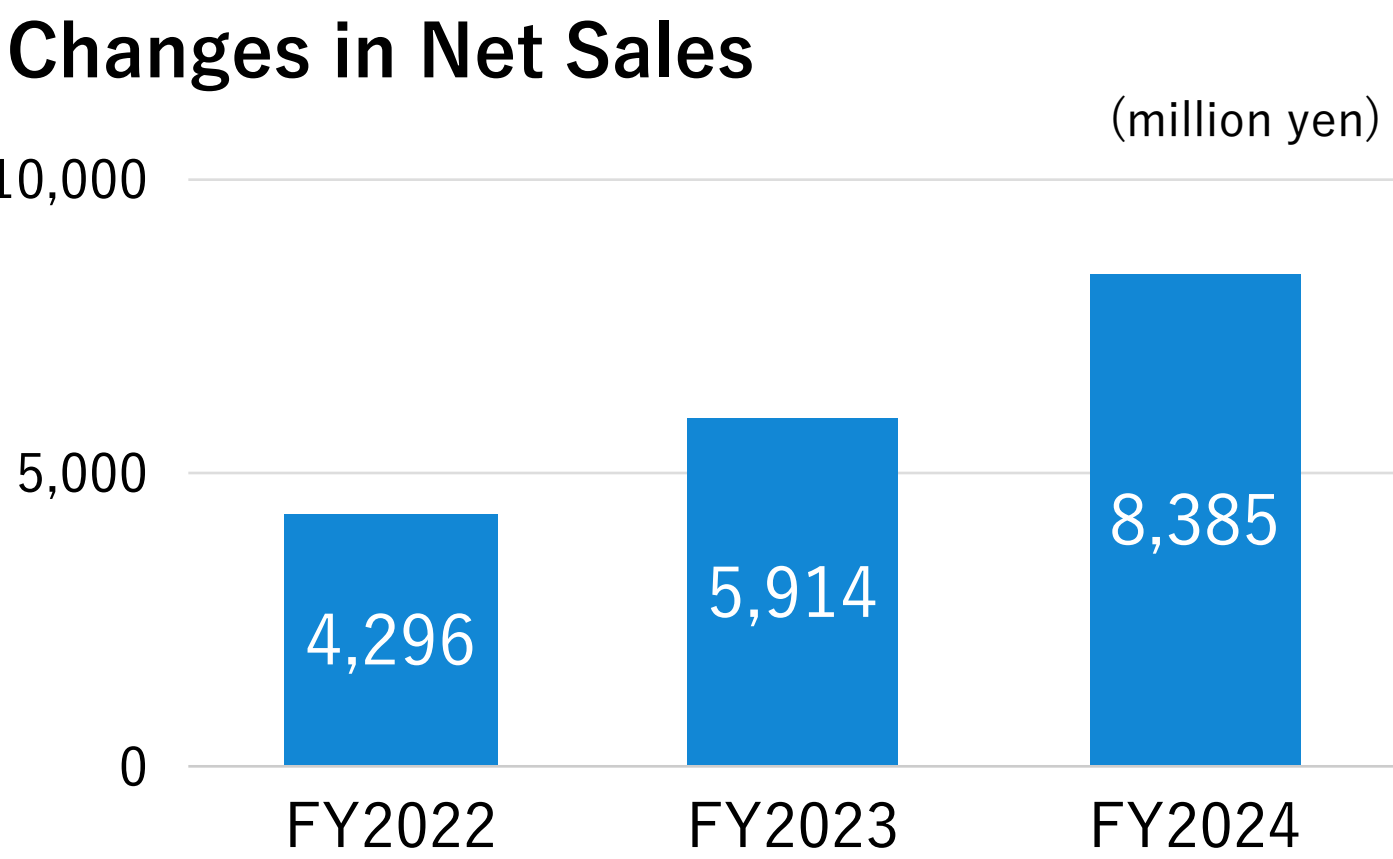
+22.9%

322 employees

# FY2024 Financial Highlights

During the fiscal period, we revised our earnings forecasts twice.\* Supported by robust business growth, we have achieved our 11th consecutive year of revenue increase and set a record for the highest profits for the second year in a row.

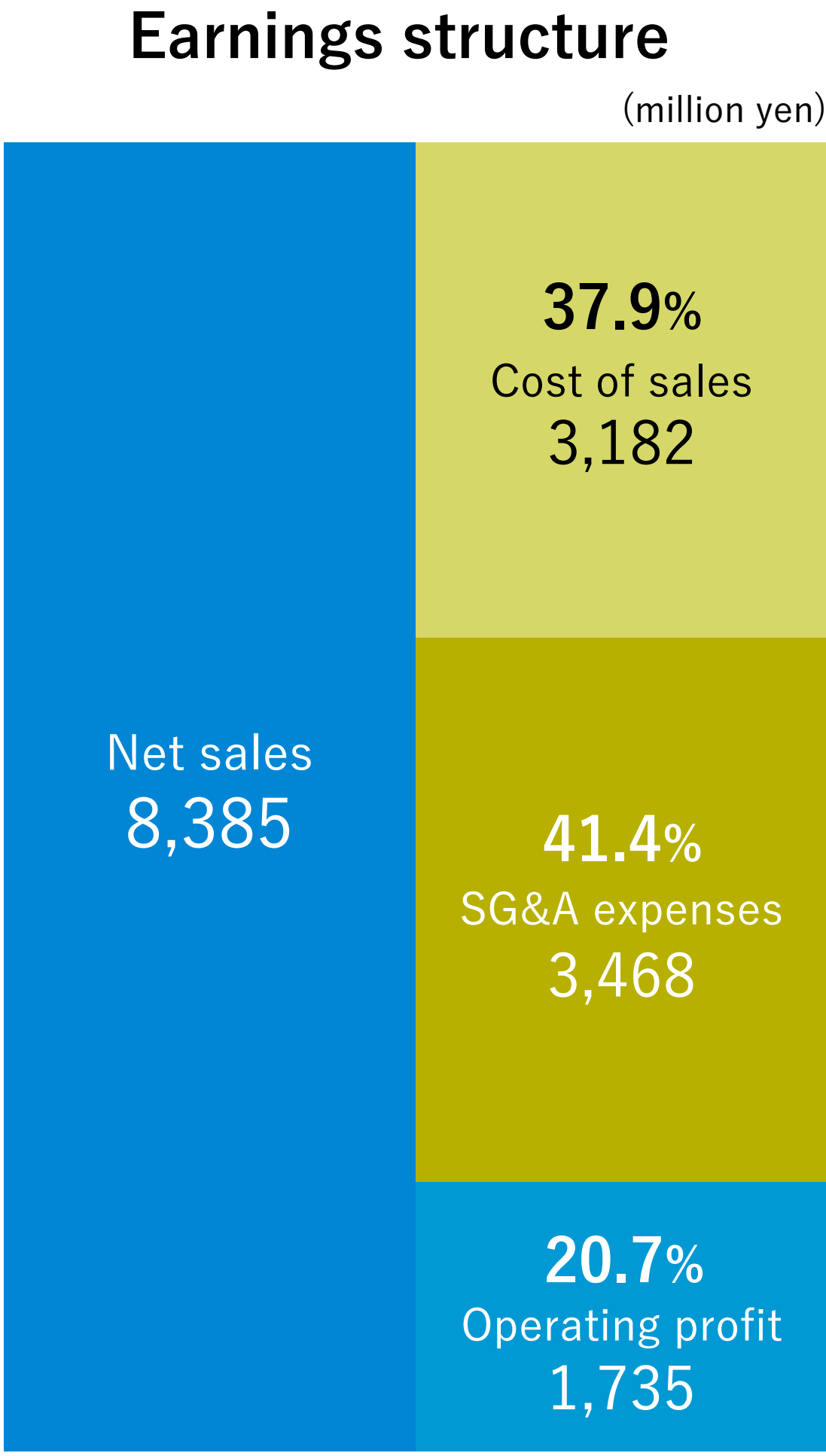
| (million yen)    | FY2024<br>May 2023 - Apr. 2024 | FY2023<br>May 2022 - Apr. 2023 | YoY    | FY2024<br>plan *<br>May 2023 - Apr. 2024 | FY2024<br>% achieved |
|------------------|--------------------------------|--------------------------------|--------|--|----------------------|
| Net sales        | 8,385                          | 5,914                          | +41.8% | 8,204                                    | 102.2%               |
| Operating profit | 1,735                          | 893                            | +94.1% | 1,610                                    | 107.7%               |
| Ordinary profit  | 1,696                          | 896                            | +89.3% | 1,608                                    | 105.5%               |
| Profit           | 1,212                          | 887                            | +36.7% | 1,052                                    | 115.2%               |



\*The full-year forecasts were revised on December 13, 2023 and March 15, 2024.

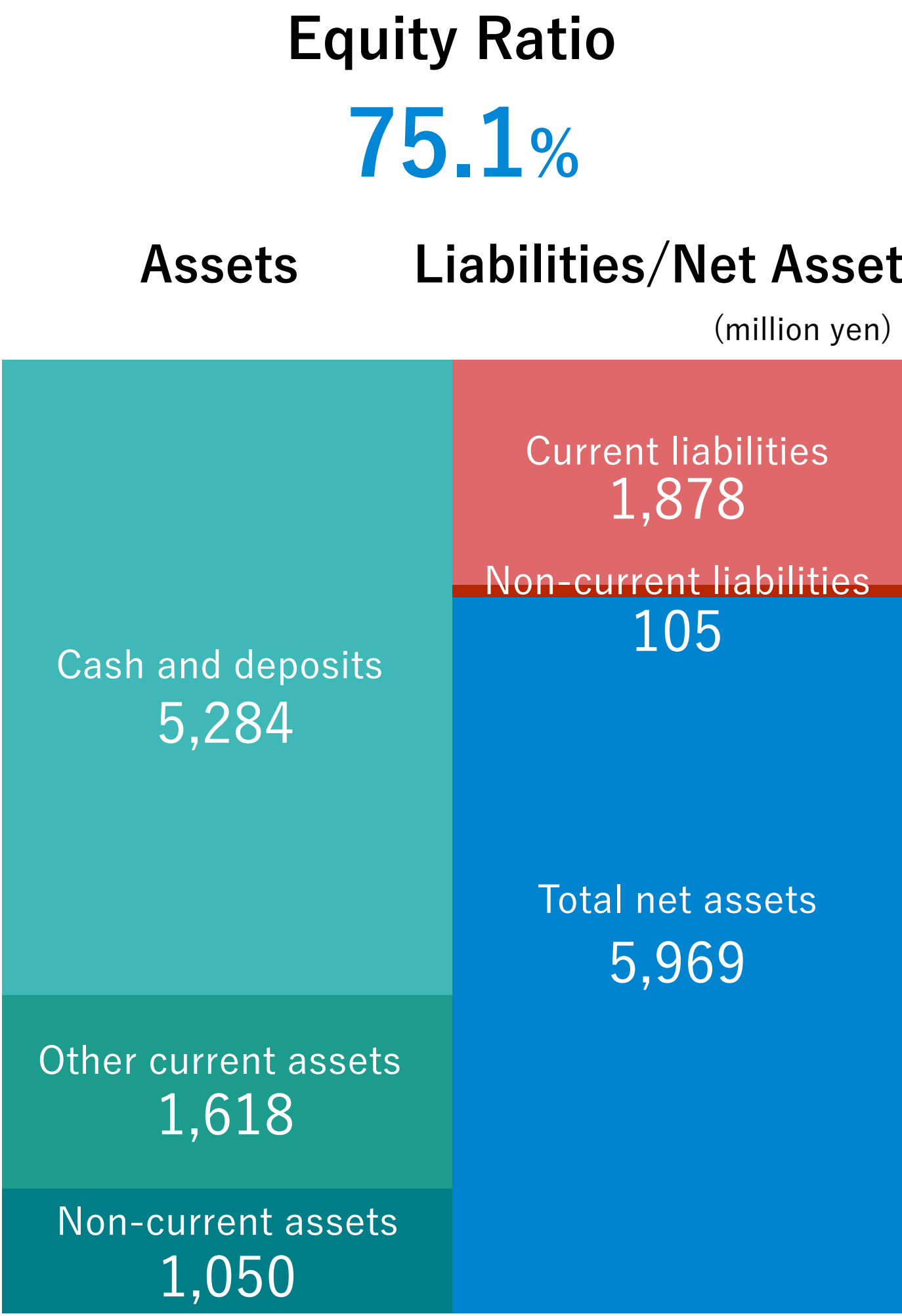
Solid performance led to a 41.8% YoY increase in revenue. Operating profit surged by 94.1% YoY due to improved efficiency in COGS and SG&A expenses, marking consecutive record-high profits.

| (million yen)    | FY2024<br>May 2023 - Apr. 2024 |       |       |       |       | FY2023<br>May 2022 - Apr. 2023 | YoY    |
|------------------|--------------------------------|-------|-------|-------|-------|--------------------------------|--------|
|                  | 1Q                             | 2Q    | 3Q    | 4Q    | Total |                                |        |
| Net sales        | 1,824                          | 2,122 | 2,096 | 2,342 | 8,385 | 5,914                          | +41.8% |
| Cost of sales    | 663                            | 831   | 761   | 925   | 3,182 | 2,345                          | +35.7% |
| Gross profit     | 1,160                          | 1,290 | 1,334 | 1,417 | 5,203 | 3,569                          | +45.8% |
| SG&A expenses    | 749                            | 866   | 886   | 965   | 3,468 | 2,675                          | +29.6% |
| Operating profit | 410                            | 424   | 447   | 452   | 1,735 | 893                            | +94.1% |
| Ordinary profit  | 410                            | 424   | 445   | 416   | 1,696 | 896                            | +89.3% |
| Profit           | 274                            | 284   | 318   | 335   | 1,212 | 887                            | +36.7% |



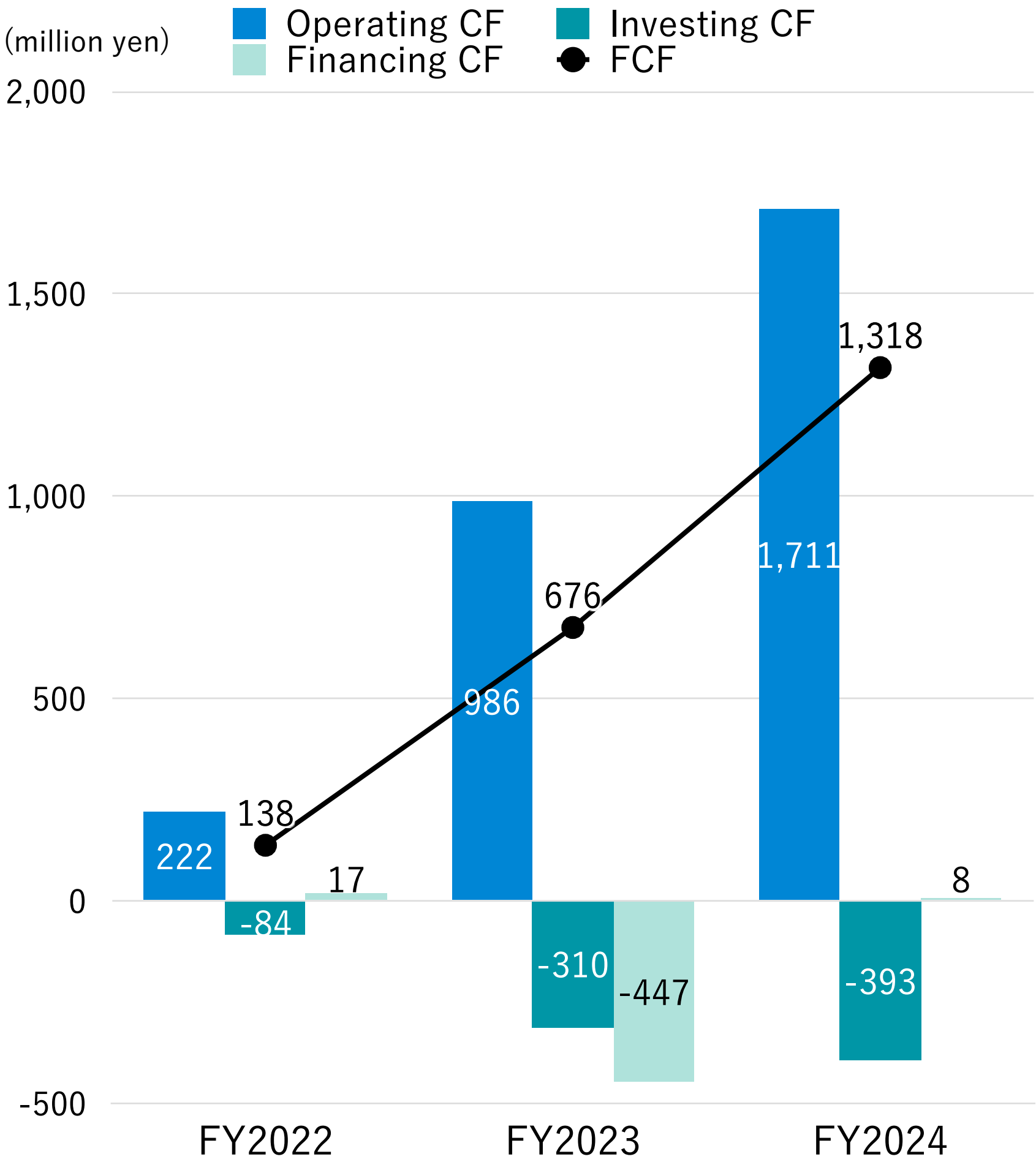
With steady performance, net assets grew by 27.5% YoY, and the equity ratio remained stable at 75.1%.

| (million yen)                    | FY2024 | FY2023 | YoY    | FY2024 3Q | QoQ    |
|----------------------------------|--------|--------|--------|-----------|--------|
| Current assets                   | 6,902  | 5,160  | +33.8% | 6,402     | +7.8%  |
| Cash and deposits                | 5,284  | 3,957  | +33.5% | 5,065     | +4.3%  |
| Non-current assets               | 1,050  | 996    | +5.3%  | 1,173     | -10.5% |
| Total assets                     | 7,952  | 6,156  | +29.2% | 7,576     | +5.0%  |
| Current liabilities              | 1,878  | 1,388  | +35.3% | 1,837     | +2.2%  |
| Non-current liabilities          | 105    | 87     | +20.7% | 105       | +0.1%  |
| Total liabilities                | 1,983  | 1,475  | +34.4% | 1,943     | +2.1%  |
| Total net assets                 | 5,969  | 4,681  | +27.5% | 5,632     | +6.0%  |
| Total liabilities and net assets | 7,952  | 6,156  | +29.2% | 7,576     | +5.0%  |



Operating cash flow soared by 73.5% YoY, reflecting strong operational performance. However, cash flow from investing activities was -393 million yen due to showroom relocation investments.

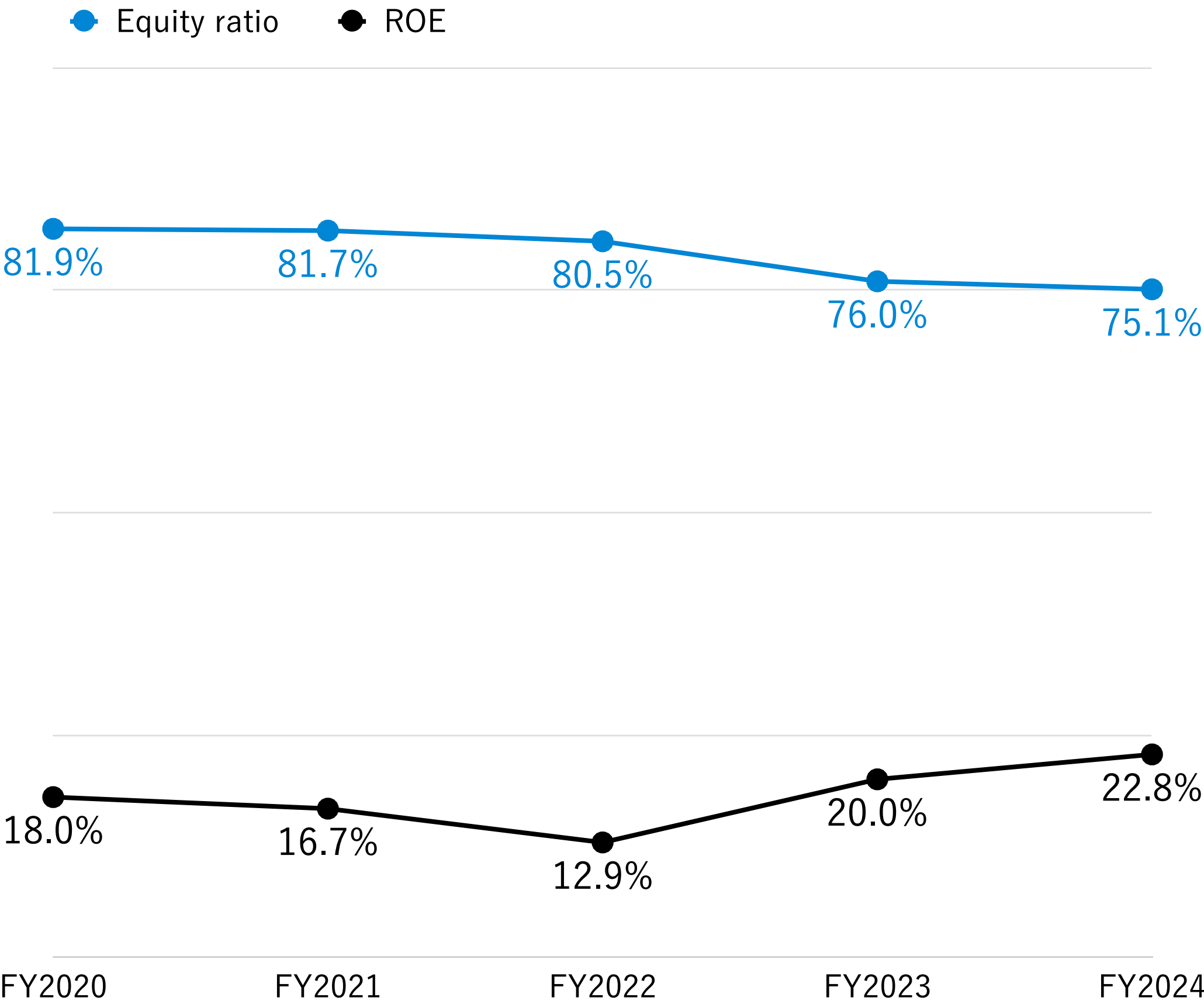
| (million yen)                                  | FY2024 | FY2023 | YoY    |         |
|--|--------|--------|--------|---------|
|  |        |        | Amount | %       |
| Cash flows from operating activities           | 1,711  | 986    | +724   | +73.5%  |
| Cash flows from investing activities           | -393   | -310   | -82    | +26.5%  |
| Free cash flows                                | 1,318  | 675    | +642   | +95.1%  |
| Cash flows from financing activities           | 8      | -447   | +456   | -102.0% |
| Cash and cash equivalents at the end of period | 5,284  | 3,957  | +1,327 | +33.5%  |



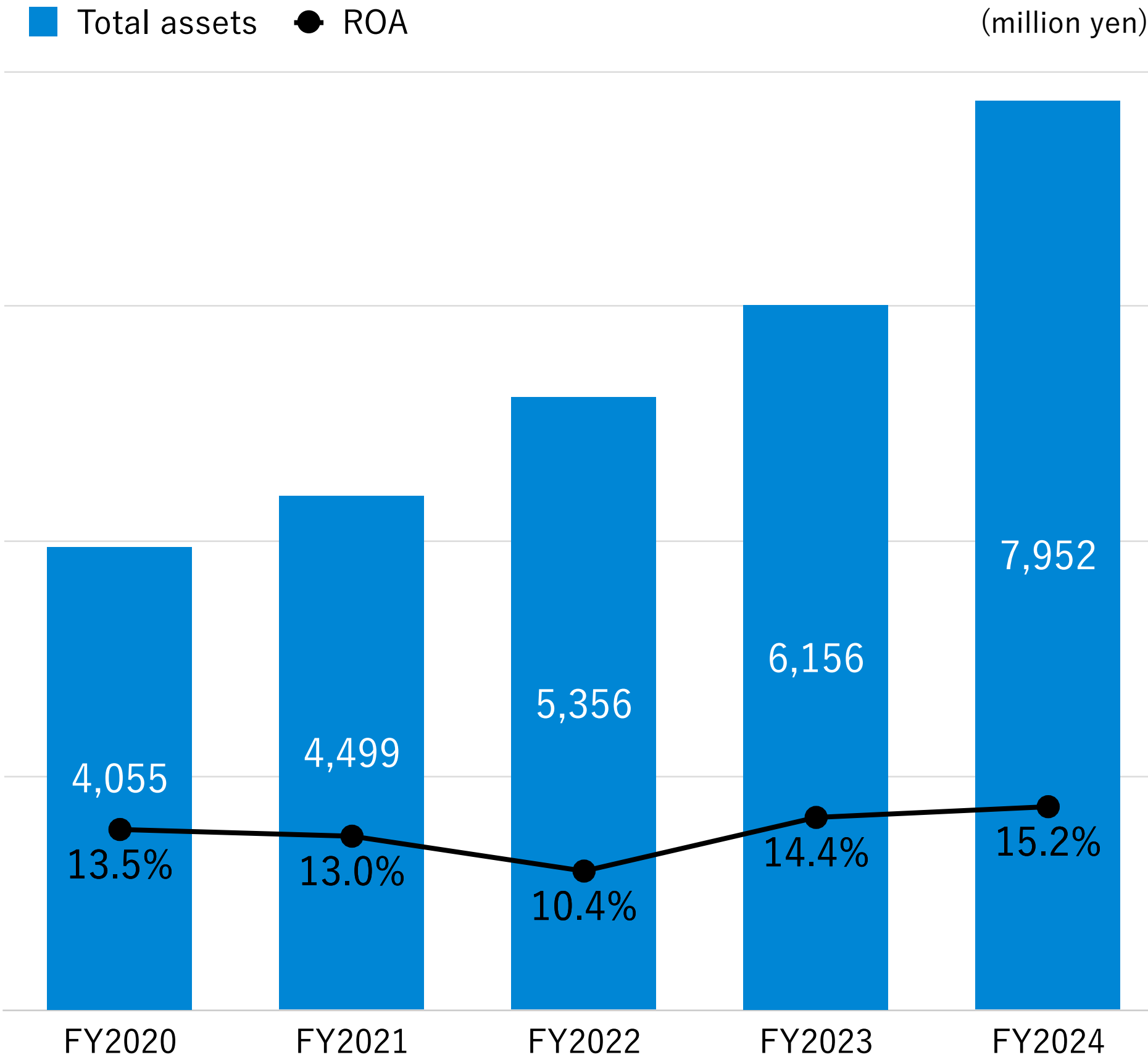


We achieved high profitability with an ROE of 22.8% and an ROA of 15.2%, ensuring sustainable high returns.

Changes in ROE and equity ratio



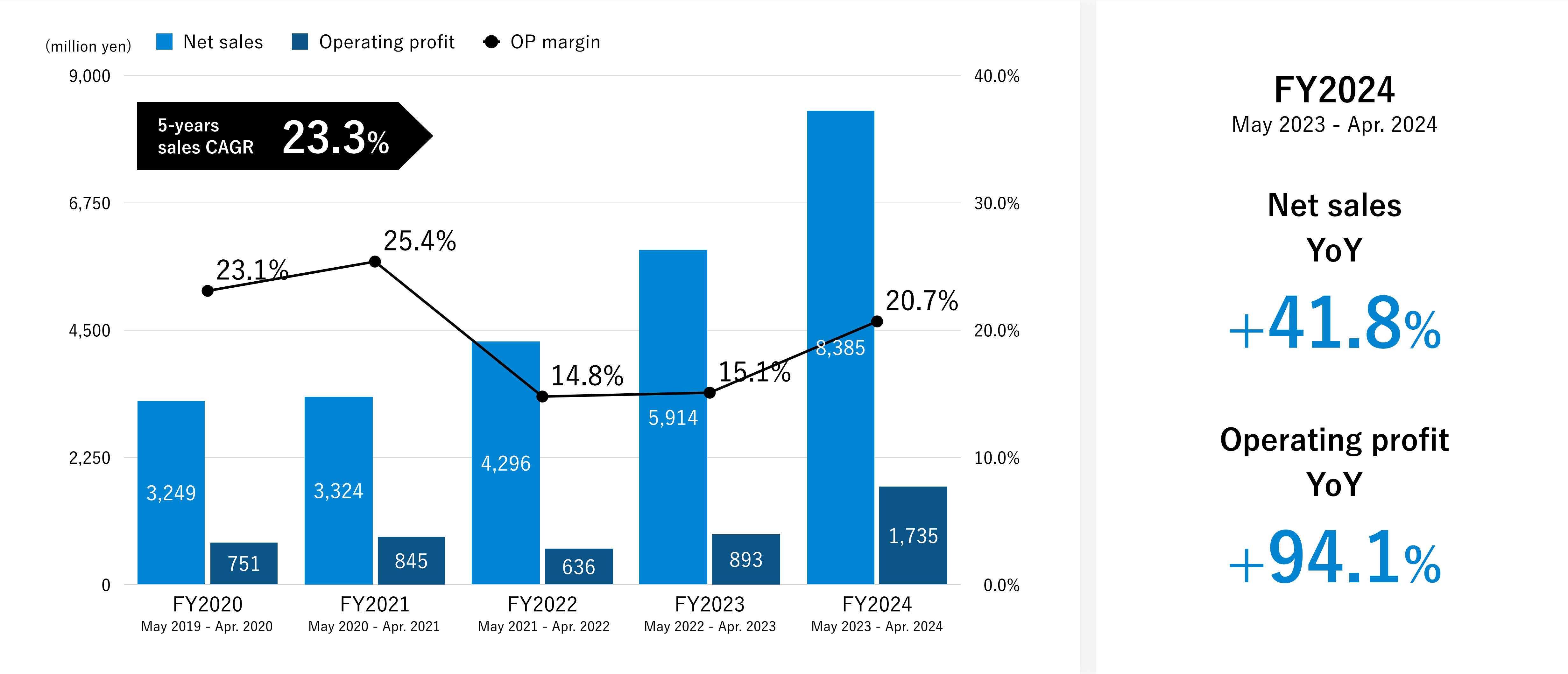
Changes in ROA and total assets





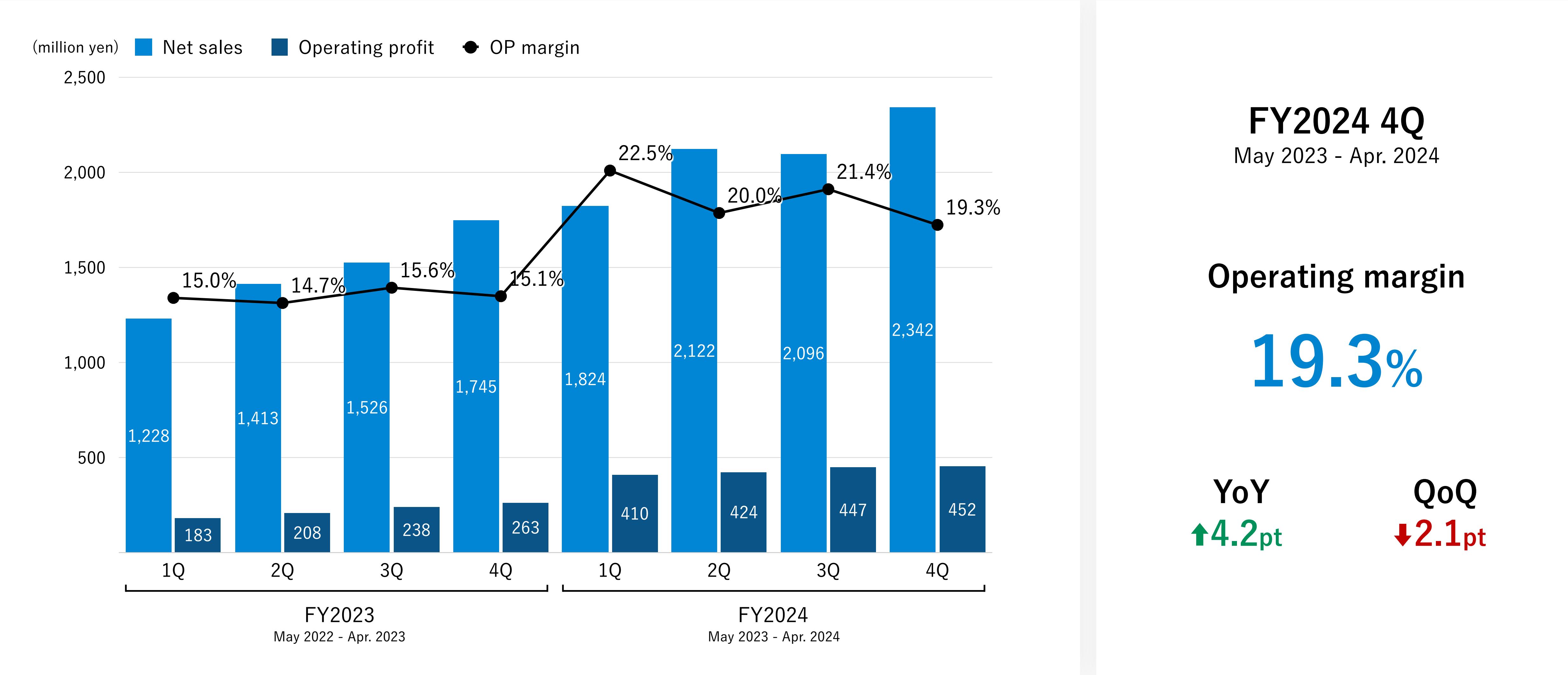
# Changes in Net Sales, Operating Profit, and Operating Margin

Revenue and operating profit grew significantly, exceeding initial forecasts with a YoY increase of 41.8% in revenue and 94.1% in operating profit. Despite ongoing S&M investments, SG&A expense efficiency improved, boosting the operating margin to 20.7%.



\*FY2022 includes the results of a consolidated former subsidiary(ROYAL GATE INC.).

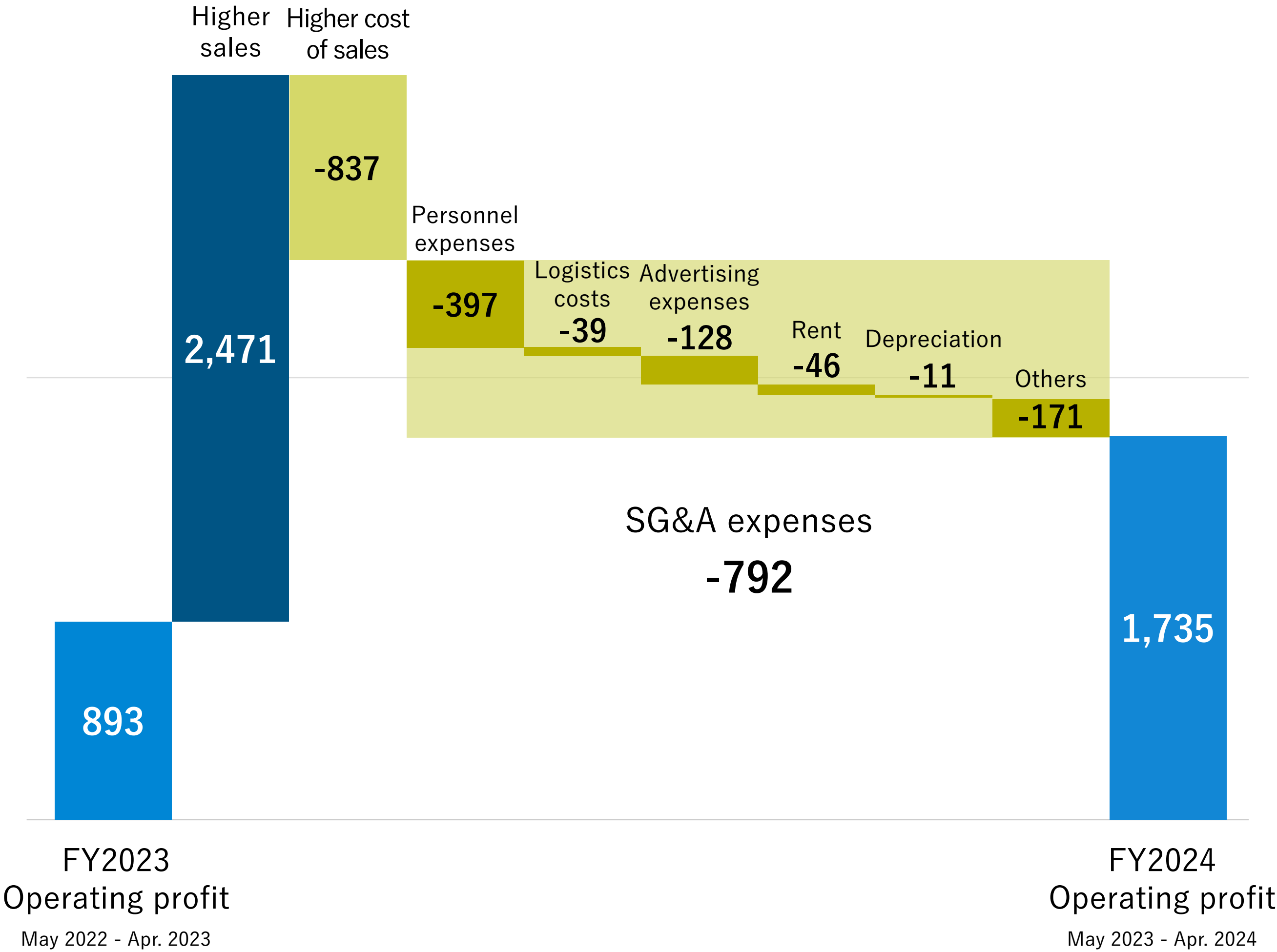
For FY2024, we maintained an operating margin around 20%, attributed to solid performance and SG&A expense efficiency, even with continued S&M investments.



\*Effective July 1, 2022, we completed the absorption-type merger with ROYAL GATE INC., which was dissolved as a result. The contribution of ROYAL GATE’s performance, previously a consolidated subsidiary, to the results for 1Q of FY2023 (ending in April) only includes one month from the effective date of the merger, July 1, 2023.

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(million yen)



Higher sales

- Number of new fee-based contracts increased.
- Increasing demand for currency update services due to new banknote issuance.
- Growth of consistent sales(monthly fees) due to low churn rate
- Price revision of monthly fees for cloud services

Higher cost of sales

- Increase in equipment purchases because of the growth in sales
- Increase in cost of production including labor costs

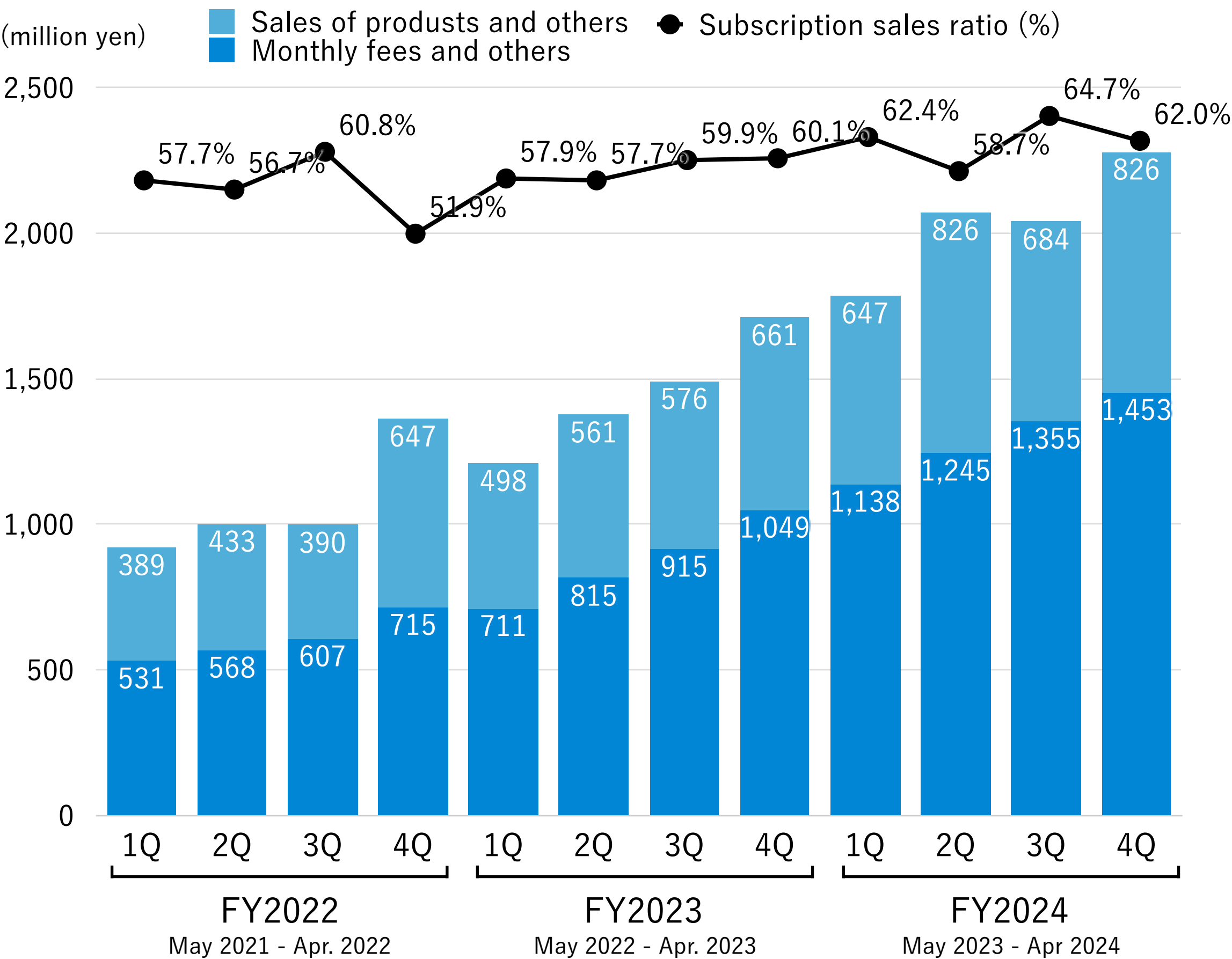
Higher SG&A expenses

- Higher personal expenses due to the increased of employees
- Increase in other expenditures associated with business expansion
- Smaller margin of increase in advertising expenses due to enhanced marketing efficiency

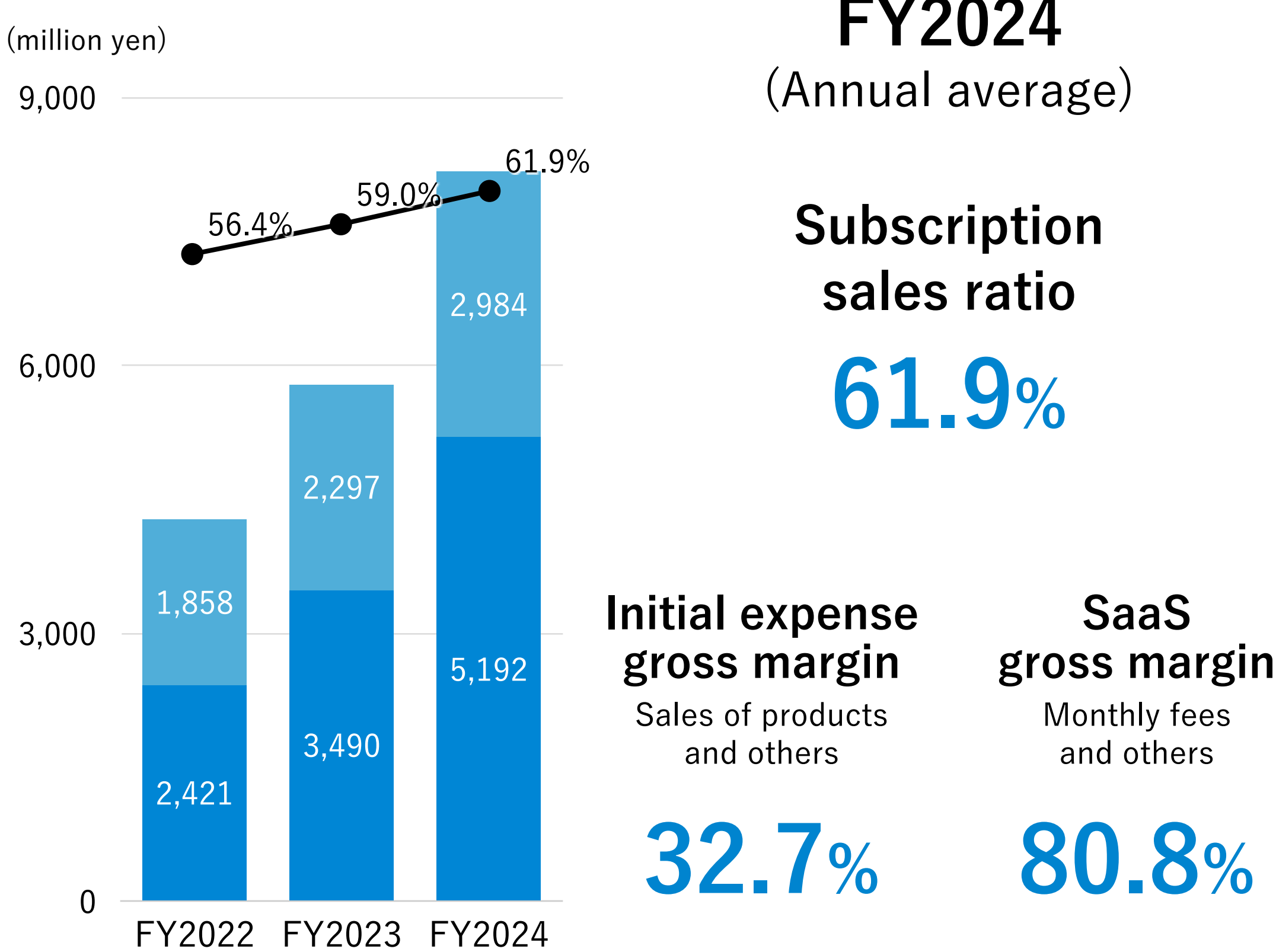
# Changes in Sales Composition

Due to special demand from new currency issuance, the initial cost gross margin fell by 4.7 points YoY. However, SaaS gross margin improved by 4.2 points YoY following price adjustments.

## Quarterly changes



## Annual changes



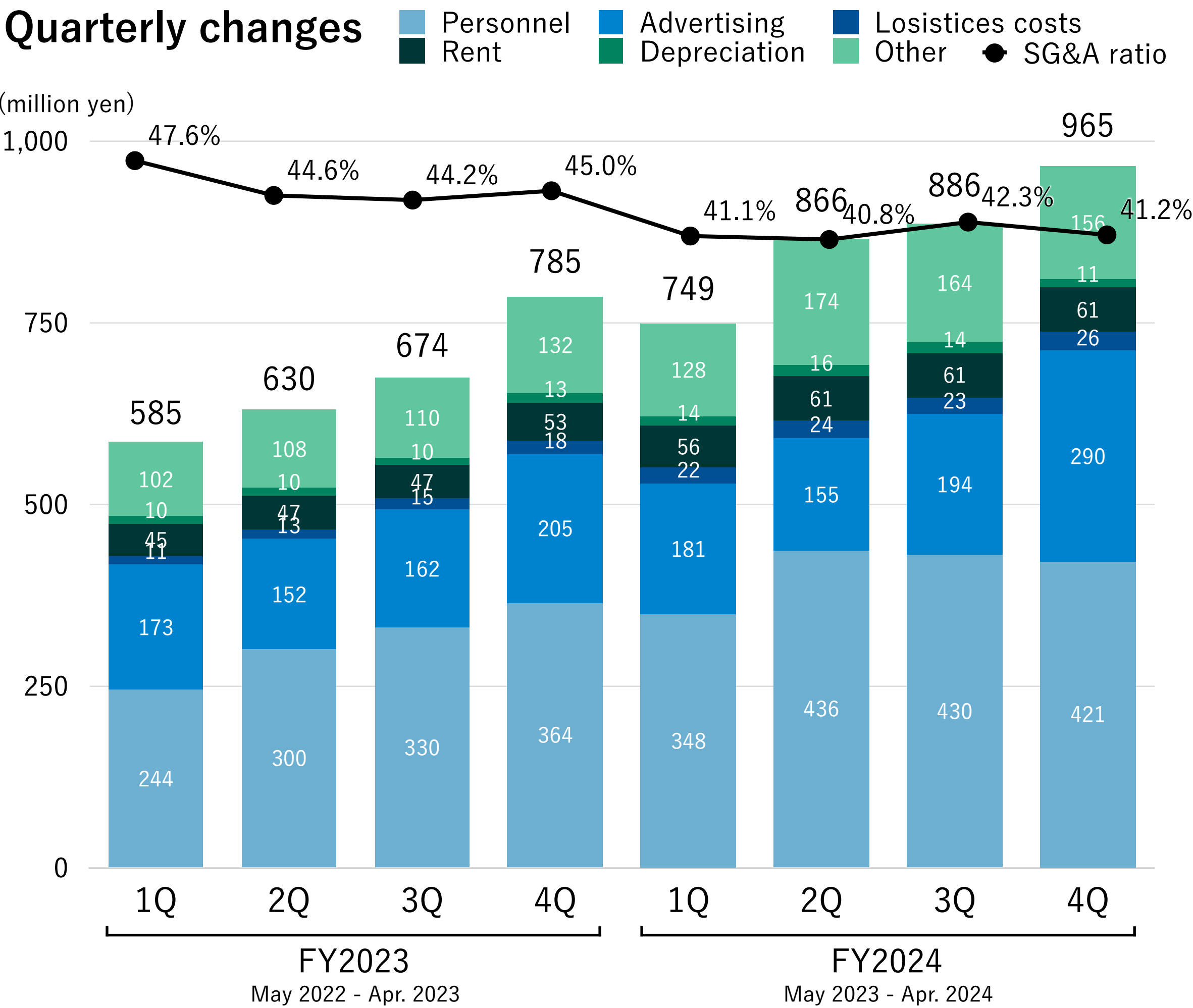
\*Sales from Other System Development Costs Not Included in the Graph \*4Q FY2022 Figures Reflect Consolidated Financial Results. 1Q FY2023, the performance contribution from the former consolidated subsidiary is only included for one month after the effective date of the merger, which was July 1st. \*Special Demand for System Upgrades in 2Q FY2024: The sales in "Equipment Sales, etc." for 2Q FY2024 include a surge in demand for system upgrades of automatic coin changers. This is due to the issuance of new banknotes in Japan in July 2024.

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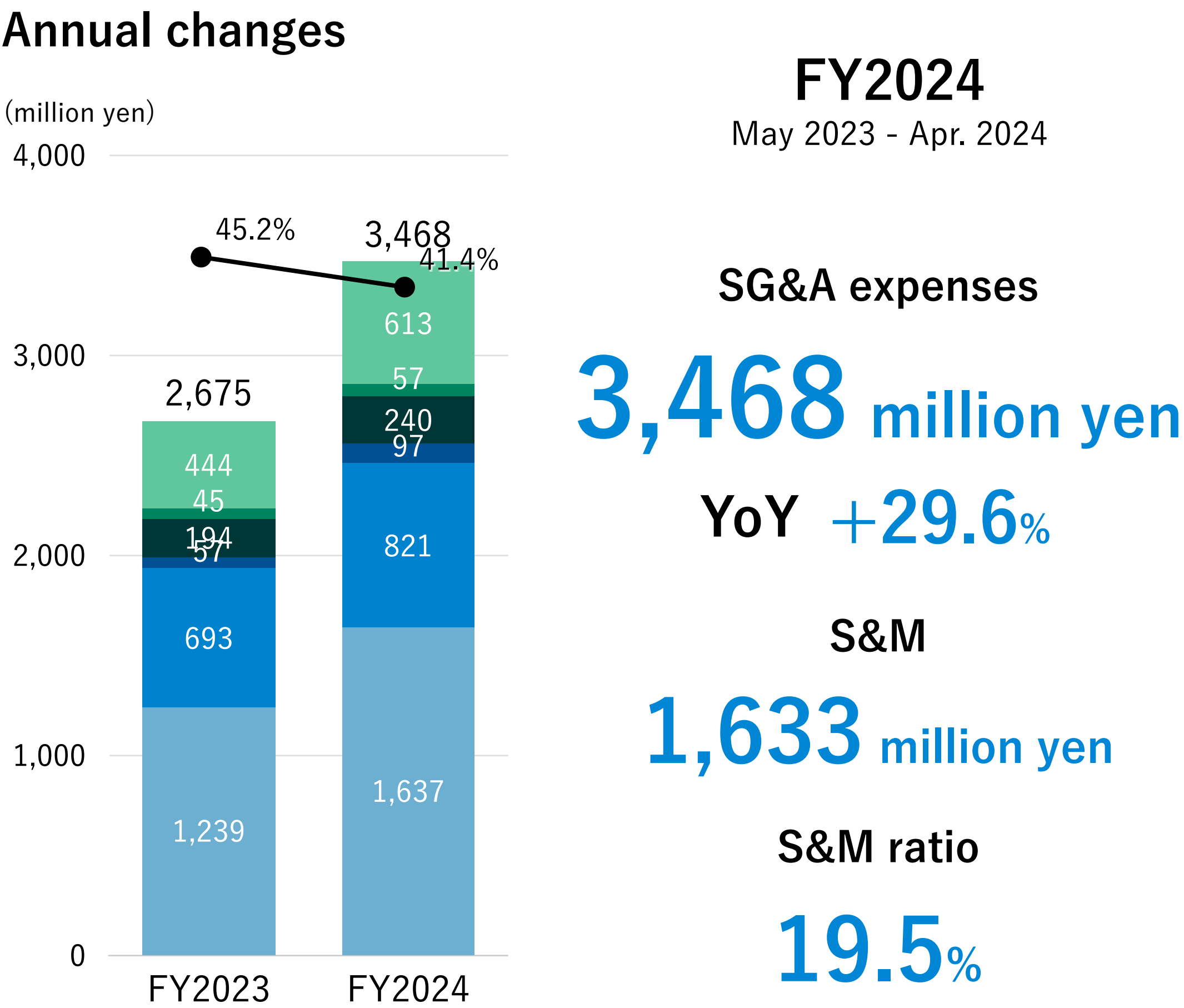
# Changes in SG&A expenses

Continuing S&M investments in line with our mid-term business plan, the efficiency of SG&A expenses improved, reducing the SG&A to revenue ratio by 3.8 points YoY.

## Quarterly changes



## Annual changes

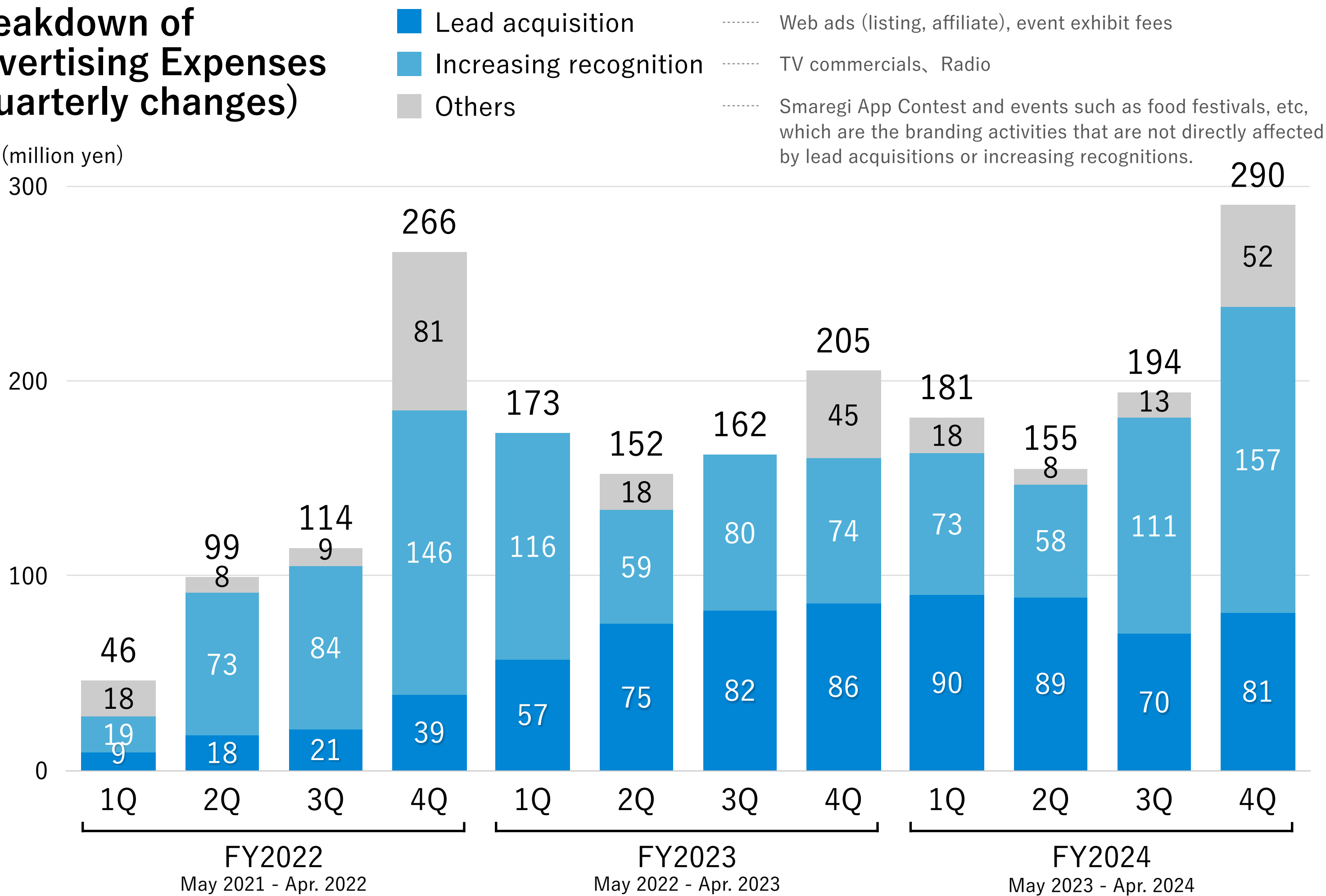




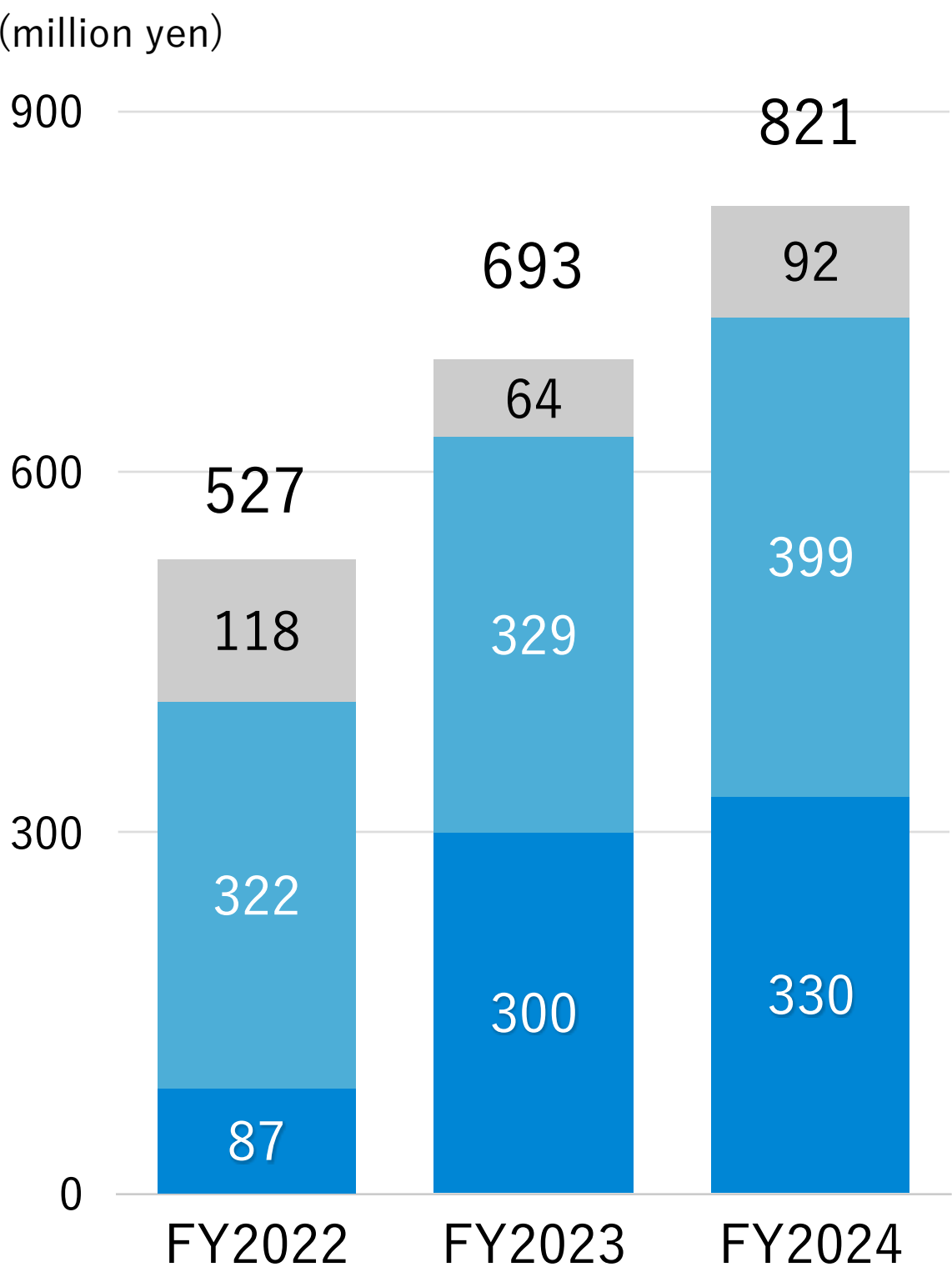
# Changes in Advertising Expenses

With a YoY increase of 18.5%, we optimized efficient investment focusing on brand awareness and lead generation, reducing the advertising expense ratio to 9.8%, a YoY decrease of 1.9 points.

## Breakdown of Advertising Expenses (Quarterly changes)

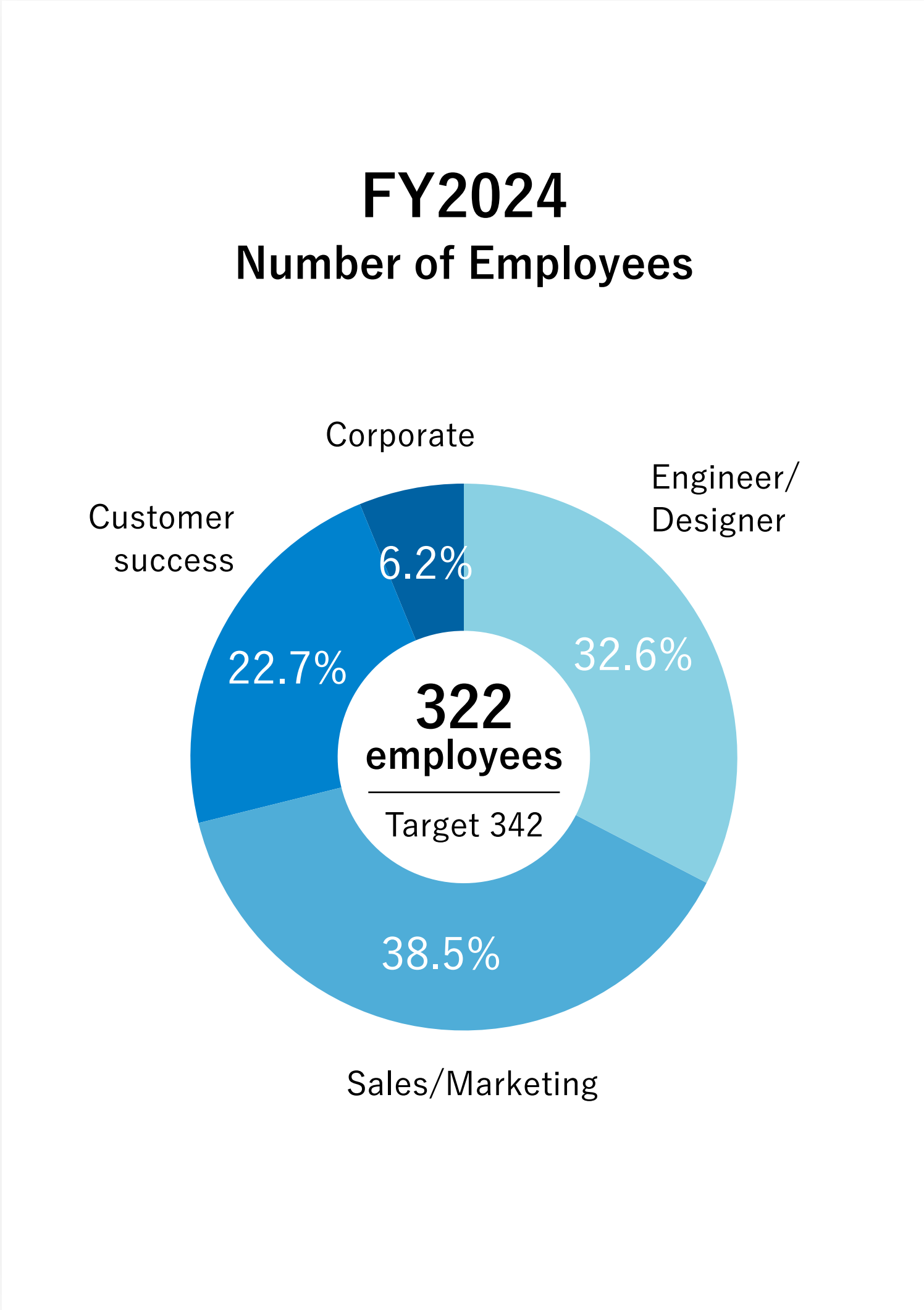
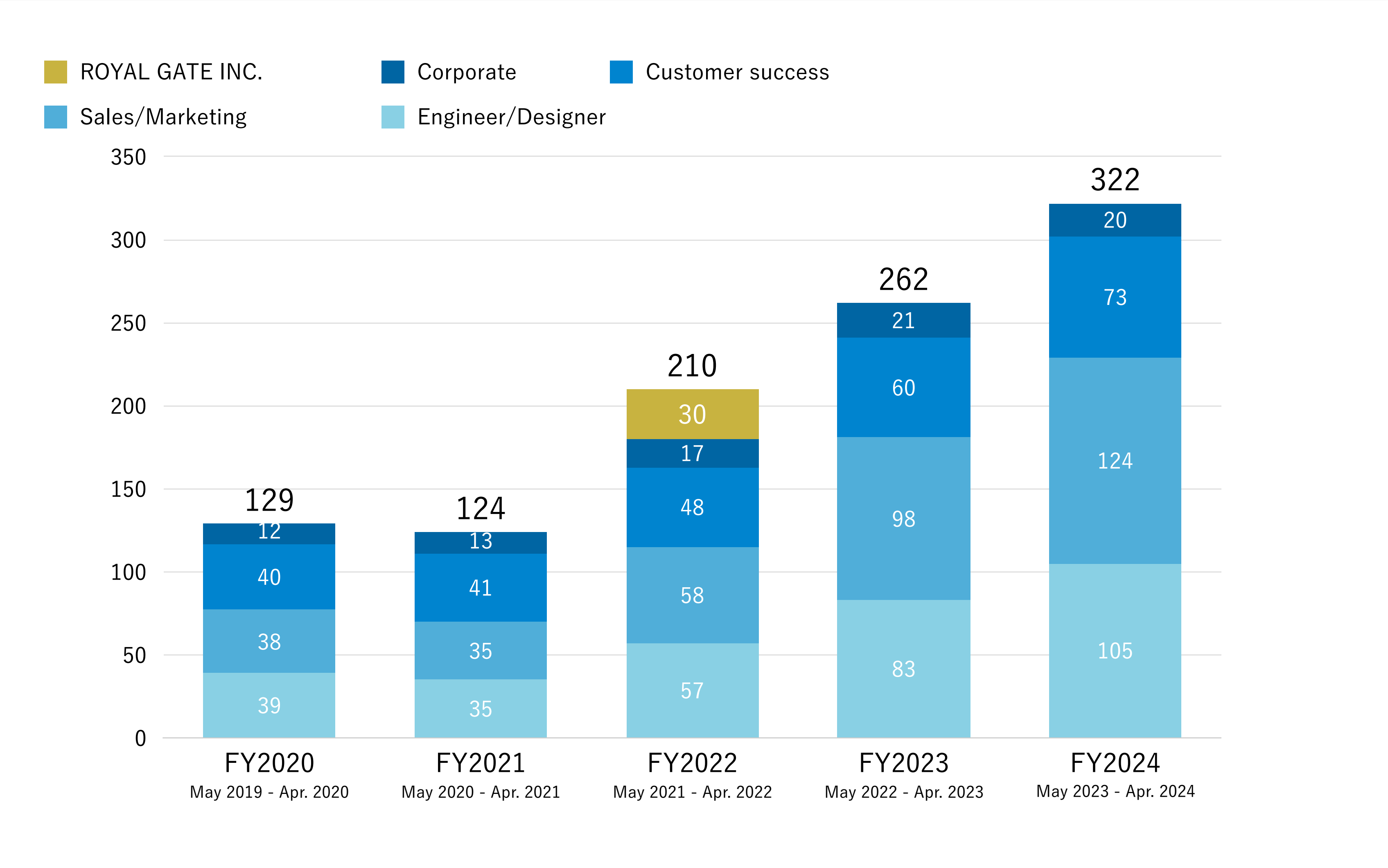


## Annual changes



# Growth in Number of Employees

We executed hiring plans focusing on engineers, designers, sales, and marketing roles. The number of employees grew by 60 YoY, reaching 322, achieving 94.2% of our plan.

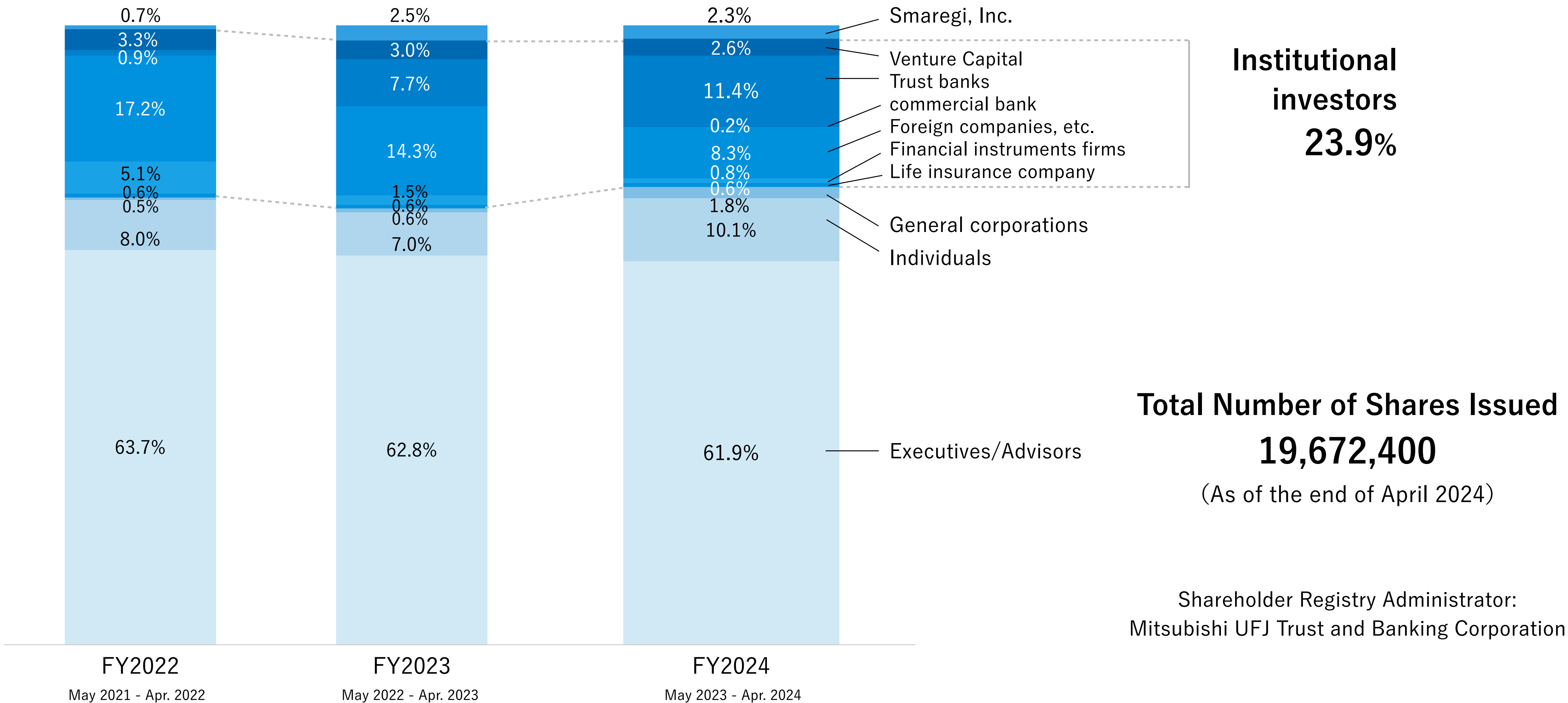


\*Excludes temporary employees and part-time employees.



# Main Shareholders

The proportion of shares held by institutional investors has decreased, while the ownership by general corporations and individuals has increased.



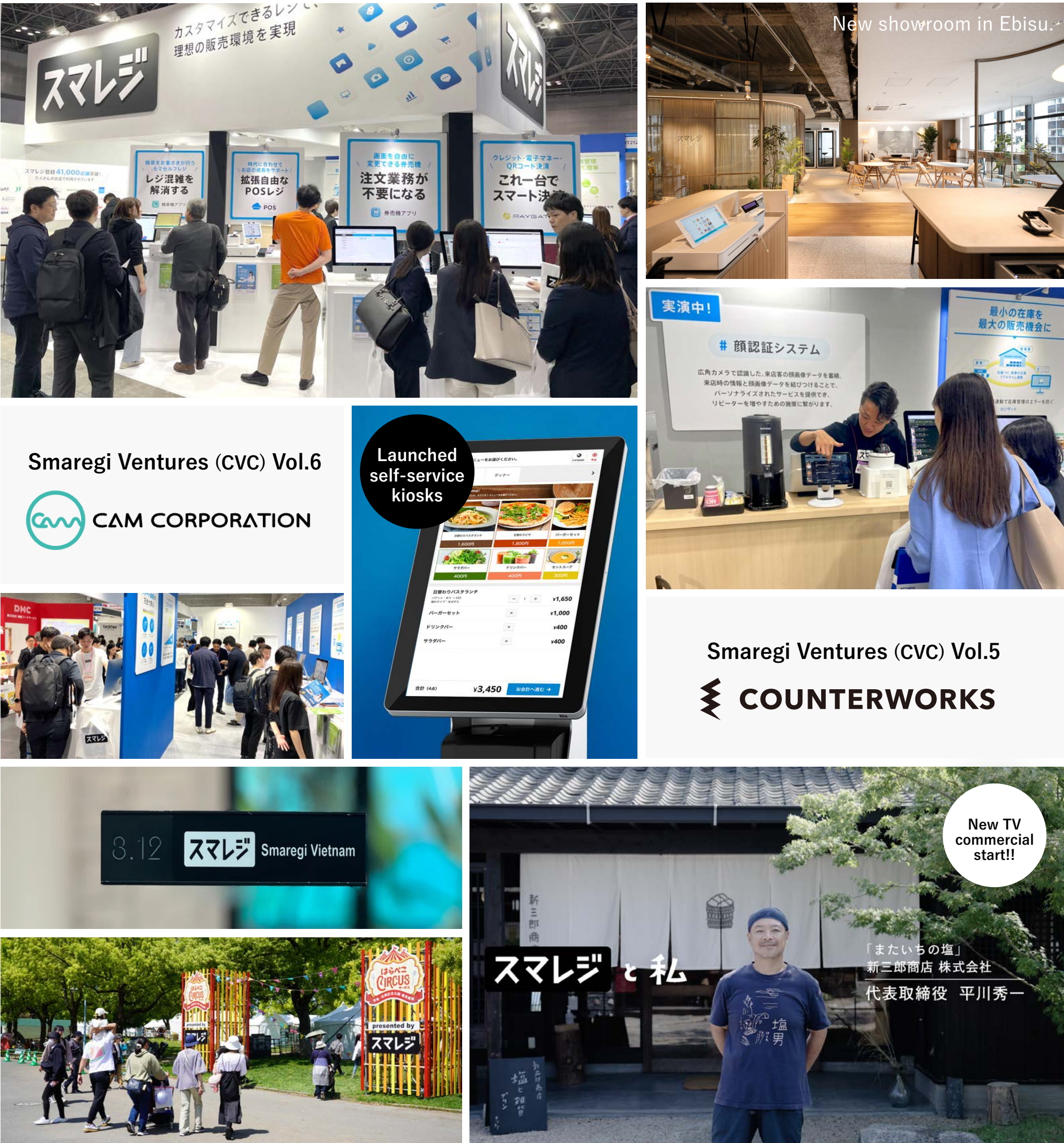
The basic policy of Smaregi is to pay a dividend that reflects results of operations and the current financial condition. As Smaregi is still in the growth phase of its operations, there has been no dividend since the company's inception in order to retain earnings needed for upcoming business operations 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.



# Business Summary





- Apr. 2024

- Announced the acquisition of the ResONE Plus business from Ligua Co., Ltd.
  - Limited time showrooms that travel to local cities (6 locations in Japan)
- Mar. 2024

- Launched self-service kiosks (ticket vending machines).
  - Participated in Japan's largest comprehensive IT fair, RETAILTECH JAPAN 2024
- Feb. 2024

- Participated in international hotel / restaurant / show, HOTERES JAPAN
- Jan. 2024

- Invested in CAMCORPORATION, a cloud ERP company for SMEs. (Smaregi Ventures)
- Jan. 2023

- Established a subsidiary in Vietnam as a new overseas software development base.
- Nov. 2023

- Started offering a monthly 0 yen plan for Smaregi PAYGATE
- Oct. 2023

- Invested in COUNTERWORKS, the provider of the online platform for event and pop-up retail space 'SHOPCOUNTER'. (Smaregi Ventures)
- Sep. 2023

- Relocated and expanded Shibuya Showroom to a convenient location near Ebisu station.
- Jul. 2023

- Participated in RETAILTECH OSAKA 2023
- Aug. 2023

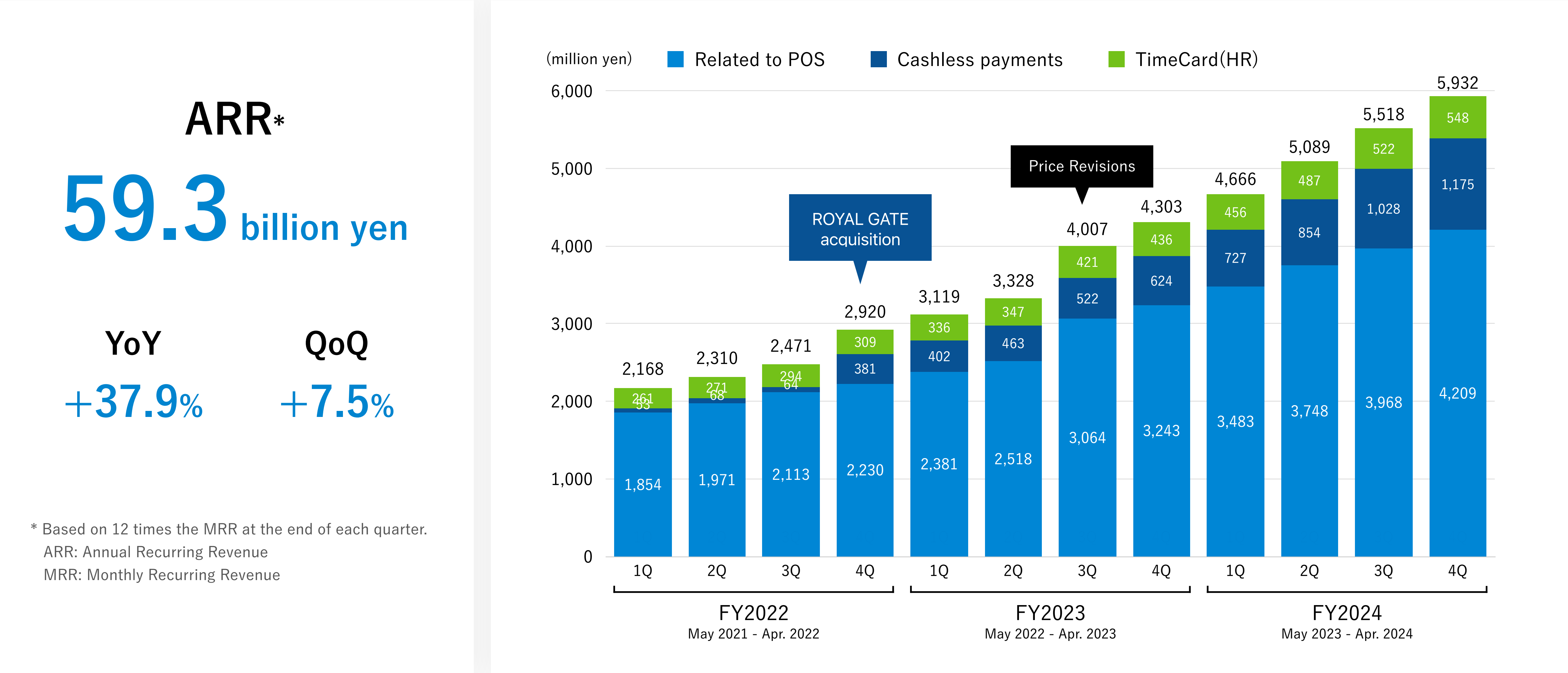
- Appointed Saki Ikawa, former Asia Director of BLUE BOTTLE COFFEE Inc., as an outside director.
- Jun. 2023

- Shugo Suzuki, Director of the Partner Promotion Department, appointed as Executive Officer.
- May 2023

- Smaregi sponsors the food festival "Harapeko Circus." Launched in 2022, this marks the second edition of the event.

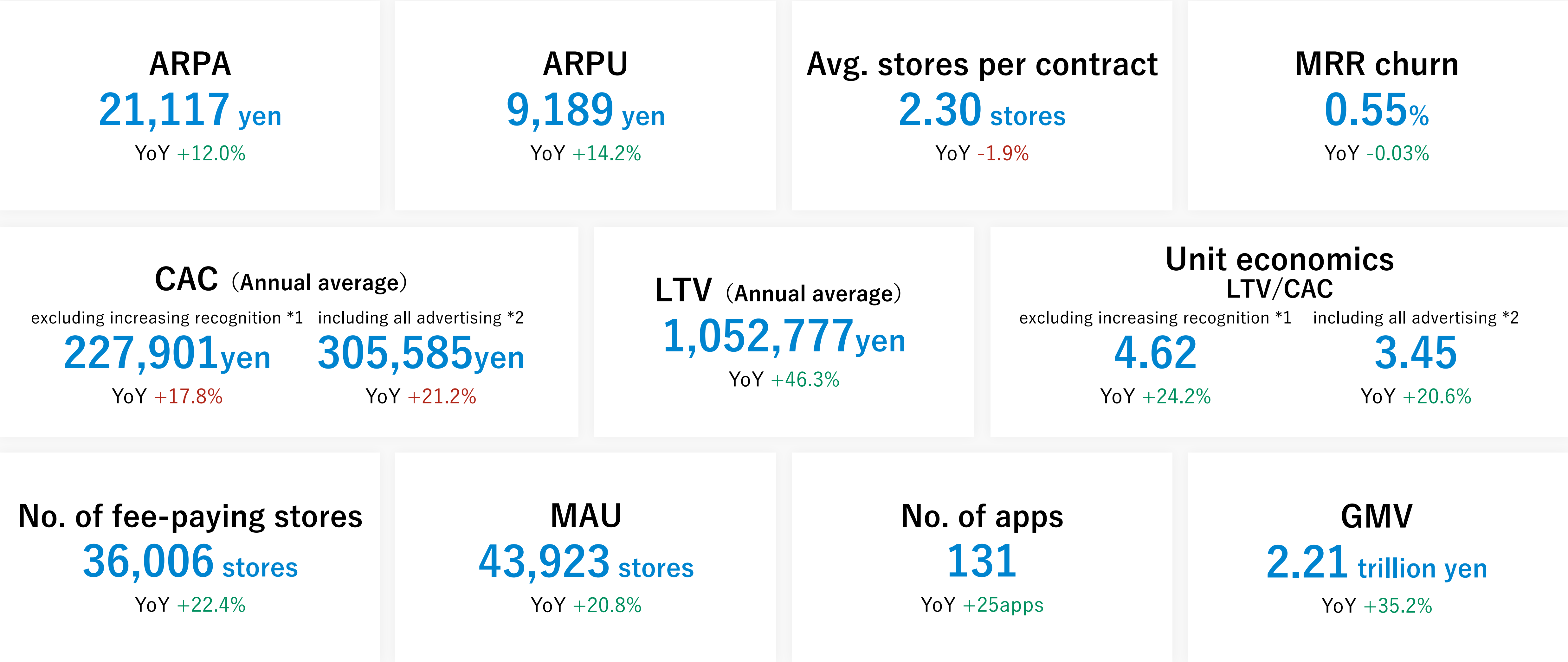


Due to an increase in the number of paid stores and price revisions, ARR grew to ¥5.93 billion, exceeding the plan (¥5.59 billion) by 6.1%. The ARR of cashless payment services saw a significant increase, growing by 88.1% YoY.



POS: POS monthly fees, equipment subscription, additional options (terminal addition fees, self-checkout fees, member-limit additional fees, etc.), Smaregi App Market, etc, Cashless payments: Consisting of fixed charges and usage-based charges. Breakdown: Fixed: 56% Usage-based: 44% (as of the end of April 2024), TimeCard (HR): Time management monthly fees.

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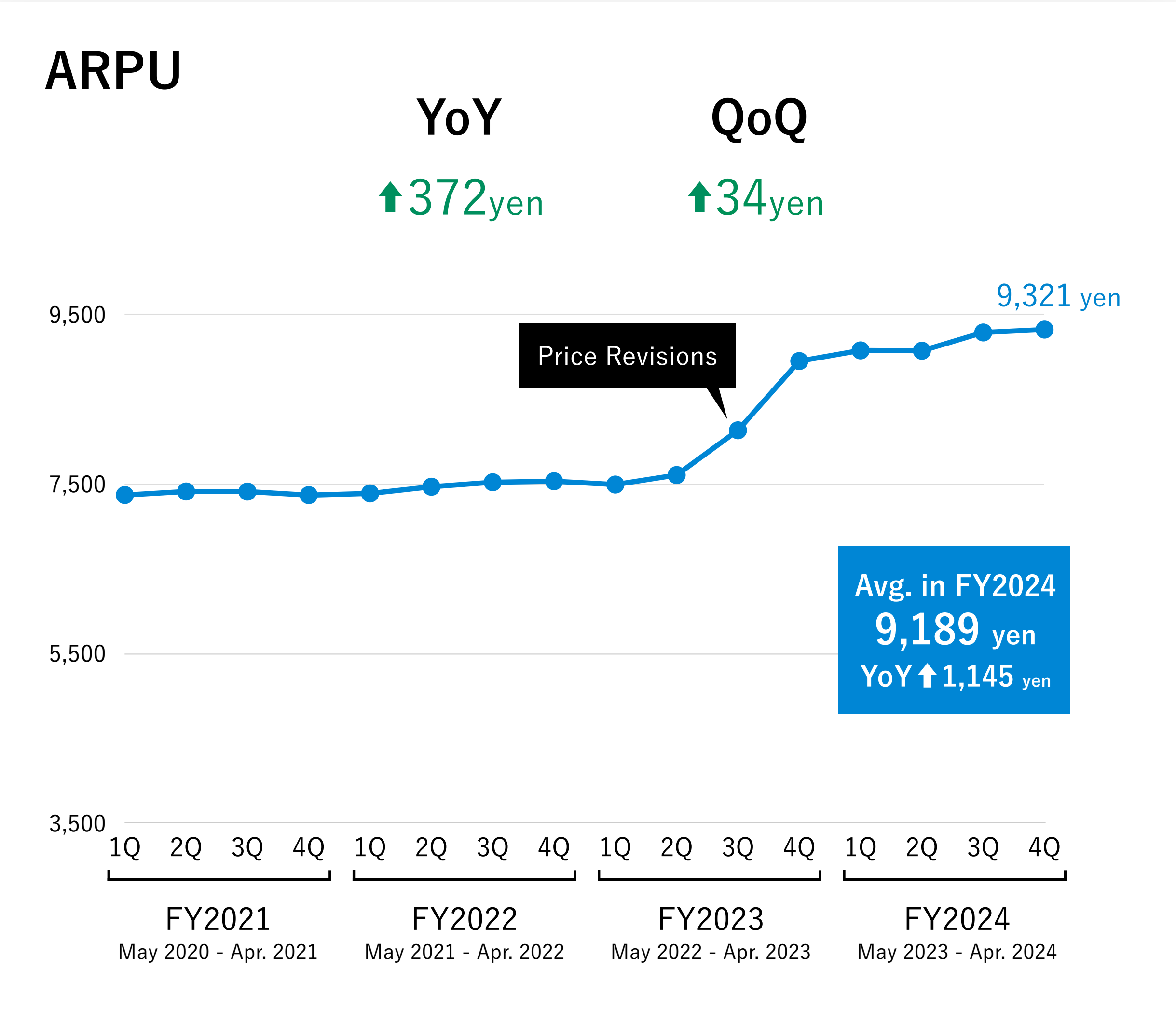
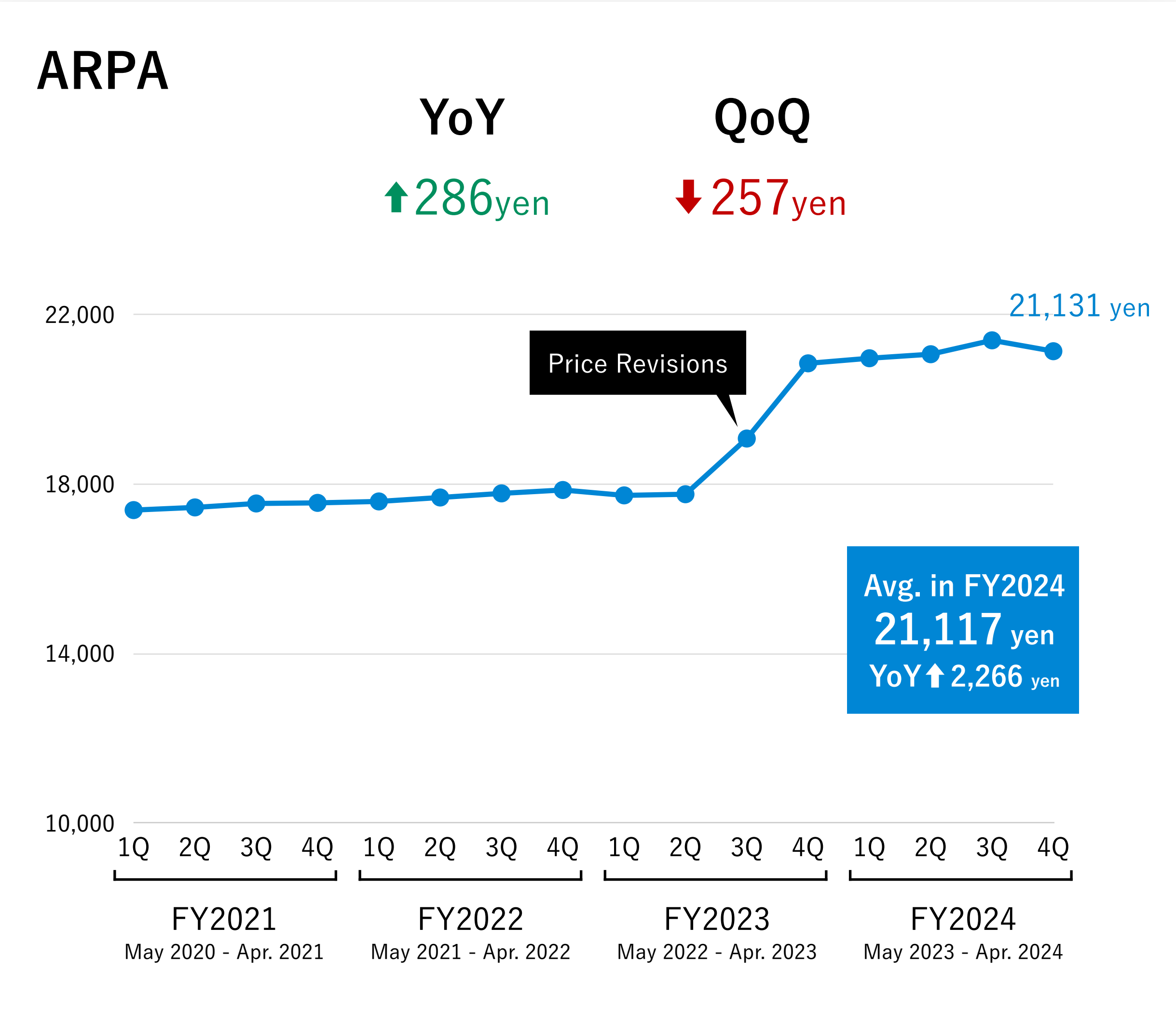


**ARPA:** revenue per customer for each fee-based contract, **ARPU:** revenue per customer for each fee-paying store, **MRR churn:** the attrition rate calculated by using Smaregi monthly recurring revenue, **CAC:** the customer acquisition cost per contract, **LTV**(customer lifetime value): the lifetime 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

\*1 Calculated excluding increasing recognition expenses (e.g., TV commercials, radio) from total advertising costs.  
\*2 Calculated including all advertising expenses, including those for increasing recognition (e.g., TV commercials, radio).



Following the price revision\* over a year ago, customer pricing has remained stable. Year-over-year (YoY) comparisons show a 12.0% increase in ARPA and a 14.2% rise in ARPU. \*Price revision implemented in January 2023 (FY2023Q3).

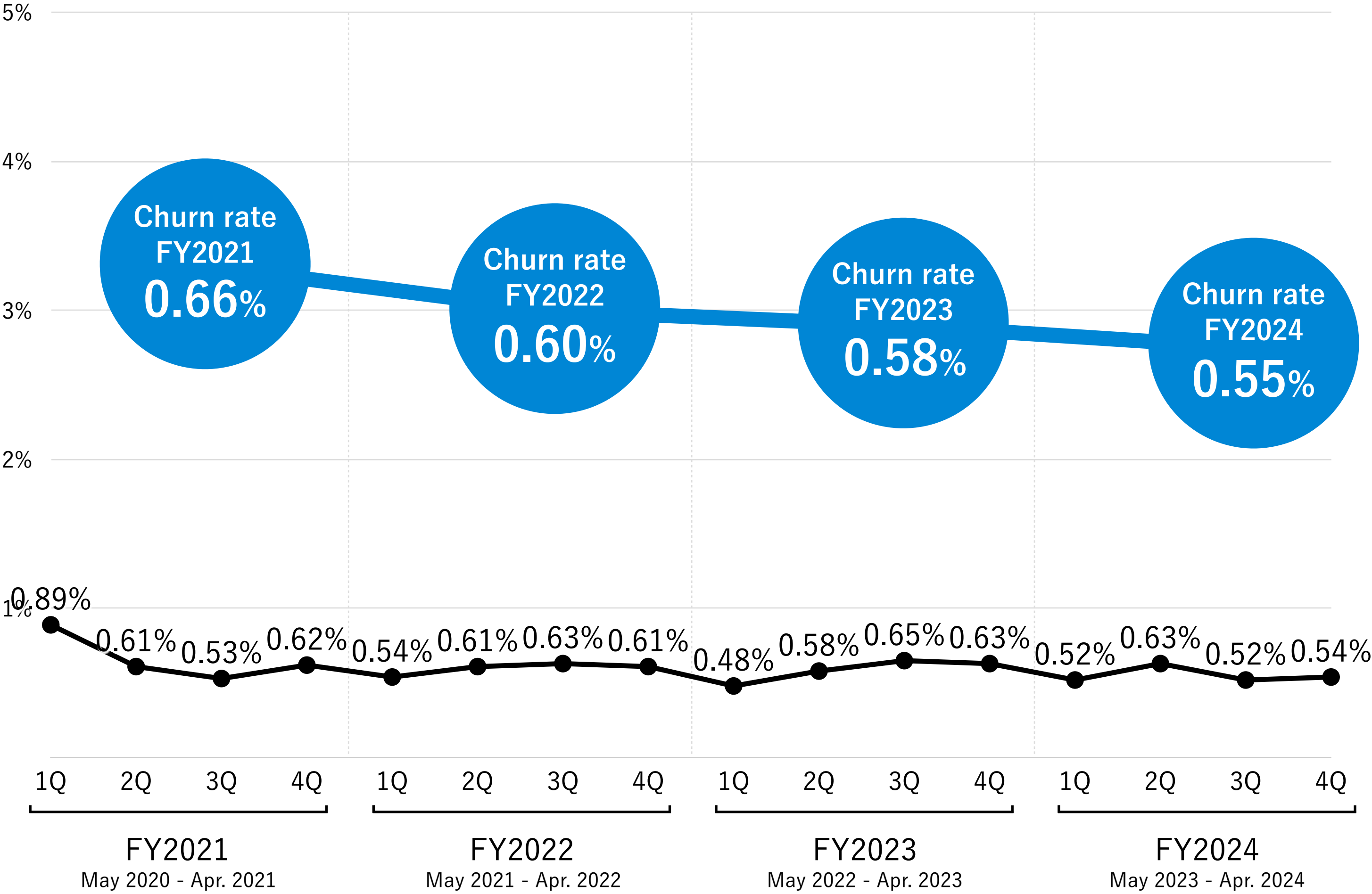


\*ARPA(Average Revenue Per Account): Customer unit price per contract ID (only for paid plan contracts),  
\*ARPU(Average Revenue Per User): Customer unit price per store (only for paid plan contracts). Both are NOT include sales from Smaregi TimeCard, Smaregi App Market, or the payment service.



Continued Initiatives for Enhancing Onboarding and Improving Service Quality. There was no impact from price revisions, and the average churn rate for the fiscal period ending in April 2024 reached a historic low of 0.55%.

Lowest ever

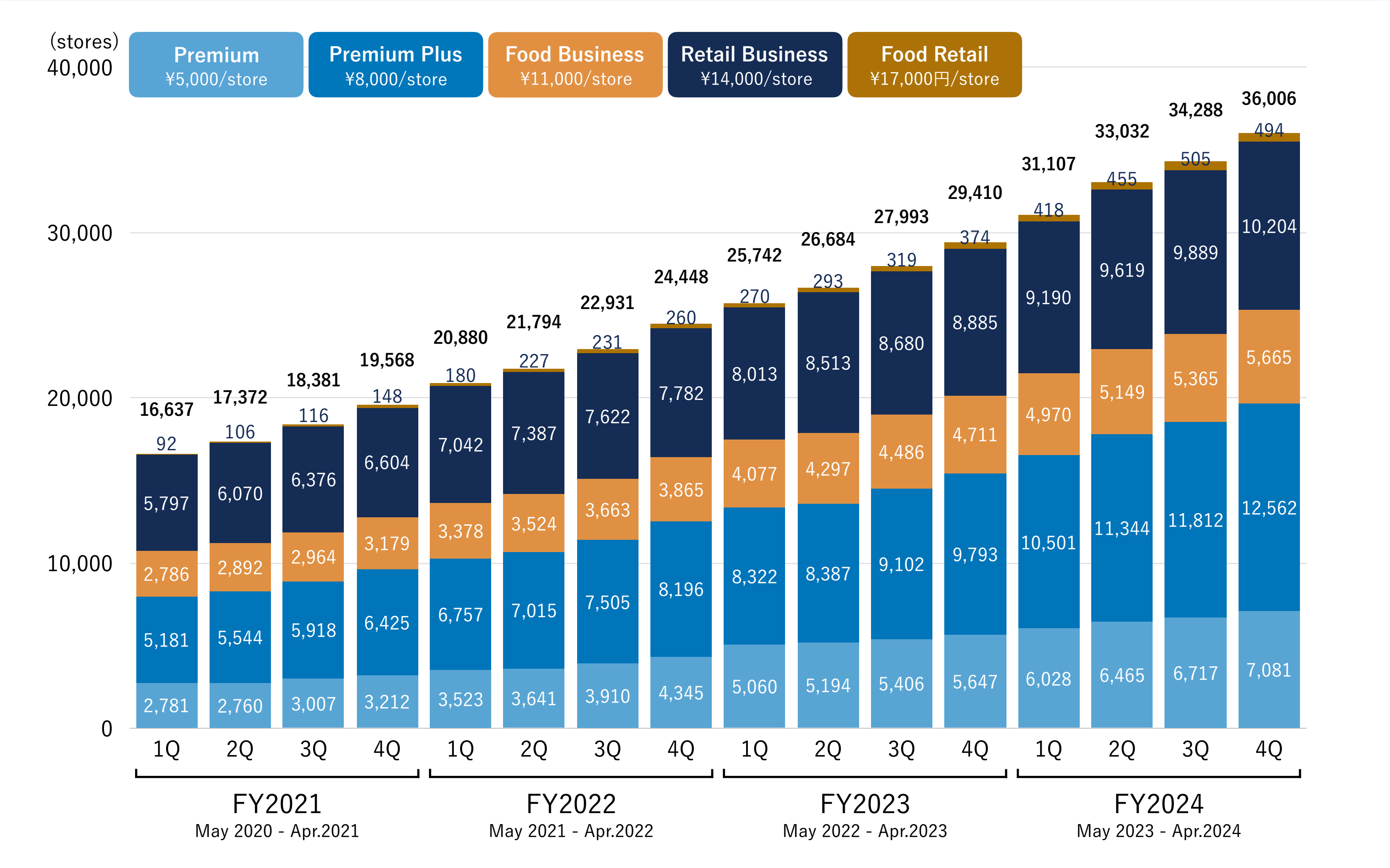


**FY2024**  
**Churn rate**  
May 2023 - April 2024  
**0.55%**

**YoY**      **QoQ**  
↓ 0.03pt    ↑ 0.02pt

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

The increasing trend continues even after the price adjustment in January 2023. The number of paid stores shows a YoY growth of +22.4%.



Fee-paying stores\*

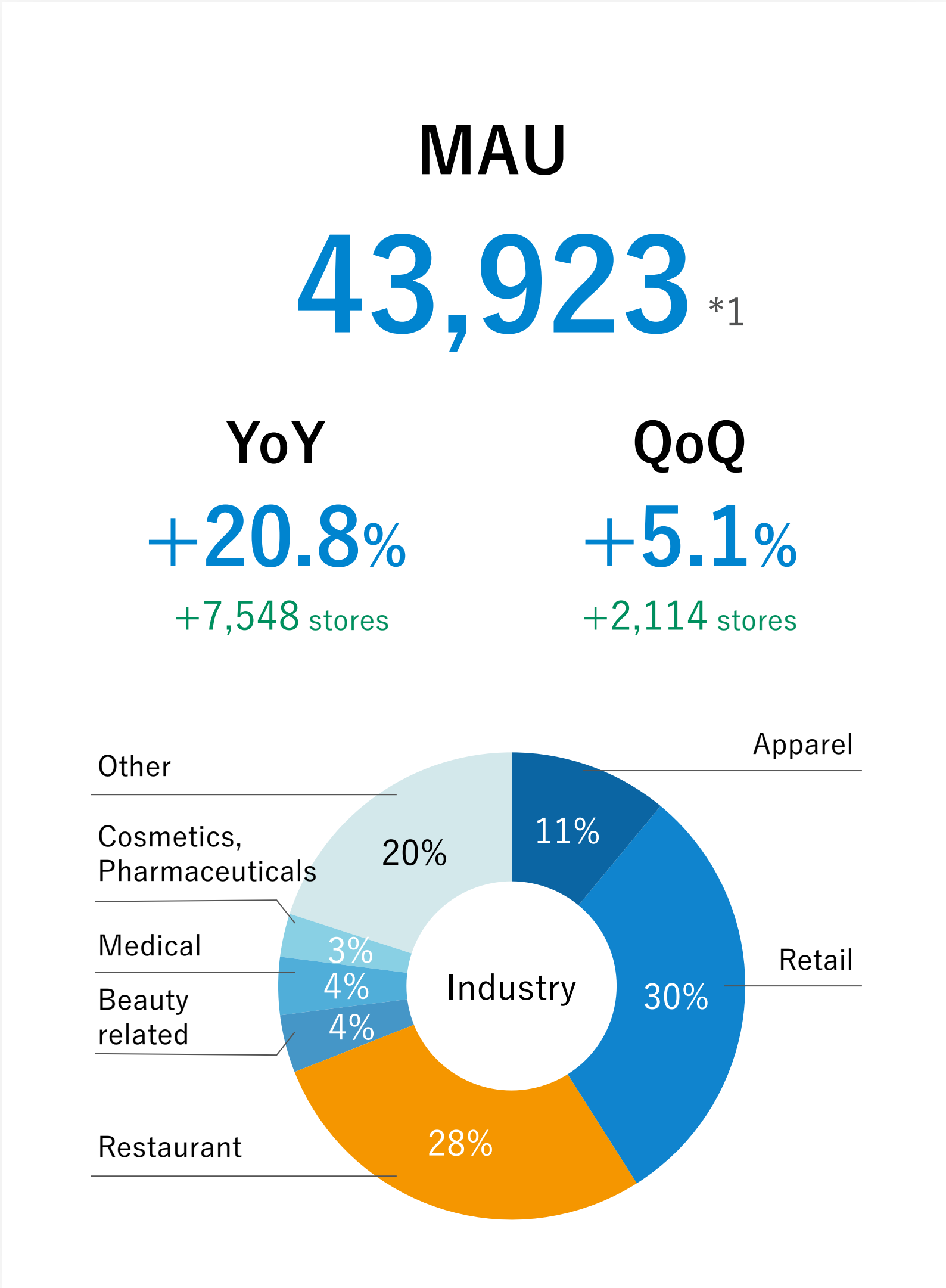
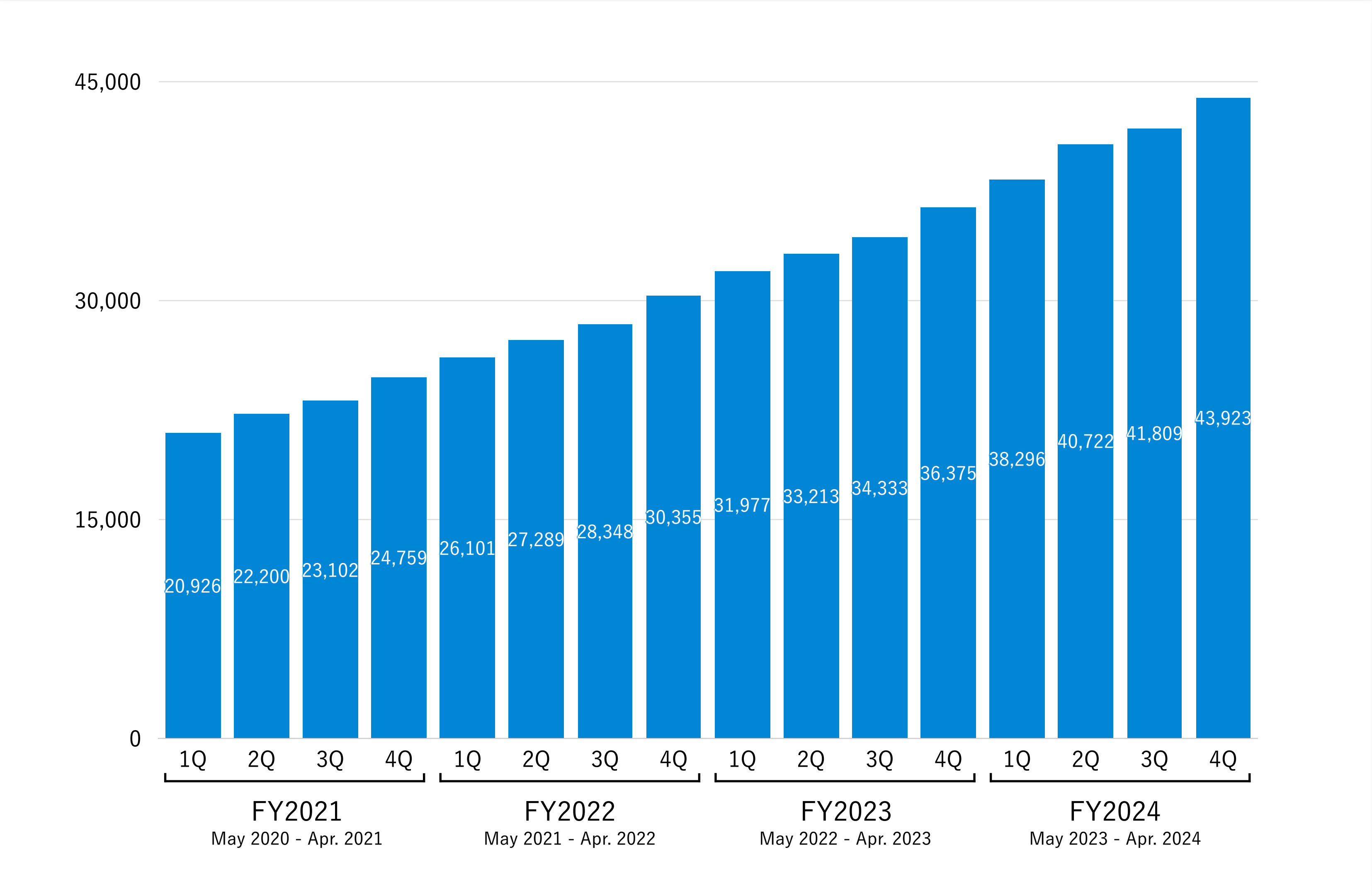
36,006

YoY +22.4% +6,596stores  
QoQ +5.0% +1,718stores

\*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 30, 2024, the number of fee paying stores is 36,303 stores. For details, please refer to the [IR site](#).

\*Smaregi aims to realize more widespread use of its services and has set the number of fee-paying stores and active stores (instead of no-free stores) as important KPIs. \*Free plan stores paying a fee due to the use of an optional service are not included in this graph. \*The price for each plan is the monthly price after the January 2023 revision (excluding tax).

The number of stores increased 20.8% YoY to 43,923 stores, building up toward the target of 300,000 active stores.



\*The number of 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 when the stores utilize inventory management and other functions, if there are no commercial transactions then they are not counted.

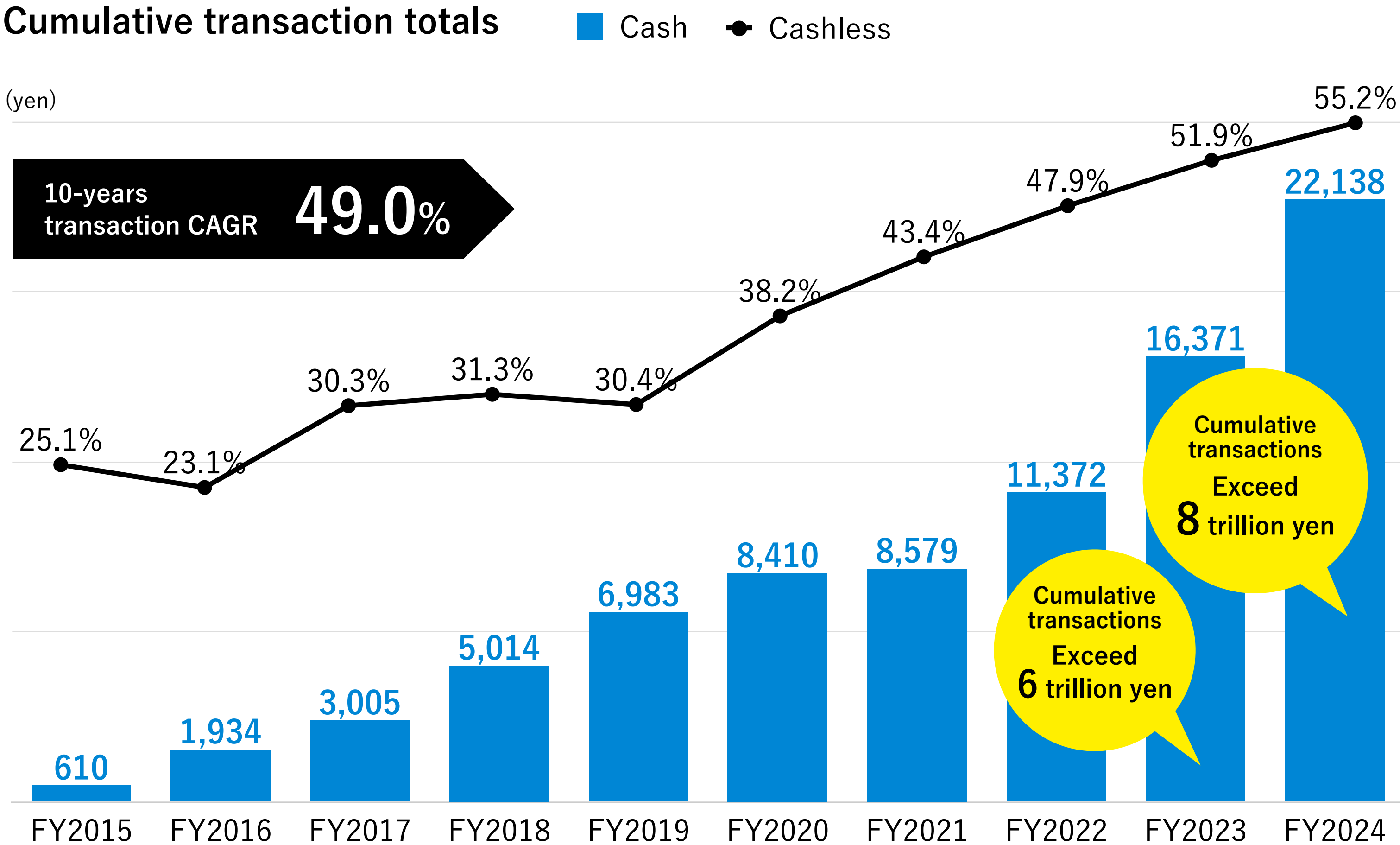
\*1 The latest number of active stores (as of May 30, 2024) is 44,348 stores. For details, please refer to the [I R site](#).

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In February 2024, we surpassed 8 trillion yen in cumulative transactions. For FY24, the total transaction volume expanded by 35.2% YoY to 2.213 trillion yen. The cashless transaction ratio in Smaregi-using stores increased to 55.2%, contributing to Japan's shift towards cashless payments.\*

GMV growth ratio  
YoY  
**+35.2%**

Cumulative  
Transaction Amount  
**8.4 trillion yen**  
(As of April 30, 2024)

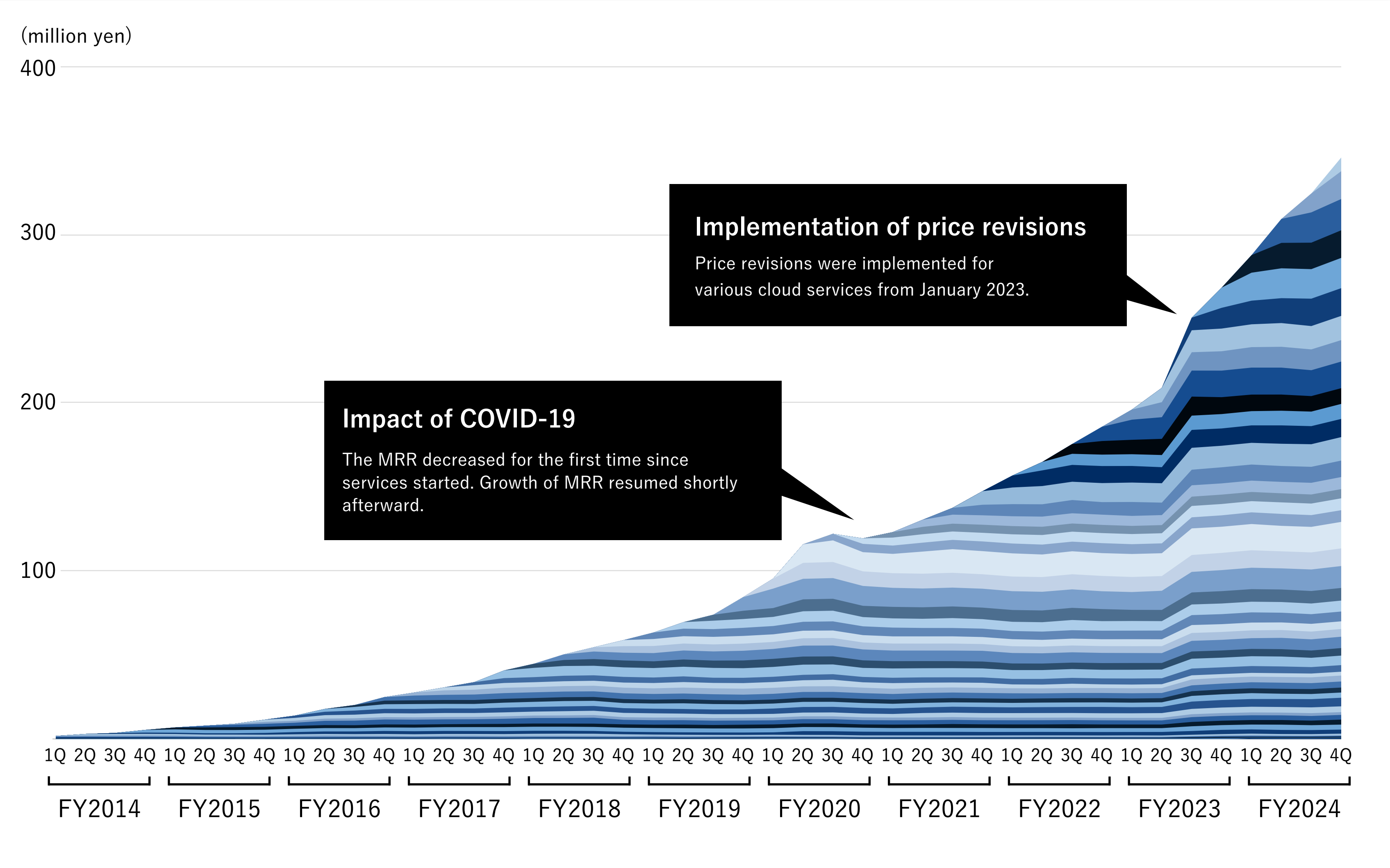


\*The Ministry of Economy, Trade and Industry (METI) is promoting cashless payments with the goal of increasing the ratio of cashless payments to about 40% by 2025. The cashless payment ratio in 2022 was 36.0% (as announced by METI in April 2023). \*Cashless transactions: Also includes credit cards, electronic money, QR code payments, and some tradable coupons, gift certificates, etc.





Monthly Recurring Revenue (MRR) is steadily increasing due to the acquisition of new customers and stable continued usage with a low churn rate. Achieving sustainable growth.



**FY2024 4Q**

**MRR**  
(POS service only)

**345 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**  
**548 million yen**  
YoY +25.7%

**ARPA**  
**6,513 yen**  
YoY +8.7%

**Registered locations**  
**151,256**  
YoY +13.8%

**Registered employees**  
**3,014,546**  
YoY +17.4%

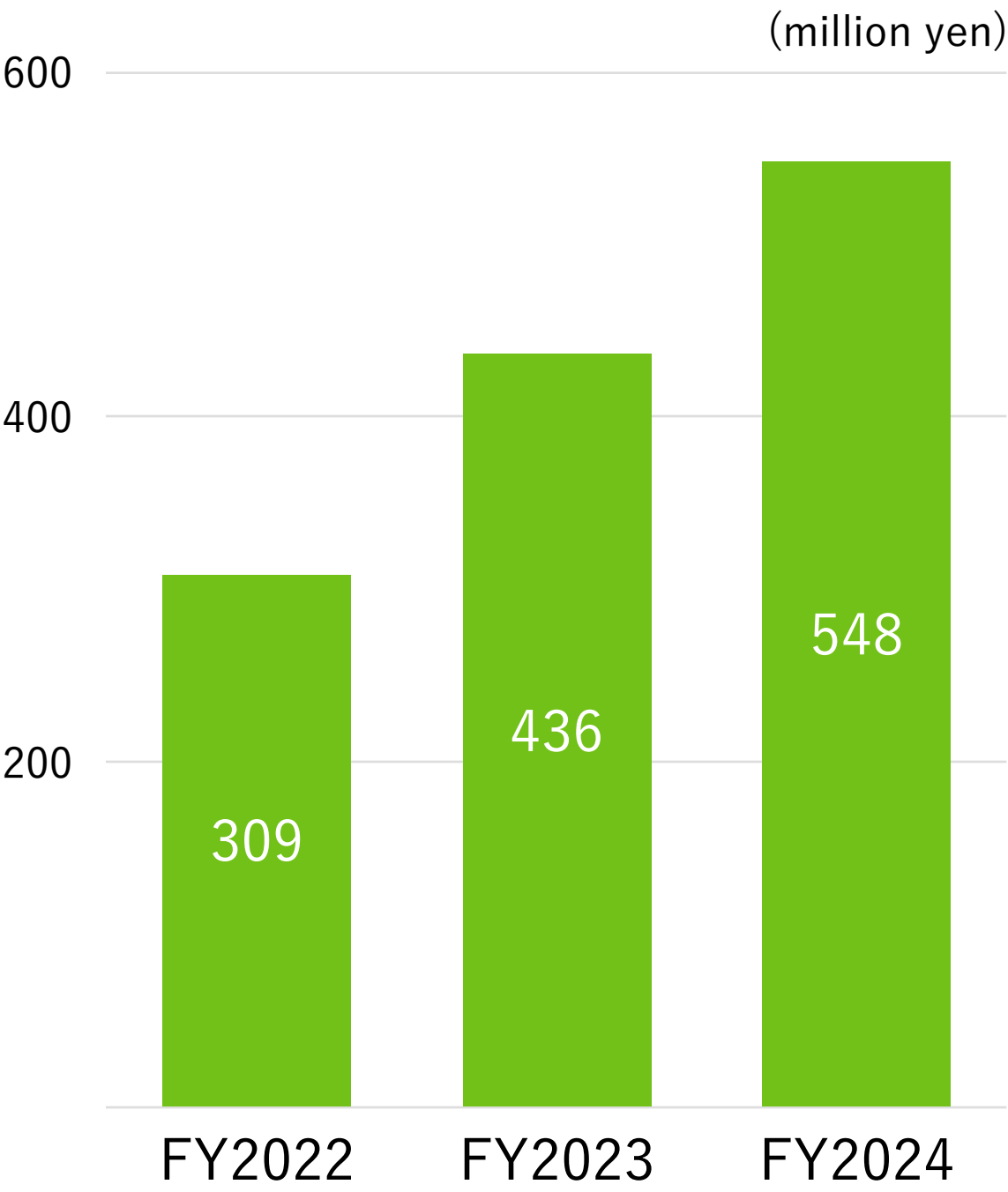
**Usage ratio by POS users**  
(Cross-selling rate)  
**12.1%**  
YoY ± 0pt

**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.

Our efforts in sales strengthening, customer success, and feature enhancements have fueled continuous growth. New customer acquisition and upselling to existing customers progressed smoothly, leading to a 25.7% YoY growth in ARR.

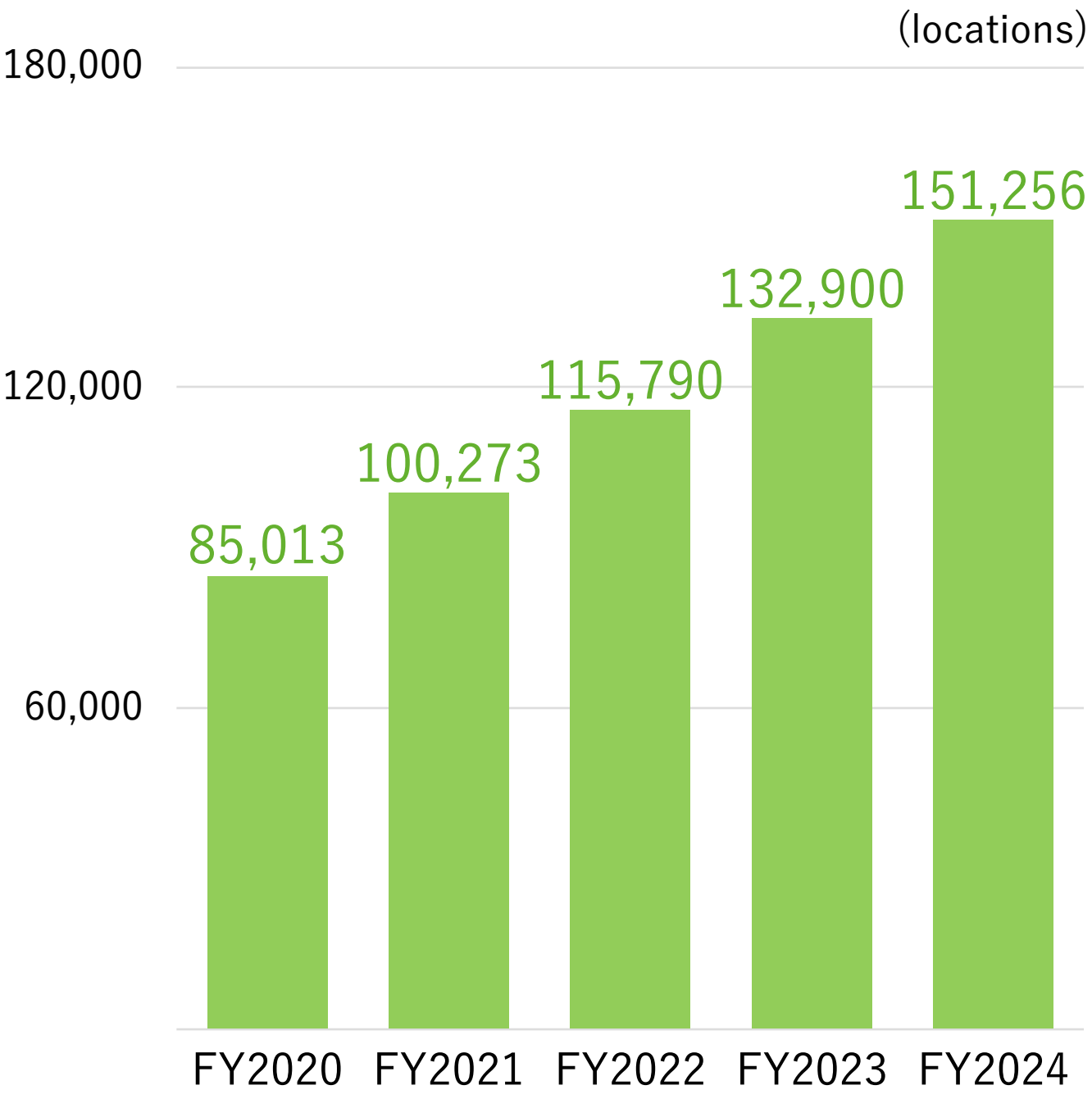
ARR

YoY +25.7%



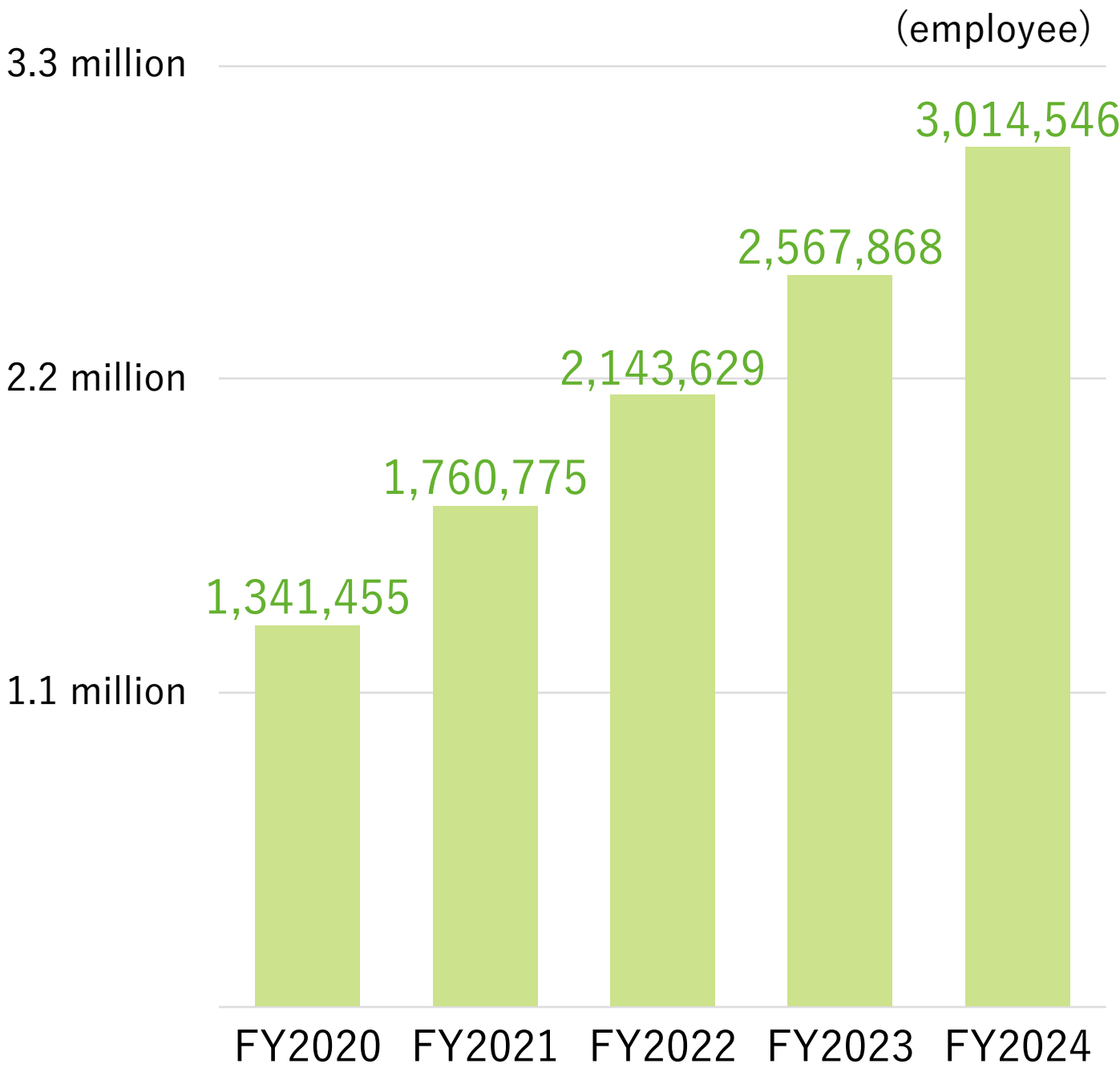
Registered locations

YoY +13.8%



Registered employees

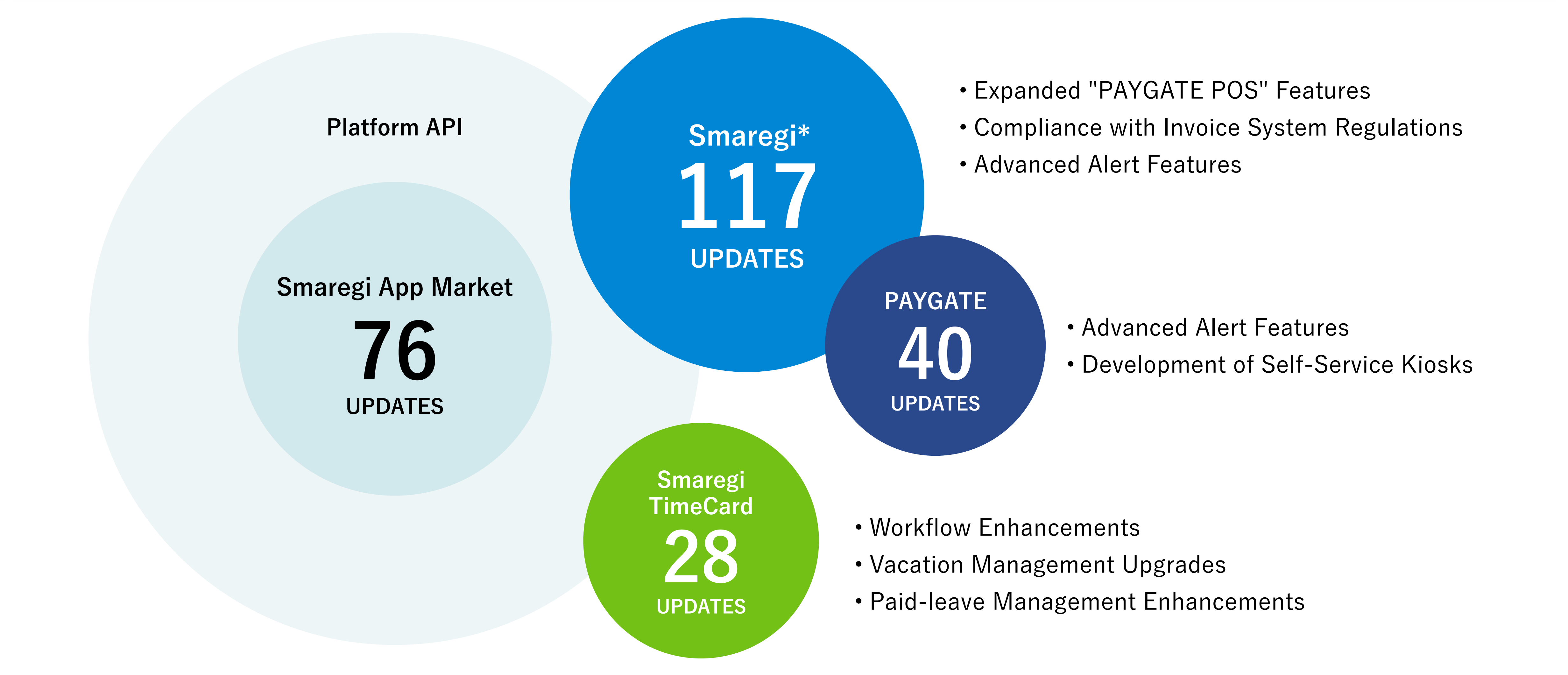
YoY +17.4%





# Key Enhancements and Developments Activities in FY2024

We launched the user-friendly “Self-Service Kiosks” (ticket vending machines)! In response to user feedback and requests, we implemented a total of 261 updates, including feature enhancements and improvements.



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

An abstract graphic consisting of numerous horizontal bars of various colors (cyan, yellow, orange, green, blue, pink, purple) scattered across the upper half of the slide, creating a dynamic, layered effect.

# Business Plan for FY2025

# Forecast of the FY2025 (Plan)

For the fiscal year ending April 2025, we plan to achieve revenue and profit growth driven by our mid-term business plan's growth strategy. We aim to increase ARR (Annual Recurring Revenue) through the expansion of contract volumes and customer unit prices, targeting our first-ever revenue exceeding 10 billion yen.

| (million yen)    | FY2025<br>May 2024 - Apr. 2025 |        | FY2024<br>May 2023 - Apr. 2024 |
|------------------|--------------------------------|--------|--------------------------------|
|                  | Plan                           | YoY    | Results                        |
| Net sales        | 10,688                         | +27.5% | 8,385                          |
| Operating profit | 2,033                          | +17.2% | 1,735                          |
| Ordinary profit  | 2,033                          | +19.8% | 1,696                          |
| Profit           | 1,414                          | +16.6% | 1,212                          |



# 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

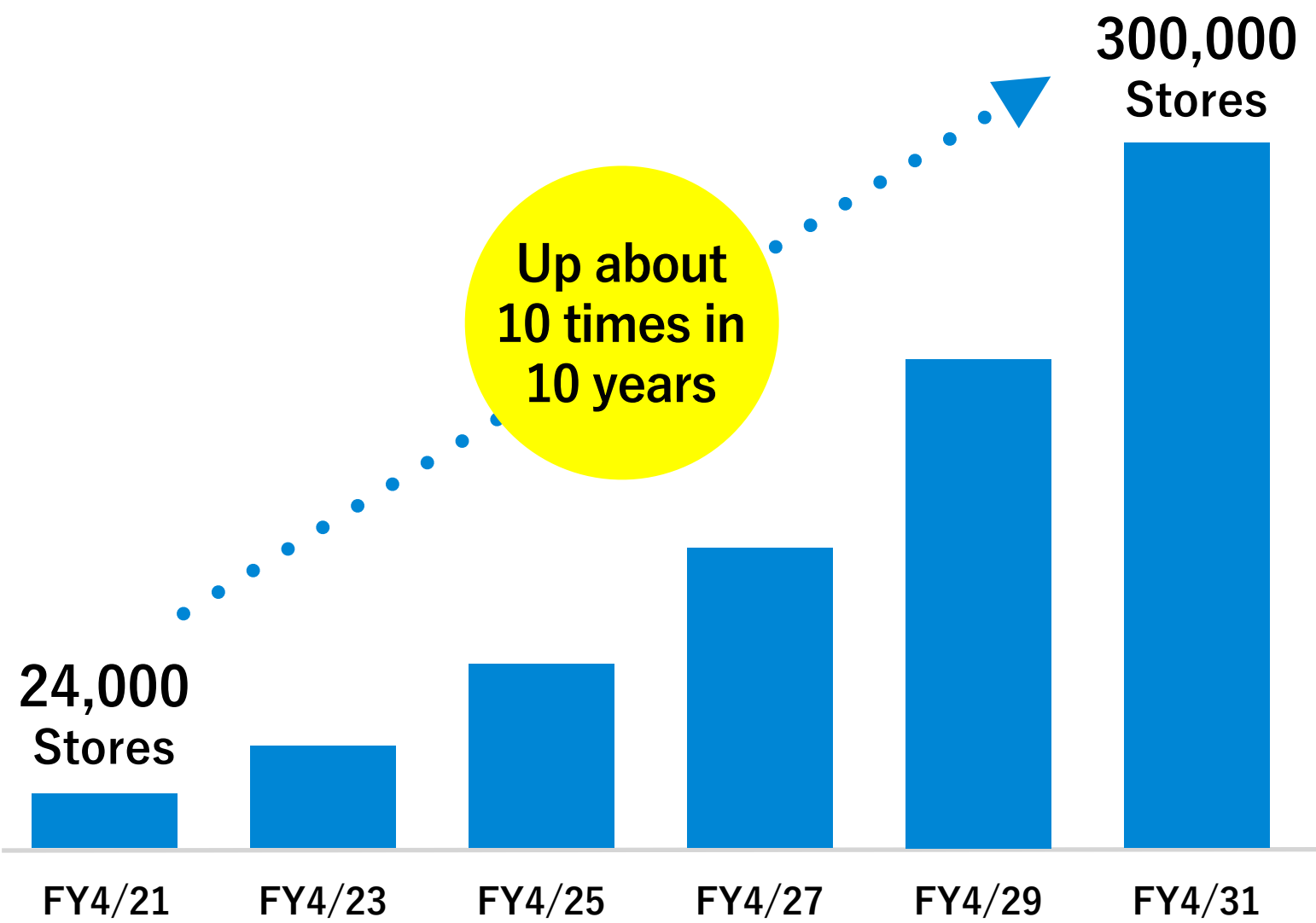
Share in the mid-sized category

38%

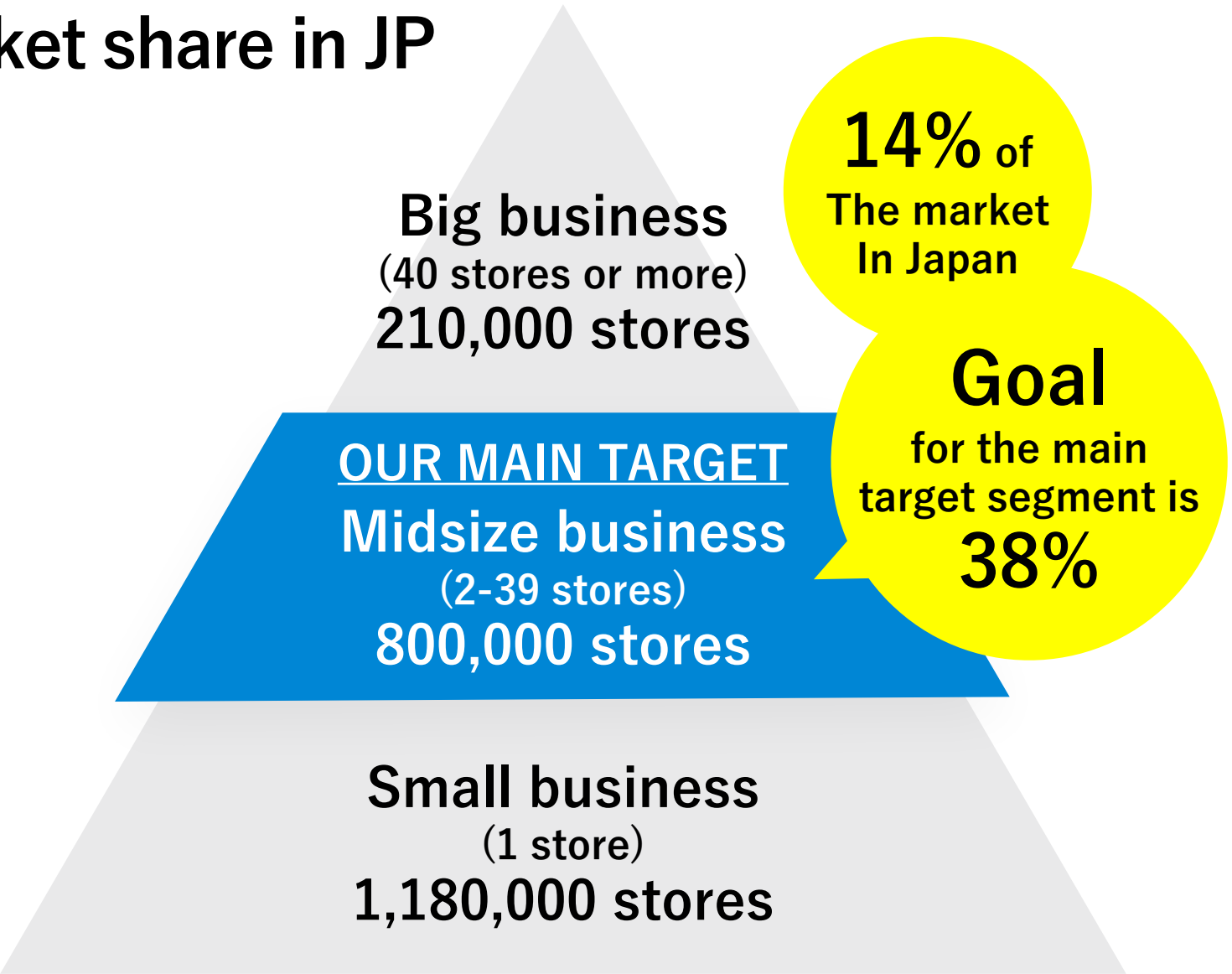
To become the top company in the POS market, we first aim to be the top in the mid-size business category in Japan.

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 2021 Economic Census conducted by the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communications.

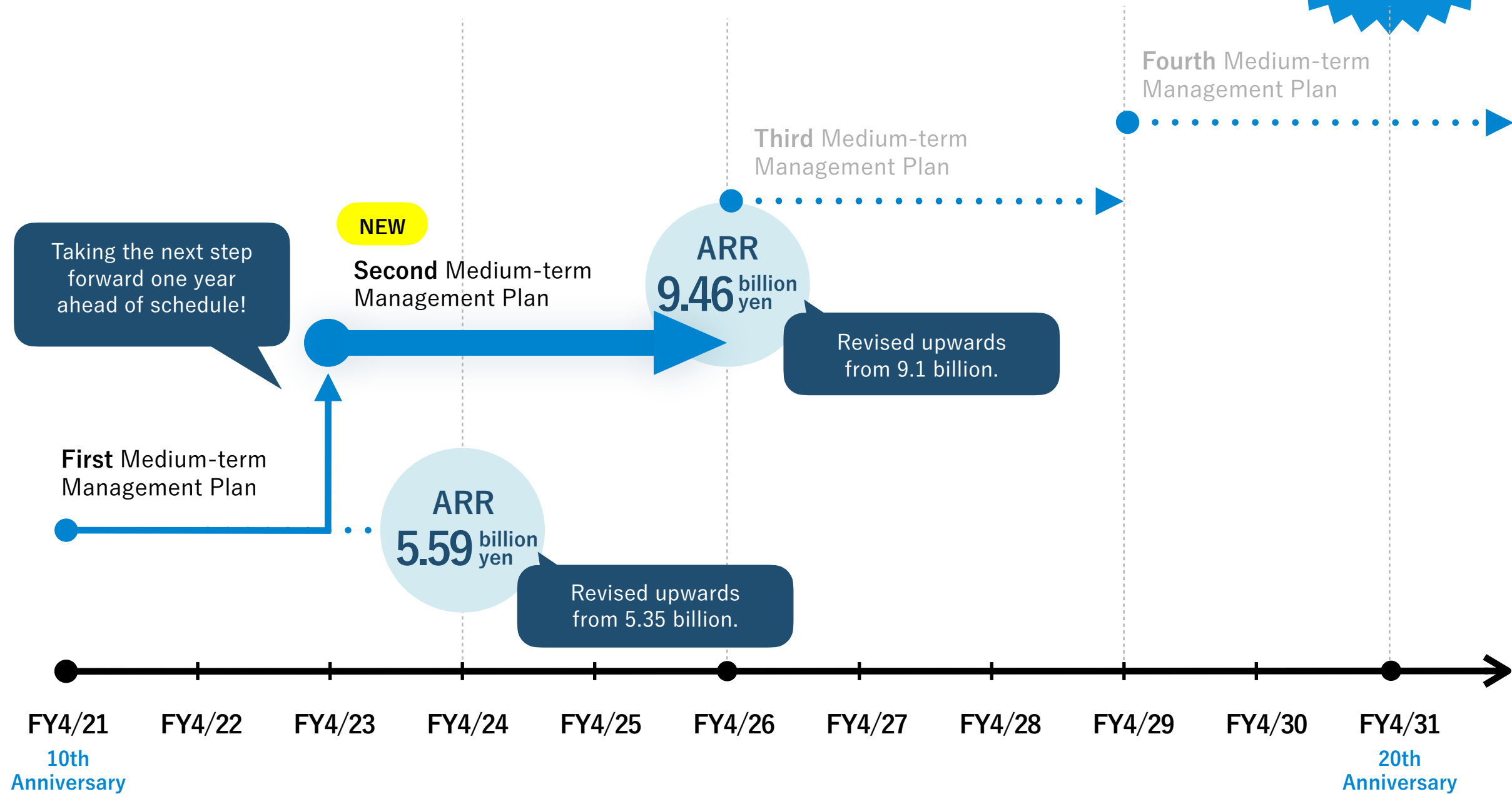


# VISION 2031 TO BE THE NEW STANDARD

2023/9/13 UPDATE

Revised ARR target upward with the aim of achieving growth to realize ARR of 9.46 billion yen and CAGR of 30% by FY4/26.

Moving to the second Medium-term Management plan one year ahead of schedule.



Read more in the Long-term Vision and Medium-term Management Plan.



**VISION 2031**  
Smaregi Long-term Vision and Medium-term Management Plan, VISION 2031  
<https://corp.smaregi.jp/en/ir/management/vision2031.php>



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## Second Medium-term Management Plan

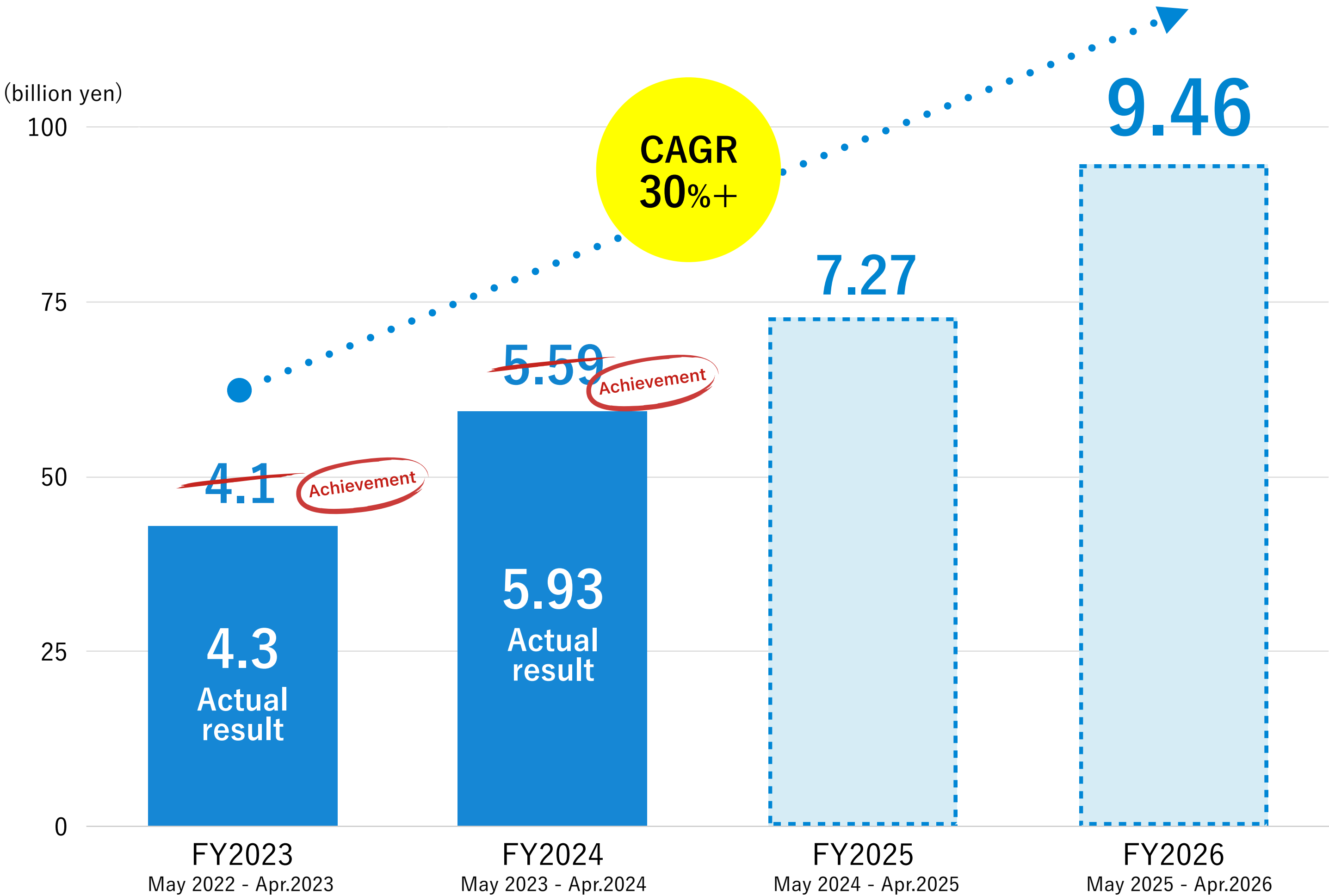
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FY2024 - FY2026

# Plan for Increasing ARR

We continue to position ARR as the most important indicator.

# ARR Progress and Plans - Aiming for over 30% growth each year



Goal

ARR

9.46

billion yen

Aim to achieve growth exceeding CAGR 30% over the three-year period from FY2024

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

Continue

Approach EC businesses

Continue

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.

## Achievements in FY2024

### • Launch of Self-Service Kiosks (March 1, 2024)

We commenced the sale of our self-service kiosks on March 1, 2024. Designed to streamline order processing and payment tasks, these kiosks are targeted at specialty restaurants and cafes. Our innovative solution aims to enhance operational efficiency by automating the ordering and payment workflow.

### • Business transfer from Ligua Co., Ltd. (April 16, 2024)

On April 16, 2024, we announced to enter into a business transfer agreement for the acquisition of the "Rece ONE Plus" business from Ligua Co., Ltd. This software integrates patient information management, insurance claim processing, and POS functionalities, specifically catering to Osteopathic clinics. This strategic acquisition will enhance our product offerings and expand our market presence in the Osteopathic clinics sector. Contract signed on May 1, 2024.

| 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)

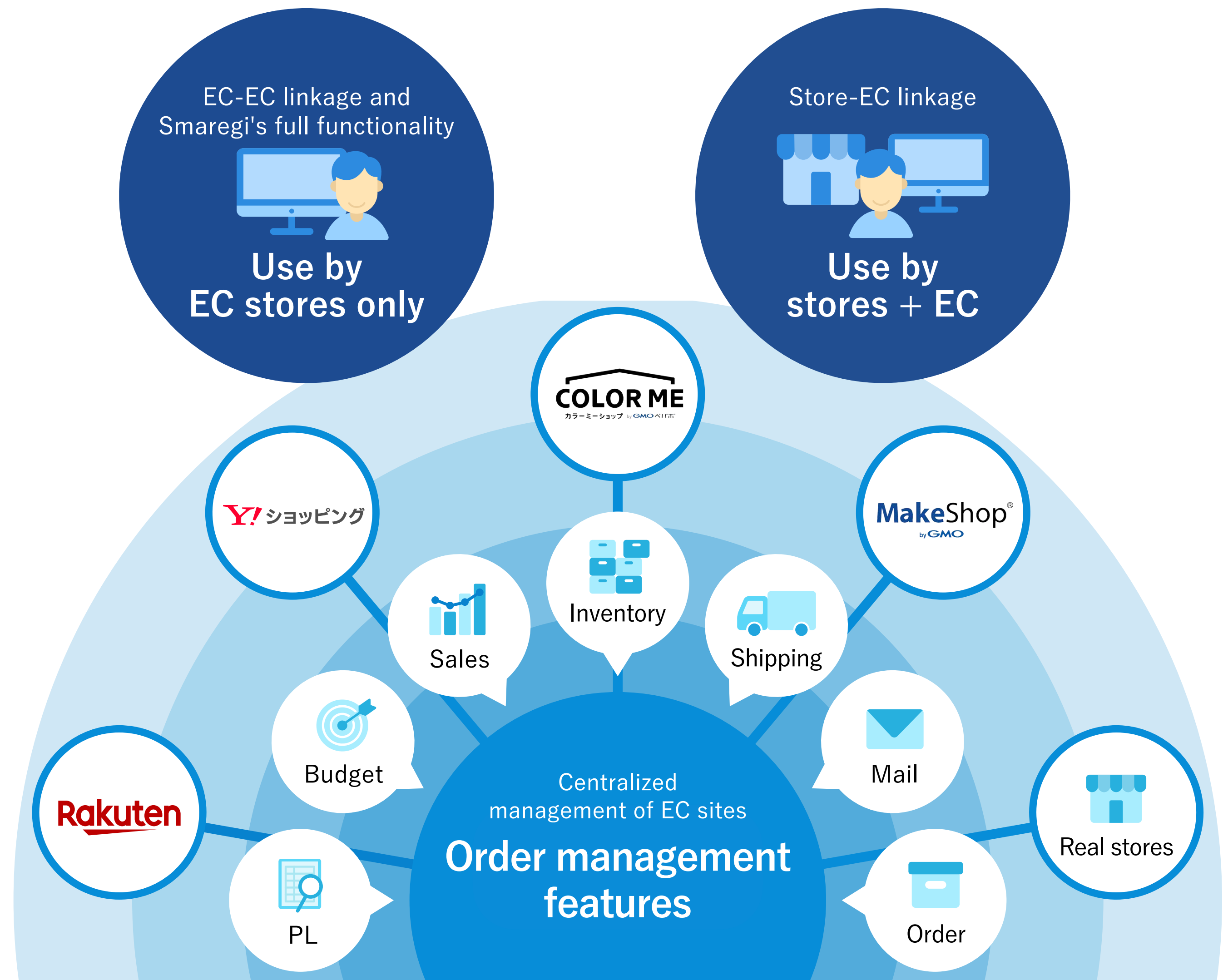


## Expand sales channels to EC businesses by strengthening EC functions

### 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.

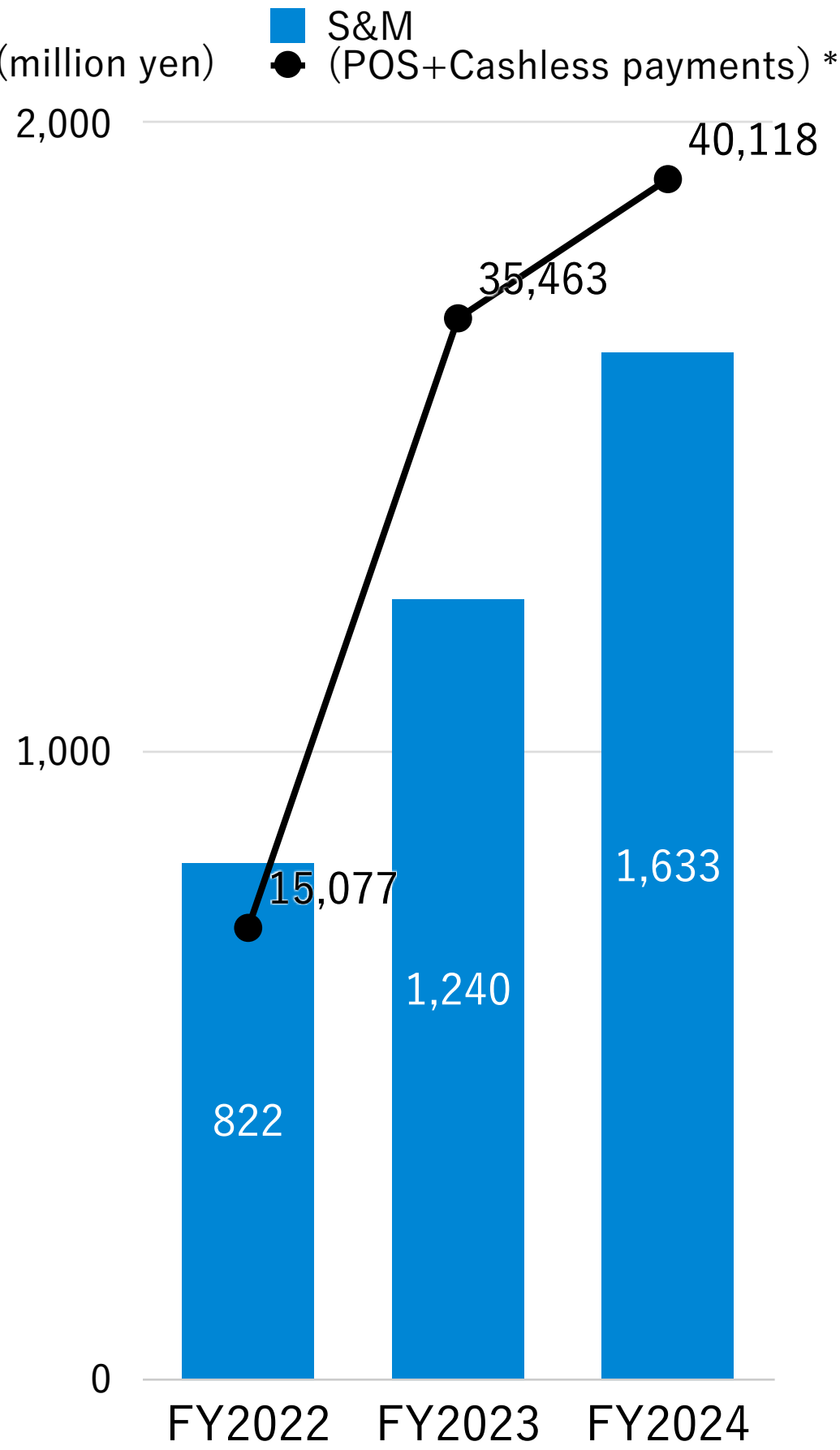




Implement measures tailored to each marketing funnel and increase CVR at each stage.



Changes of S&M and Leads



\*Last year's data only included the number of leads for our POS system. This time, we've recalculated the figures to include both POS and Cashless payments, so the numbers for FY2023 differ from those previously reported.

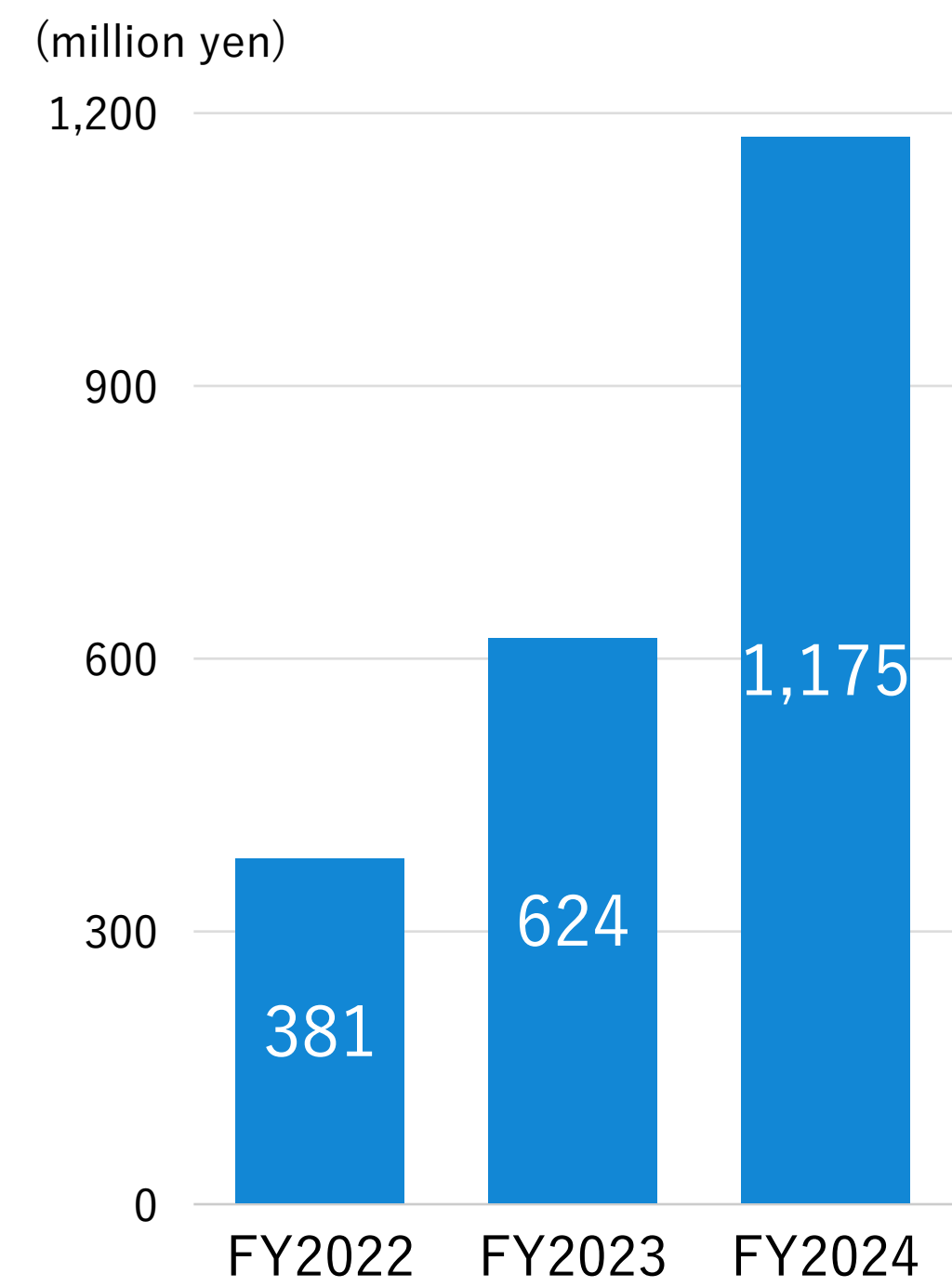
Expand our earnings model in the payments domain with a focus on the cross-selling strategy with Smaregi POS.



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 +88.3%

Achievements in FY2024

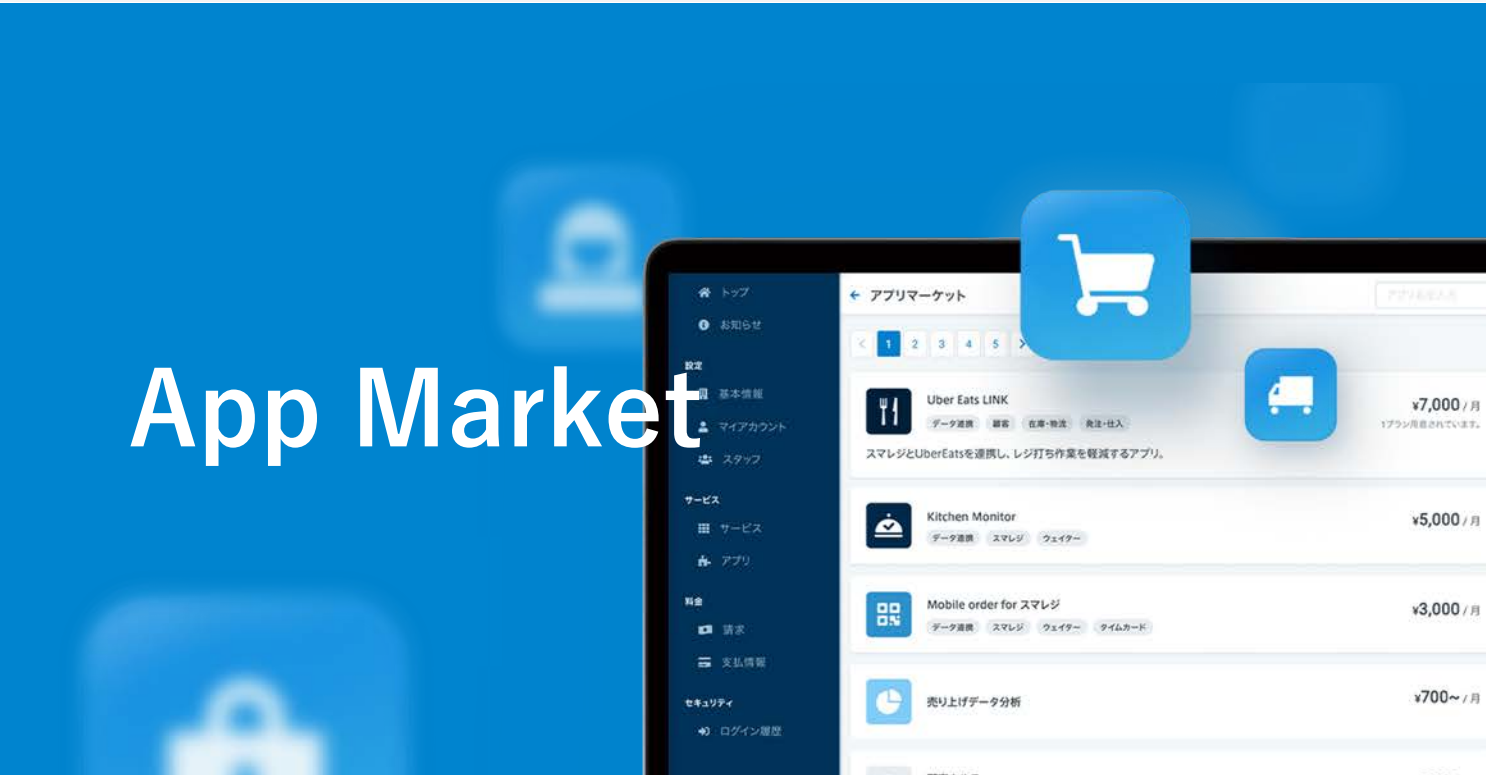
- Started offering a monthly 0 yen plan for Smaregi PAYGATE
- Introduction of Payment Integration Fees\*1
- Launch of QR Code Payment Services with "Smaregi PAYGATE" under an Inclusive Merchant Agreement\*2

\*1 We have commenced charging fees for integrating with third-party payment terminals. This new pricing model reflects the enhanced capabilities and support provided for seamless interoperability with external devices.

\*2 An inclusive merchant agreement is a system where a payment provider enters into a single contract with multiple merchants (stores or service providers). While our QR code payment solutions are offered through third-party systems, in the past we acted as an intermediary, managing the process of users entering into contracts directly with service providers. Now, by simplifying the contracting process and providing a more efficient and effective cashless payment solution, merchants can quickly adopt payment services and we ensure smooth operations. This streamlined approach supports our goal of facilitating QR code payment adoption and seamless transactions for our customers.

# Increase Customer Unit Price - Strengthen App Market

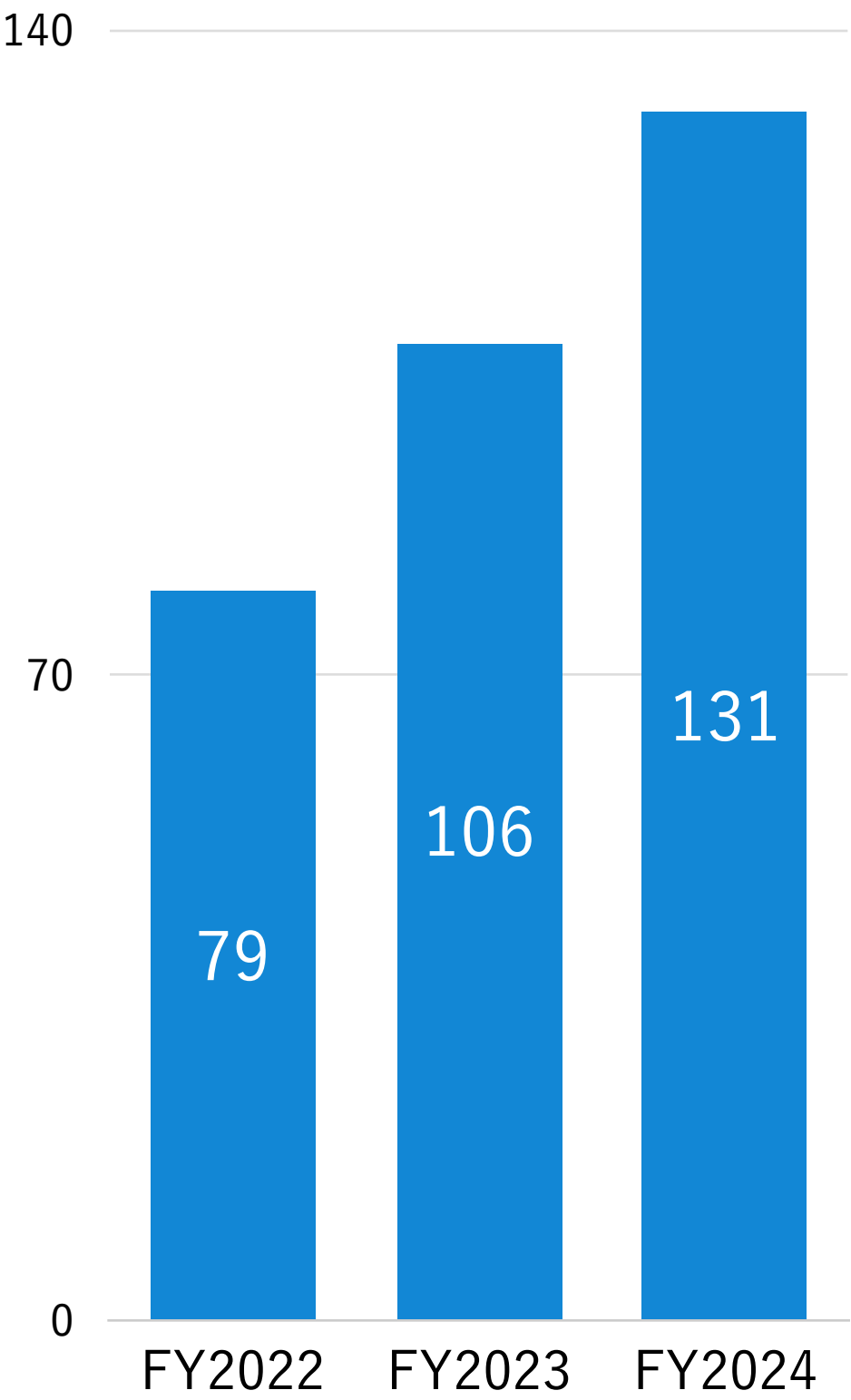
Enhance customer satisfaction and increase customer unit price by providing niche functions through our developer partners.



## 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, 2024)

Corporate **1,211** Individual **662**

## Achievements in FY2024

- Released 25 Apps in the Fiscal Year Ending April 2024, Including the Extended App for Self-Service Kiosks
- Promoting App Deployment through Collaboration with Development Partners and Utilization of IT Introduction Subsidies
- Expansion of Case Studies, Including the Launch of the Web Magazine "Hero Interview"



# Increase Customer Unit Price - Strengthen Smaregi TimeCard

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



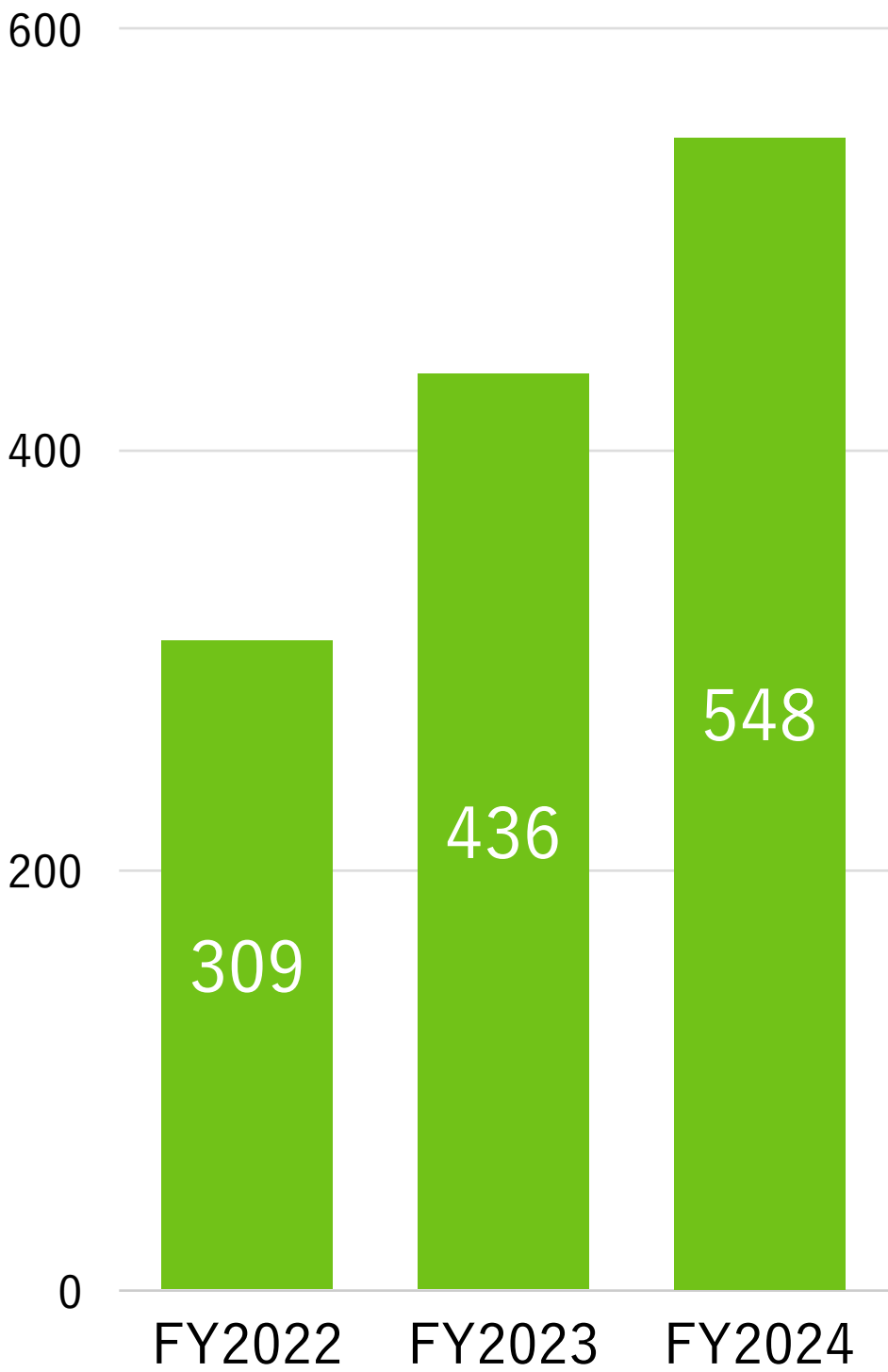
Smaregi  
TimeCard

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

(million yen)



YoY +25.7%

Achievements in FY2024

- Stable Operation of Dedicated Development and Sales Teams for Time Cards
- Enhancing Store Functions to Support Cross-Selling (e.g., Improvements to Shift Creation Features)
- Planned Onboarding at Customer Touchpoints

# 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



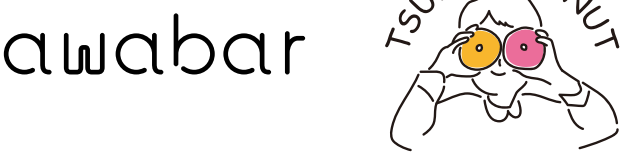
IT and creative human resources discovery and training business through SES

CVC



Venture investments business and Smaregi economic zone expansion business

Store Management

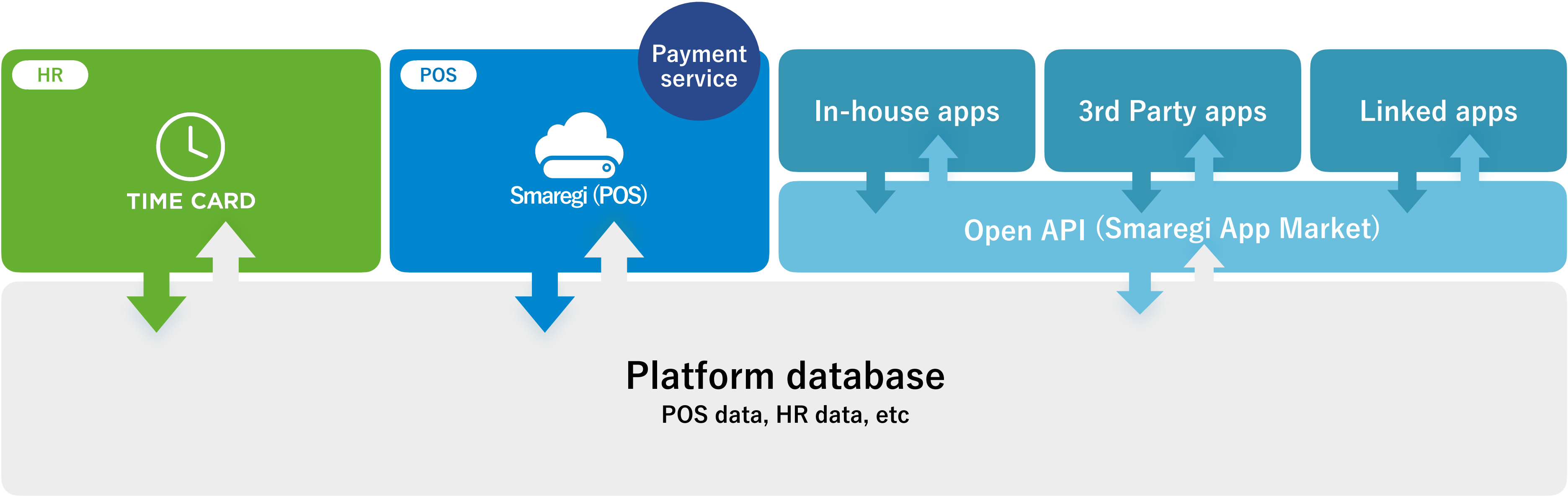


Providing Feedback from On-the-Ground Needs to User-Centric Software Development through Store Management

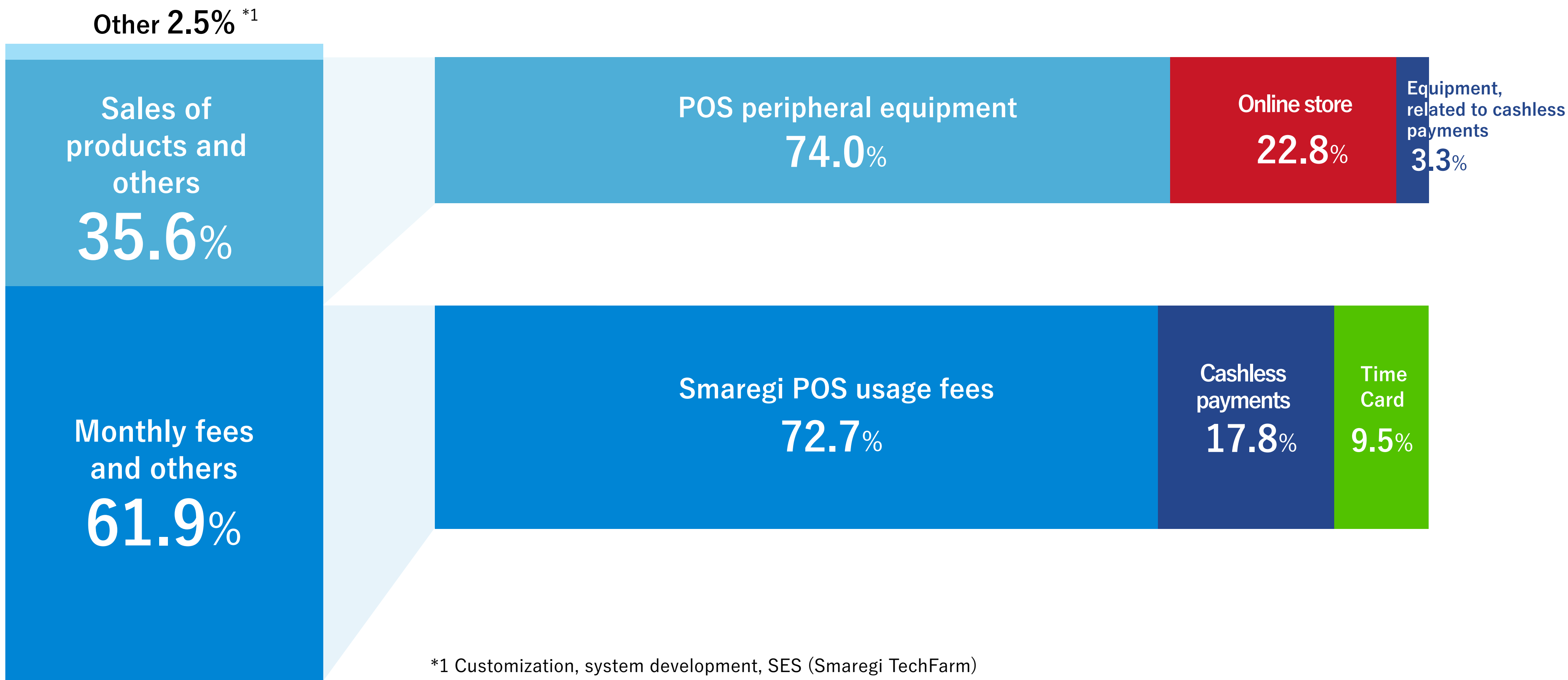
Society is moving towards an era of storing and utilizing data, and Smaregi supports store management based on data with a rich set of APIs that other companies lack.

# 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.



Our flagship product, Smaregi (POS), is a distinctive cloud service accompanied by the sale of related products.



\*Prepared by Smaregi based on sales results for FY3024 (May 2023 - Apr. 2024)

\*Smaregi POS usage fees (monthly fees, etc.) include monthly usage fees for Smaregi App Market (only for Smaregi's portion of earnings).



## 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.

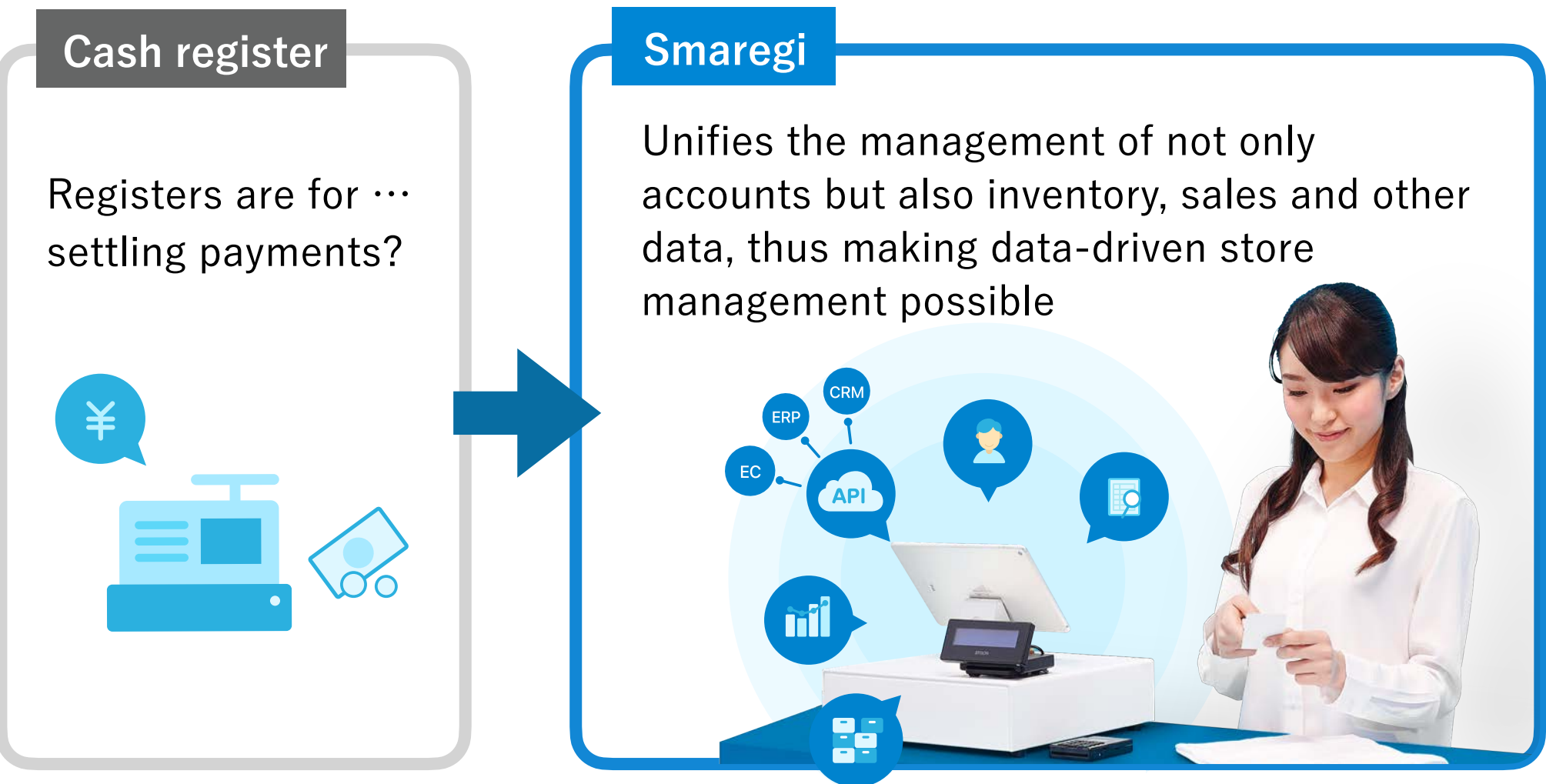


## Taking Store Management to the Next Level Science store management with POS data

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

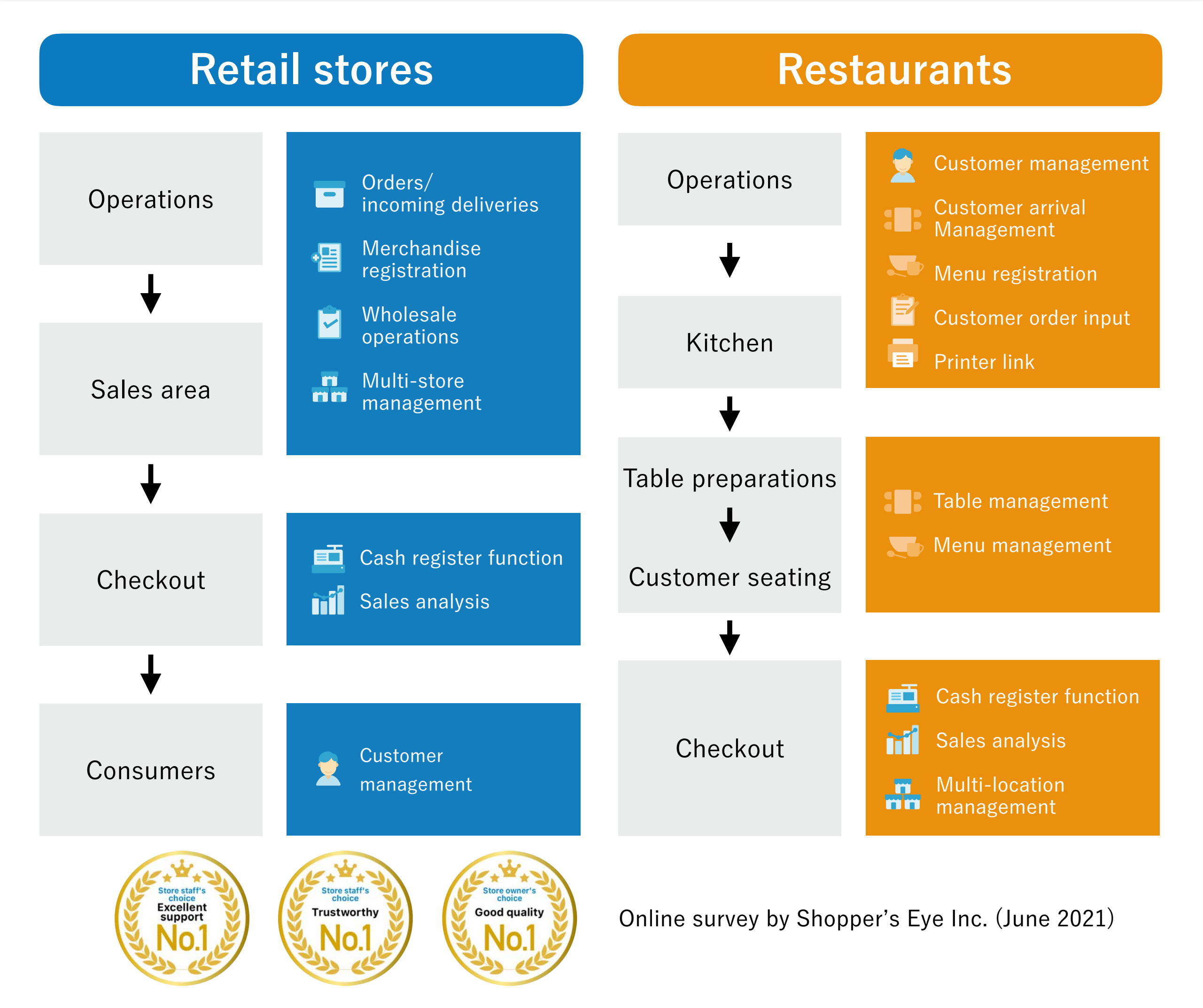
Realizing flexible data in/data out through open API and the platform (Smaregi App Market). It is a POS system that makes data-driven management possible.





# 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

**GOOD 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

Churn rate 0.55%\*1

High level of customer satisfaction resulting from full-support structure

### 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, 2023 to April 30, 2024.



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

Retail/Apparel/Others

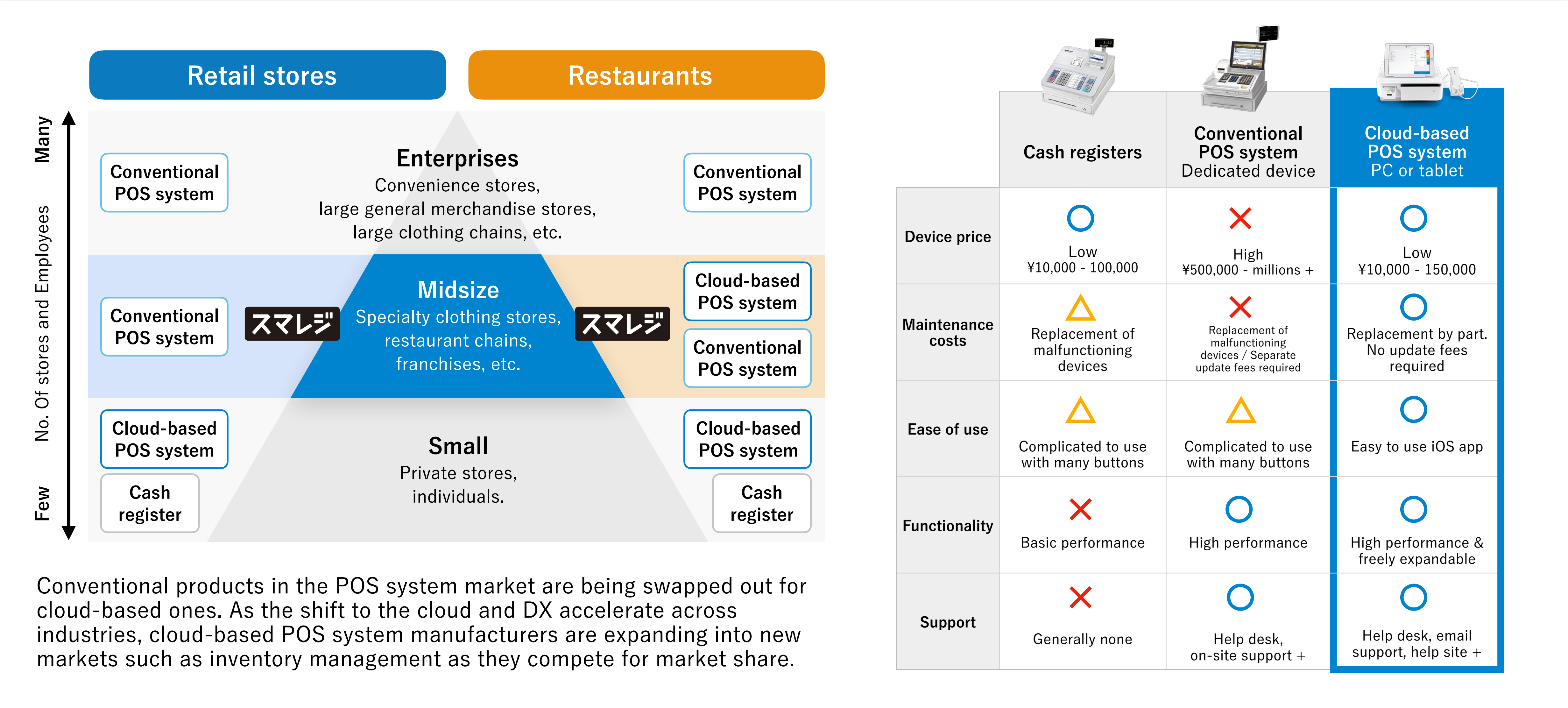


Restaurants



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

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

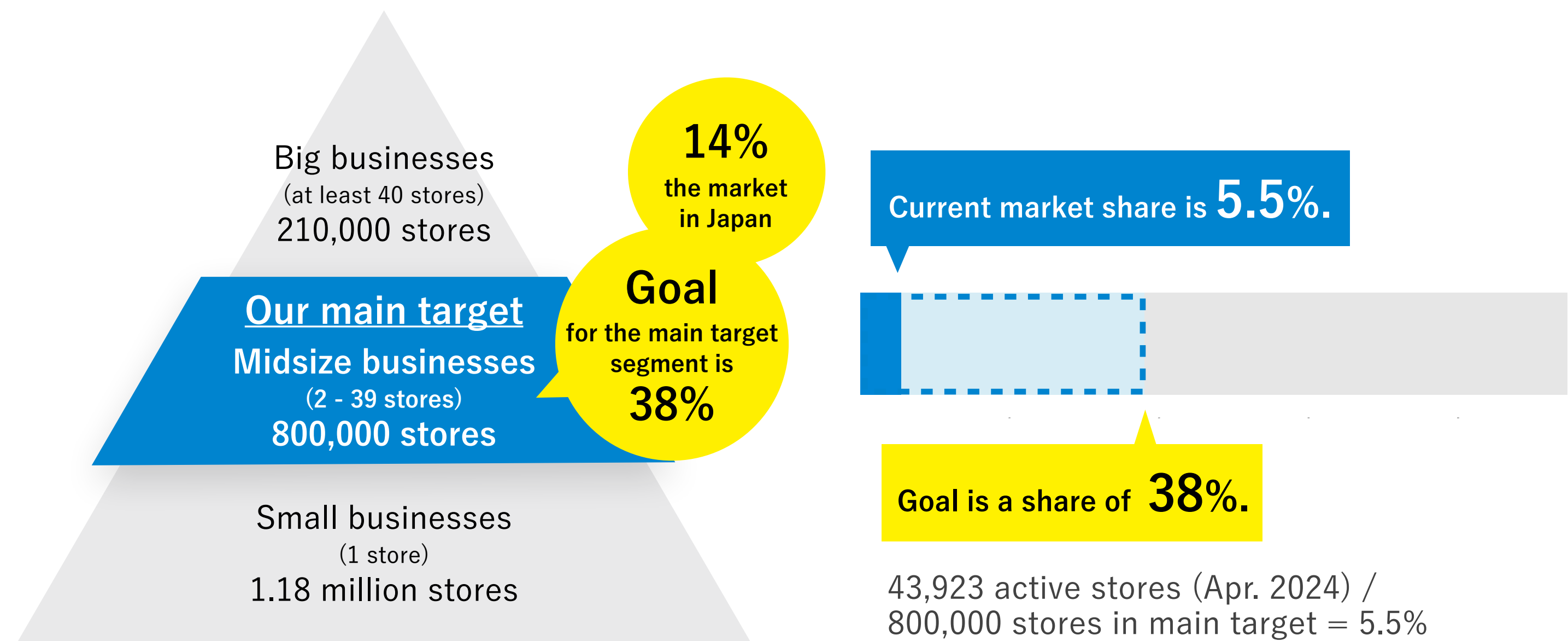




## Our goal is a 38% share of the targeted 800,000 stores

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.

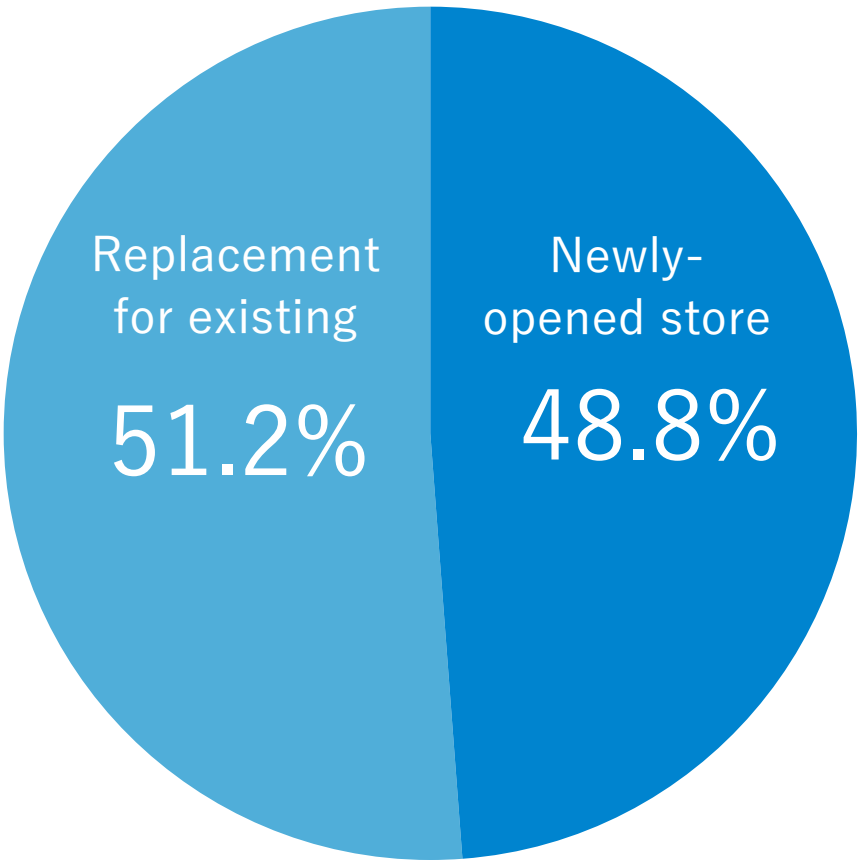


Prepared by Smaregi based on the 2021 Economic Census conducted by the Ministry of Economy, Trade and Industry and the Ministry of Internal Affairs and Communication.

## 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 2023 - Apr. 2024)

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                 | ¥1,154 million (As of the end of April 30, 2024)  |
| 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),<br>Nagoya, Fukuoka Tenjin Total 7 showrooms |
| Employees               | 322 (As of the end of April 30, 2024)   |






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  
Branding/  
Communication strategy  
**SAKI IGAWA**




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**



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.

Executive Officer  
In charge of Sales/Payment Services  
**TETSUYA TAKAHASHI**



In 2017, he joined Link Processing, a payment processing company, where he led the business expansion as Vice President and President.

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 occurrence | 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 |
| The Relationship with Apple Inc.          | Dependence on iOS Platform for "Smaregi" POS Functionality: Our cloud-based POS system, "Smaregi," operates solely on the iOS platform. Therefore, any strategic shifts or developments by Apple Inc. could potentially impact our business operations and financial performance.                                    | Medium                   | Large            | Proactive Monitoring and Response to Apple's Strategic Moves: We continuously monitor Apple's business strategies and related developments. To address these promptly, we keep establishing a management and coordination framework within our administrative and operational departments.                          |

## 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 FY2024

May 1, 2023 - April 30, 2024

Presentation Materials

Business Plan and Growth Potential

Smaregi, Inc.

