

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



## Non-consolidated Financial Results for the Fiscal Year Ended April 30, 2024 (Year Ended April 30, 2024)

June 13, 2024

Company name: Smaregi, Inc.  
 Stock exchange listing: Tokyo  
 Code number: 4431  
 URL: <https://corp.smaregi.jp/>  
 Representative: Hiroshi Yamamoto Representative Director  
 Contact: Kohei Takamadate Director  
 Phone: +81-6-7777-2405  
 Scheduled date of Annual General Meeting of Shareholders: July 29, 2024  
 Scheduled date of commencing dividend payments: -  
 Scheduled date of filing annual securities report: July 30, 2024  
 Availability of supplementary briefing material on annual financial results: Yes  
 Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

### 1. Non-consolidated Financial Results for the Fiscal Year Ended April 30, 2024 (May 1, 2023 to April 30, 2024)

#### (1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

|                                  | Net sales       |      | Operating profit |      | Ordinary profit |      | Net income      |      |
|----------------------------------|-----------------|------|------------------|------|-----------------|------|-----------------|------|
|                                  | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen | %    |
| Fiscal year ended April 30, 2024 | 8,385           | 41.8 | 1,735            | 94.1 | 1,696           | 89.3 | 1,212           | 36.7 |
| April 30, 2023                   | 5,914           | 42.6 | 893              | 30.9 | 896             | 38.7 | 887             | 99.5 |

|                                  | Basic earnings per share | Diluted earnings per share | Rate of return on equity | Ordinary profit to total assets ratio | Operating profit to net sales ratio |
|----------------------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|-------------------------------------|
|                                  | Yen                      | Yen                        | %                        | %                                     | %                                   |
| Fiscal year ended April 30, 2024 | 63.21                    | 63.00                      | 22.8                     | 24.1                                  | 20.7                                |
| April 30, 2023                   | 46.26                    | 46.07                      | 20.0                     | 15.8                                  | 15.1                                |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended April 30, 2024: ¥ - million  
 Fiscal year ended April 30, 2023: ¥ - million

#### (2) Non-consolidated Financial Position

|                      | Total assets    | Net assets      | Capital adequacy ratio | Net assets per share |
|----------------------|-----------------|-----------------|------------------------|----------------------|
|                      | Millions of yen | Millions of yen | %                      | Yen                  |
| As of April 30, 2024 | 7,952           | 5,969           | 75.1                   | 310.59               |
| April 30, 2023       | 6,156           | 4,681           | 76.0                   | 244.44               |

(Reference) Equity: As of April 30, 2024: ¥ 5,969 million  
 As of April 30, 2023: ¥ 4,681 million

#### (3) Non-consolidated Cash Flows

|                                  | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of period |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|                                  | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                                |
| Fiscal year ended April 30, 2024 | 1,711                                | (393)                                | 8                                    | 5,284  |
| April 30, 2023                   | 986                                  | (310)                                | (447)                                | 3,957  |

## 2. Dividends

|                              | Annual dividends |                 |                 |          |       | Total dividends | Payout ratio | Dividends to net assets |
|------------------------------|------------------|-----------------|-----------------|----------|-------|-----------------|--------------|-------------------------|
|                              | 1st quarter-end  | 2nd quarter-end | 3rd quarter-end | Year-end | Total |                 |              |                         |
| Fiscal year ended            | Yen              | Yen             | Yen             | Yen      | Yen   | Millions of yen | %            | %                       |
| April 30, 2023               | -                | 0.00            | -               | 0.00     | 0.00  | -               | -            | -                       |
| April 30, 2024               | -                | 0.00            | -               | 0.00     | 0.00  | -               | -            | -                       |
| Fiscal year ending           |                  |                 |                 |          |       |                 |              |                         |
| April 30, 2025<br>(Forecast) | -                | 0.00            | -               | 0.00     | 0.00  |                 | -            |                         |

## 3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending April 30, 2025 (May 1, 2024 to April 30, 2025)

(% indicates changes from the previous corresponding period.)

|           | Net sales       |      | Operating profit |      | Ordinary profit |      | Net income      |      | Basic earnings per share |
|-----------|-----------------|------|------------------|------|-----------------|------|-----------------|------|--------------------------|
|           | Millions of yen | %    | Millions of yen  | %    | Millions of yen | %    | Millions of yen | %    | Yen                      |
| Full year | 10,688          | 27.5 | 2,033            | 17.2 | 2,033           | 19.8 | 1,414           | 16.6 | 73.60                    |

### \* Notes:

#### (1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

#### (2) Total number of issued shares (common shares)

##### 1) Total number of issued shares at the end of the period (including treasury shares):

|                 |                   |
|-----------------|-------------------|
| April 30, 2024: | 19,672,400 shares |
| April 30, 2023: | 19,635,000 shares |

##### 2) Number of treasury shares at the end of the period:

|                 |                |
|-----------------|----------------|
| April 30, 2024: | 453,702 shares |
| April 30, 2023: | 484,702 shares |

##### 3) Average number of shares outstanding during the period:

|                                   |                   |
|-----------------------------------|-------------------|
| Fiscal Year ended April 30, 2024: | 19,188,728 shares |
| Fiscal Year ended April 30, 2023: | 19,186,430 shares |

\* This quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

○Contents of Attachments

|  |    |
|--|----|
| 1. Overview of Results of Operations .....                       | 2  |
| (1) Results of Operations .....                                  | 2  |
| (2) Financial Position .....                                     | 4  |
| (3) Cash Flows .....   | 4  |
| (4) Future Outlook .....   | 4  |
| 2. Basic Approach to the Selection of Accounting Standards ..... | 5  |
| 3. Non-consolidated Financial Statements and Notes .....         | 6  |
| (1) Non-consolidated Balance sheet .....                         | 6  |
| (2) Non-consolidated Statement of Income .....                   | 8  |
| (3) Non-consolidated Statement of Changes in Equity .....        | 10 |
| (4) Non-consolidated Statement of Cash Flows .....               | 11 |
| (5) Notes to Non-consolidated Financial Statements .....         | 12 |
| Going Concern Assumption .....                                   | 12 |
| Equity Method Profit and Loss, etc. ....                         | 12 |
| Segment Information .....  | 12 |
| Per Share Information .....                                      | 12 |
| Subsequent Events .....  | 13 |

## 1. Overview of Results of Operations

### (1) Results of Operation

During the fiscal year from May 1, 2023, to April 30, 2024, Japan's economy saw a gradual recovery following the reclassification of COVID-19 as a Category 5 infectious disease. However, several factors, such as the surge in raw materials and fuel prices, rising interest rates due to monetary tightening, and escalating geopolitical risks, contributed to continued uncertainty about the economic outlook.

In the service and retail industries, which are the primary users of our POS systems, there was a sustained recovery. This recovery was driven by the lifting of COVID-19-related behavioral restrictions and an increase in the number of travelers, including international tourists, leading to a return of human traffic.

Under these circumstances, our sales of equipment, including a significant demand surge for currency dispensers, increased compared to the previous fiscal year. Additionally, the monthly usage fees maintained a steady rise throughout the year, owing to proactive cross-selling initiatives and pricing adjustments that enhanced customer unit prices. Consequently, our sales for the fiscal year exceeded those of the previous fiscal year.

Regarding our most critical KPI, the Annual Recurring Revenue (ARR), it reached ¥5.93 billion, surpassing our initial target of ¥5.59 billion for the first year of our Second Medium-Term Management Plan by ¥340 million.

Although our selling, general, and administrative expenses rose due to increased personnel costs from aggressive hiring to strengthen our organizational capabilities, leasing expenses for new showrooms, and research and development costs, we made efforts to optimize costs. This included improving the efficiency of advertising expenses and recruitment costs. As a result, operating profit and ordinary profit also increased compared to the previous fiscal year.

As a result of these efforts, our financial performance for the fiscal year was as follows: sales of ¥8,385 million (an increase of 41.8% year-on-year), operating profit of ¥1,735 million (an increase of 94.1% year-on-year), ordinary profit of ¥1,696 million (an increase of 89.3% year-on-year), and net profit of ¥1,212 million (an increase of 36.7% year-on-year).

Since we operate as a single segment in the cloud services business, we have omitted segment-specific details.

### Sales Comparison

(Thousand yen)

| Category                     | FY4/23<br>(May 1, 2022 – April 30, 2023) | FY4/24<br>(May 1, 2023 – April 30, 2024) | YoY (%) |
|------------------------------|--|--|---------|
| Monthly fees and others      | 3,489,768                                | 5,191,515                                | +48.8   |
| Sales of products and others | 2,296,565                                | 2,984,174                                | +29.9   |
| Others                       | 128,059                                  | 209,811                                  | +63.8   |
| Total                        | 5,914,393                                | 8,385,501                                | +41.8   |

The following tables show Smaregi's number of Fee-paying stores and active stores, and cumulative transaction volume.

#### Number of Fee-paying Stores

|                    | April 2020 | April 2021 | April 2022 | April 2023 | April 2024 |
|--------------------|------------|------------|------------|------------|------------|
| Premium            | 2,755      | 3,212      | 4,345      | 5,647      | 7,081      |
| Premium plus       | 4,976      | 6,425      | 8,196      | 9,793      | 12,562     |
| Food business      | 2,687      | 3,179      | 3,865      | 4,711      | 5,665      |
| Retail business    | 5,481      | 6,604      | 7,782      | 8,885      | 10,204     |
| Food & retail      | 104        | 148        | 260        | 374        | 494        |
| Total (Fee-paying) | 16,003     | 19,568     | 24,448     | 29,410     | 36,006     |

Note: The store count provided above represents the number of fee-paying stores, that have signed up for the Smaregi POS service.

If a client company operates multiple stores, each store is counted. No-fee stores paying a fee due to the use of an optional service are not included in this graph.

#### Number of Active Stores and Ratio (%) of Active Stores

|       | April 2020       | April 2021       | April 2022       | April 2023       | April 2024       |
|-------|------------------|------------------|------------------|------------------|------------------|
| Total | 19,616<br>(23.4) | 24,759<br>(25.7) | 30,355<br>(27.4) | 36,375<br>(28.7) | 43,923<br>(30.3) |

Note: 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.

#### Cumulative Transaction Volume

(Million yen)

|                               | April 2020 | April 2021 | April 2022 | April 2023 | April 2024 |
|-------------------------------|------------|------------|------------|------------|------------|
| Cumulative transaction volume | 2,610,754  | 3,468,715  | 4,605,960  | 6,243,138  | 8,457,026  |

Note: Cumulative transaction volume is the amount of products and services sold using Smaregi since the start of this cloud-based POS service.

## **(2) Financial Position**

### **1) Assets**

As of the end of the current fiscal year, our current assets increased by ¥1,742 million compared to the end of the previous fiscal year, reaching a total of ¥6,902 million. The primary contributors to this increase were a rise in cash and deposits by ¥1,327 million and an increase in merchandise by ¥244 million.

Our fixed assets at the end of the current fiscal year increased by ¥53 million compared to the previous fiscal year-end, amounting to ¥1,050 million. This increase was mainly due to a rise in tangible fixed assets by ¥181 million, despite a decrease in intangible fixed assets by ¥84 million.

As a result, the total assets increased by ¥1,796 million compared to the end of the previous fiscal year, reaching ¥7,952 million.

### **2) Liabilities**

At the end of the current fiscal year, our current liabilities increased by ¥490 million compared to the end of the previous fiscal year, reaching ¥1,878 million. This increase was primarily due to a rise in accounts payable-trade by ¥105 million, accounts payable-other by ¥127 million, and accrued corporate taxes by ¥147 million.

Our non-current liabilities at the end of the current fiscal year increased by ¥18 million compared to the previous fiscal year-end, amounting to ¥105 million.

As a result, total liabilities increased by ¥508 million compared to the end of the previous fiscal year, reaching ¥1,983 million.

### **3) Net Assets**

The total net assets at the end of the current fiscal year increased by ¥1,287 million compared to the end of the previous fiscal year, reaching ¥5,969 million. This increase was mainly due to the recording of a net profit of ¥1,212 million for the fiscal year.

## **(3) Cash Flows**

At the end of the current fiscal year, cash and cash equivalents (hereinafter referred to as "funds") increased by ¥1,327 million compared to the end of the previous fiscal year, reaching ¥5,284 million. The status and contributing factors of each cash flow at the end of the fiscal year are as follows:

#### **(Cash Flows from Operating Activities)**

Funds generated from operating activities were ¥1,711 million (compared to ¥986 million in the previous fiscal year). This was mainly due to the recording of a profit before income taxes of ¥1,663 million. Despite cash outflows such as ¥257 million for corporate tax payments and a ¥244 million increase in inventory, there were cash inflows including ¥214 million from depreciation expenses.

#### **(Cash Flows from Investing Activities)**

Funds used in investing activities were ¥393 million (compared to ¥310 million used in the previous fiscal year). This was primarily due to expenditures of ¥277 million for the acquisition of tangible fixed assets and ¥88 million for the acquisition of intangible fixed assets.

#### **(Cash Flows from Financing Activities)**

Funds generated from financing activities were ¥8 million (compared to ¥447 million used in the previous fiscal year). This was mainly due to income of ¥8 million from the issuance of shares.

## **(4) Future Outlook**

Our primary service offering is "Smaregi," a high-performance cloud-based POS register used by restaurants and retail stores for managing and analyzing sales information. In addition, we provide the "Smaregi Time Card" service for attendance

management and a cashless payment service. Factors such as labor shortages, rising labor costs, and the growing demand from inbound tourism have facilitated the adoption of cashless payment systems. Consequently, there is an increasing trend toward cloud-based POS systems, which are cost-effective in terms of initial setup and can significantly enhance operational efficiency.

In this favorable environment, under the slogan "TO BE THE NEW STANDARD," we have set a long-term vision "VISION2031," aiming to have 300,000 active stores and achieve the top share in the domestic POS market. To reach these goals, our most crucial management indicator is the Annual Recurring Revenue (ARR). Our Second Medium-Term Management Plan, covering the period from the fiscal year ending in April 2024 to the fiscal year ending in April 2026, targets an ARR of ¥9.46 billion by the final year, with a goal of achieving a compound annual growth rate (CAGR) of over 30%.

In the fiscal year ending April 2025, the second year of the Second Medium-Term Management Plan, our core strategy is to expand both the number of customers and the average revenue per customer. We plan to continue acquiring new customers for our cloud-based POS service "Smaregi" while driving steady sales growth through cross-selling the "Smaregi Time Card" and payment services. Concurrently, to support business expansion, we will maintain efficient investments in Sales & Marketing (S&M) expenses and pursue active recruitment. As a result, we anticipate an increase in selling, general, and administrative expenses, including advertising and personnel costs.

Based on these strategies and initiatives, our performance forecast for the fiscal year ending April 2025 is as follows:

Sales: ¥10,688 million

Operating Profit: ¥2,033 million

Ordinary Profit: ¥2,033 million

Net Profit: ¥1,414 million

## **2. Basic Approach to the Selections of Accounting Standards**

Smaregi will continue to use generally accepted accounting principles in Japan for its financial statements for the time being in order to permit comparisons with prior years and with the results of operations of other companies in Japan. We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account applicable factors in Japan and other countries.

### 3. Non-consolidated Financial Statements and Notes

#### (1) Non-consolidated Balance Sheet

(Thousand yen)

|  | FY4/23<br>(As of Apr. 30, 2023) | FY4/24<br>(As of Apr. 30, 2024) |
|--|---------------------------------|---------------------------------|
| <b>Assets</b>                              |                                 |                                 |
| Current assets                             |                                 |                                 |
| Cash and deposits                          | 3,957,469                       | 5,284,561                       |
| Accounts receivable-trade                  | 553,114                         | 611,981                         |
| Merchandise                                | 451,552                         | 695,761                         |
| Prepaid expenses                           | 102,508                         | 90,482                          |
| Other                                      | 95,912                          | 220,470                         |
| Allowance for doubtful accounts            | (519)                           | (398)                           |
| <b>Total current assets</b>                | <b>5,160,039</b>                | <b>6,902,858</b>                |
| Non-current assets                         |                                 |                                 |
| Property, plant and equipment              |                                 |                                 |
| Buildings, net                             | 88,096                          | 142,019                         |
| Tools, furniture and fixtures, net         | 39,996                          | 167,332                         |
| <b>Total property, plant and equipment</b> | <b>128,092</b>                  | <b>309,352</b>                  |
| Intangible assets                          |                                 |                                 |
| Goodwill                                   | 16,357                          | —                               |
| Trademark right                            | 794                             | 649                             |
| Software                                   | 210,684                         | 215,443                         |
| Software in progress                       | 84,479                          | 32,402                          |
| Other                                      | 20,828                          | —                               |
| <b>Total intangible assets</b>             | <b>333,144</b>                  | <b>248,494</b>                  |
| Investments and other assets               |                                 |                                 |
| Investment securities                      | 29,870                          | 42,281                          |
| Investments in capital                     | 18                              | —                               |
| Investments in affiliates                  | —                               | 12,849                          |
| Leasehold deposits                         | 248,915                         | 236,585                         |
| Long-term prepaid expenses                 | 12,842                          | 7,176                           |
| Deferred tax assets                        | 240,965                         | 193,400                         |
| Other                                      | 3,000                           | —                               |
| <b>Total investments and other assets</b>  | <b>535,611</b>                  | <b>492,293</b>                  |
| <b>Total non-current assets</b>            | <b>996,848</b>                  | <b>1,050,140</b>                |
| <b>Total assets</b>                        | <b>6,156,888</b>                | <b>7,952,998</b>                |



(Thousand yen)

|   | FY4/23<br>(As of Apr. 30, 2023) | FY4/24<br>(As of Apr. 30, 2024) |
|---|---------------------------------|---------------------------------|
| <b>Liabilities</b>                      |                                 |                                 |
| Current liabilities                     |                                 |                                 |
| Accounts payable-trade                  | 190,632                         | 295,868                         |
| Accounts payable-other                  | 254,190                         | 381,527                         |
| Accrued expenses                        | 71,619                          | 76,638                          |
| Income taxes payable                    | 170,918                         | 318,658                         |
| Accrued consumption taxes               | 111,544                         | 169,874                         |
| Advances received                       | 468,892                         | 465,434                         |
| Deposits received                       | 60,094                          | 115,828                         |
| Allowance for directors' stock benefits | 30,499                          | 27,300                          |
| Allowance for stock benefits            | 24,851                          | 27,300                          |
| Asset retirement obligations            | 5,236                           | —                               |
| Other                                   | 193                             | 302                             |
| Total current liabilities               | 1,388,672                       | 1,878,731                       |
| Non-current liabilities                 |                                 |                                 |
| Asset retirement obligations            | 87,064                          | 105,115                         |
| Total non-current liabilities           | 87,064                          | 105,115                         |
| Total liabilities                       | 1,475,736                       | 1,983,847                       |
| <b>Net assets</b>                       |                                 |                                 |
| Shareholders' equity                    |                                 |                                 |
| Share capital                           | 1,150,539                       | 1,154,961                       |
| Capital surplus                         |                                 |                                 |
| Capital reserve                         | 1,120,869                       | 1,125,291                       |
| Other capital surplus                   | 13,405                          | 35,651                          |
| Total capital surplus                   | 1,134,274                       | 1,160,942                       |
| Retained earnings                       |                                 |                                 |
| Other retained earnings                 |                                 |                                 |
| Earned surplus                          | 3,071,610                       | 4,284,563                       |
| Total retained earnings                 | 3,071,610                       | 4,284,563                       |
| Treasury shares                         | (675,272)                       | (631,316)                       |
| Total shareholders' equity              | 4,681,151                       | 5,969,150                       |
| Total net assets                        | 4,681,151                       | 5,969,150                       |
| <b>Total liabilities and net assets</b> | <b>6,156,888</b>                | <b>7,952,998</b>                |

## (2) Non-consolidated Statement of Income

(Thousand yen)

|  | Fiscal year ended<br>April 30, 2023 | Fiscal year ended<br>April 30, 2024 |
|--|-------------------------------------|-------------------------------------|
| Net sales                                    | 5,914,393                           | 8,385,501                           |
| Cost of sales                                | 2,345,041                           | 3,182,261                           |
| Gross profit                                 | 3,569,352                           | 5,203,240                           |
| Selling, general and administrative expenses | 2,675,531                           | 3,468,039                           |
| Operating profit                             | 893,821                             | 1,735,200                           |
| Non-operating income                         |                                     |                                     |
| Interest income                              | 187                                 | 44                                  |
| Rental income from buildings                 | 2,640                               | —                                   |
| Settlement received                          | —                                   | 10,000                              |
| Other  | 165                                 | 4,067                               |
| Total non-operating income                   | 2,993                               | 14,112                              |
| Non-operating expenses                       |                                     |                                     |
| Loss on valuation of investment securities   | —                                   | 9,989                               |
| Loss on disposal of fixed assets             | —                                   | 38,686                              |
| Cancellation penalty                         | —                                   | 2,320                               |
| Other  | 447                                 | 1,553                               |
| Total non-operating expenses                 | 447                                 | 52,550                              |
| Ordinary profit                              | 896,366                             | 1,696,762                           |
| Extraordinary income                         |                                     |                                     |
| Gain on extinguishment of tie-in shares      | 58,293                              | —                                   |
| Total extraordinary income                   | 58,293                              | —                                   |
| Extraordinary losses                         |                                     |                                     |
| Impairment loss                              | —                                   | 33,113                              |
| Total extraordinary losses                   | —                                   | 33,113                              |
| Profit before income taxes                   | 954,660                             | 1,663,649                           |
| Income taxes-current                         | 244,333                             | 403,132                             |
| Income taxes-deferred                        | (177,276)                           | 47,564                              |
| Total income taxes                           | 67,057                              | 450,696                             |
| Profit                                       | 887,602                             | 1,212,952                           |

## Cost of Sales Statement

(Thousand yen)

| Item   |        | FY4/23<br>(May 1, 2022 – Apr. 30, 2023) |       | FY4/24<br>(May 1, 2023 – Apr. 30, 2024) |       |
|--|--------|---|-------|---|-------|
|  |        | Amount                                  | (%)   | Amount                                  | (%)   |
| I Labor cost                                 |        | 509,464                                 | 65.8  | 641,541                                 | 63.3  |
| II Expenses                                  | Note 1 | 265,200                                 | 34.2  | 371,780                                 | 36.7  |
| Total manufacturing costs for the period     |        | 774,664                                 | 100.0 | 1,013,321                               | 100.0 |
| Transfer to other accounts                   | Note 2 | 112,285                                 |       | 158,977                                 |       |
| Cost of products manufactured for the period |        | 662,379                                 |       | 854,343                                 |       |
| Inventory at the beginning of the period     |        | 333,557                                 |       | 472,318                                 |       |
| Cost of purchased goods for the period       |        | 1,804,876                               |       | 2,572,126                               |       |
| Loss on write-down of inventory              |        | 16,546                                  |       | 9,584                                   |       |
| Total  |        | 2,154,979                               |       | 3,054,029                               |       |
| Inventory at the end of the period           |        | 472,318                                 |       | 726,112                                 |       |
| Cost of goods sold                           |        | 1,682,661                               |       | 2,327,917                               |       |
| Cost of sales                                |        | 2,345,041                               |       | 3,182,261                               |       |

Notes: 1. Major breakdown of expenses is as follows:

(Thousand yen)

| Item                    | FY4/23<br>(May 1, 2022 – Apr. 30, 2023) | FY4/24<br>(May 1, 2023 – Apr. 30, 2024) |
|-------------------------|---|---|
| Depreciation            | 94,592                                  | 149,350                                 |
| Outside processing cost | 67,054                                  | 85,913                                  |
| Professional fees       | 49,776                                  | 71,485                                  |
| Office rent expenses    | 21,745                                  | 18,738                                  |

2. Breakdown of transfer to other account is as follows:

(Thousand yen)

| Item                 | FY4/23<br>(May 1, 2022 – Apr. 30, 2023) | FY4/24<br>(May 1, 2023 – Apr. 30, 2024) |
|----------------------|---|---|
| Software in progress | 112,285                                 | 108,388                                 |
| R&D expenses         | —                                       | 50,589                                  |
| Total                | 112,285                                 | 158,977                                 |

(Cost accounting method)

The Company employs an actual costing method based on job order costing for each project.

(3) Non-consolidated Statement of Changes in Equity  
 FY4/23 (May 1, 2022 – Apr. 30, 2023)

(Thousand yen)

|  | Shareholders' equity |                  |                       |                       |  |                         |                 |                            | Total net assets |
|--|----------------------|------------------|-----------------------|-----------------------|--|-------------------------|-----------------|----------------------------|------------------|
|  | Share capital        | Capital surplus  |                       |                       | Retained earnings  |                         | Treasury shares | Total shareholders' equity |                  |
|  |                      | Capital reserves | Other capital surplus | Total capital surplus | Other retained earnings<br>Retained earnings carried forward | Total retained earnings |                 |                            |                  |
| Balance at the beginning of the period               | 1,150,354            | 1,120,684        | 19,180                | 1,139,864             | 2,184,007  | 2,184,007               | (277,362)       | 4,196,863                  | 4,196,863        |
| Changes during the period                            |                      |                  |                       |                       |  |                         |                 |                            |                  |
| Issuance of new shares (exercise of share options)   | 185                  | 185              |                       | 185                   |  |                         |                 | 370                        | 370              |
| Net income for the period                            |                      |                  |                       |                       | 887,602  | 887,602                 |                 | 887,602                    | 887,602          |
| Purchase of treasury shares                          |                      |                  |                       |                       |  |                         | (447,825)       | (447,825)                  | (447,825)        |
| Disposal of treasury shares                          |                      |                  | (5,774)               | (5,774)               |  |                         | 49,916          | 44,141                     | 44,141           |
| Net changes in items other than shareholders' equity |                      |                  |                       |                       |  |                         |                 |                            | —                |
| Changes in items during the period                   | 185                  | 185              | (5,774)               | (5,589)               | 887,602  | 887,602                 | (397,909)       | 484,288                    | 484,288          |
| Balance at the end of the period                     | 1,150,539            | 1,120,869        | 13,405                | 1,134,274             | 3,071,610  | 3,071,610               | (675,272)       | 4,681,151                  | 4,681,151        |

FY4/24 (May 1, 2023 – Apr. 30, 2024)

(Thousand yen)

|  | Shareholders' equity |                  |                       |                       |  |                         |                 |                            | Total net assets |
|--|----------------------|------------------|-----------------------|-----------------------|--|-------------------------|-----------------|----------------------------|------------------|
|  | Share capital        | Capital surplus  |                       |                       | Retained earnings  |                         | Treasury shares | Total shareholders' equity |                  |
|  |                      | Capital reserves | Other capital surplus | Total capital surplus | Other retained earnings<br>Retained earnings carried forward | Total retained earnings |                 |                            |                  |
| Balance at the beginning of the period               | 1,150,539            | 1,120,869        | 13,405                | 1,134,274             | 3,071,610  | 3,071,610               | (675,272)       | 4,681,151                  | 4,681,151        |
| Changes during the period                            |                      |                  |                       |                       |  |                         |                 |                            |                  |
| Issuance of new shares (exercise of share options)   | 4,422                | 4,422            |                       | 4,422                 |  |                         |                 | 8,844                      | 8,844            |
| Net income for the period                            |                      |                  |                       |                       | 1,212,952  | 1,212,952               |                 | 1,212,952                  | 1,212,952        |
| Purchase of treasury shares                          |                      |                  |                       |                       |  |                         |                 | —                          | —                |
| Disposal of treasury shares                          |                      |                  | 22,246                | 22,246                |  |                         | 43,955          | 66,202                     | 66,202           |
| Net changes in items other than shareholders' equity |                      |                  |                       |                       |  |                         |                 |                            | —                |
| Changes in items during the period                   | 4,422                | 4,422            | 22,246                | 26,668                | 1,212,952  | 1,212,952               | 43,955          | 1,287,998                  | 1,287,998        |
| Balance at the end of the period                     | 1,154,961            | 1,125,291        | 35,651                | 1,160,942             | 4,284,563  | 4,284,563               | (631,316)       | 5,969,150                  | 5,969,150        |

## (4) Non-consolidated Statement of Cash Flows

(Thousand yen)

|  | FY4/23<br>(May 1, 2022 – Apr. 30, 2023) | FY4/24<br>(May 1, 2023 – Apr. 30, 2024) |
|--|---|---|
| <b>Cash flow from operating activities</b>                           |   |   |
| Profit before income taxes   | 954,660                                 | 1,663,649                               |
| Depreciation   | 150,444                                 | 214,489                                 |
| Impairment loss  | —                                       | 33,113                                  |
| Amortization of long-term prepaid expenses                           | 18                                      | 2,250                                   |
| Amortization of goodwill   | 3,672                                   | 4,005                                   |
| Increase (decrease) in allowance for doubtful accounts               | (10,916)                                | (121)                                   |
| Interest and dividend income   | (187)                                   | (44)                                    |
| Loss on disposal of fixed assets                                     | —                                       | 38,686                                  |
| Loss (gain) on valuation of investment securities                    | —                                       | 9,989                                   |
| Loss (gain) on extinguishment of tie-in shares                       | (58,293)                                | —                                       |
| Decrease (increase) in trade receivables                             | (4,561)                                 | (62,324)                                |
| Decrease (increase) in inventories                                   | (88,166)                                | (244,208)                               |
| Increase (decrease) in trade payables                                | 9,348                                   | 105,236                                 |
| Increase (decrease) in accounts payables-other                       | (42,113)                                | 126,516                                 |
| Increase (decrease) in consumption taxes payable                     | 120,649                                 | 58,330                                  |
| Other  | 147,780                                 | 18,744                                  |
| Subtotal   | 1,182,335                               | 1,968,312                               |
| Interest and dividends received                                      | 187                                     | 44                                      |
| Income taxes paid  | (196,083)                               | (257,025)                               |
| Cash flows provided by (used in) operating activities                | 986,440                                 | 1,711,332                               |
| <b>Cash flows from investing activities</b>                          |   |   |
| Purchase of property, plant and equipment                            | (69,367)                                | (277,170)                               |
| Purchase of intangible assets  | (110,367)                               | (88,113)                                |
| Purchase of investment securities                                    | (19,880)                                | (22,401)                                |
| Payment for investment in affiliates                                 | —                                       | (12,849)                                |
| Payments of guarantee deposits                                       | (62,641)                                | (6,549)                                 |
| Proceeds from refund of guarantee deposits                           | 5,058                                   | 15,939                                  |
| Payments for asset retirement obligations                            | (107)                                   | (8,139)                                 |
| Payments for business transfer                                       | (53,150)                                | —                                       |
| Other  | (273)                                   | 6,198                                   |
| Net cash provided by (used in) investing activities                  | (310,728)                               | (393,085)                               |
| <b>Cash flows from financing activities</b>                          |   |   |
| Proceeds from issuance of shares                                     | 370                                     | 8,844                                   |
| Purchase of treasury shares  | (448,175)                               | —                                       |
| Other  | (134)                                   | —                                       |
| Net cash provided by (used in) financing activities                  | (447,939)                               | 8,844                                   |
| Net increase (decrease) in cash and cash equivalents                 | 227,771                                 | 1,327,091                               |
| Cash and cash equivalents at beginning of period                     | 3,511,282                               | 3,957,469                               |
| Net increase in cash and cash equivalents<br>resulting from a merger | 218,415                                 | —                                       |
| Cash and cash equivalents at end of period                           | 3,957,469                               | 5,284,561                               |

## (5) Notes to Non-consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Equity Method Profit and Loss, etc.)

The subsidiaries we hold are non-consolidated subsidiaries due to their insignificance in terms of profit and retained earnings standards. Therefore, detailed descriptions are omitted.

(Segment Information)

As we operate in a single segment, the cloud services business, segment information is omitted.

(Per Share Information)

|                              | Fiscal year ended<br>April 30, 2023<br>(May 1, 2022 – Apr. 30, 2023) | Fiscal year ended<br>April 30, 2024<br>(May 1, 2023 – Apr. 30, 2024) |
|------------------------------|--|--|
| Net assets per share         | 244.44   | 310.59   |
| Net income per share         | 46.26  | 63.21  |
| Diluted net income per share | 46.07  | 63.00  |

Note: The basis for calculating earnings per share and diluted earnings per share is as follows:

|   | Fiscal year ended<br>April 30, 2023<br>(May 1, 2022 – Apr. 30, 2023) | Fiscal year ended<br>April 30, 2024<br>(May 1, 2023 – Apr. 30, 2024) |
|---|--|--|
| Basic earnings per share  |  |  |
| Profit (thousand yen)   | 887,602  | 1,212,952  |
| Amount not attributable to common shareholders (thousand yen)   | —  | —  |
| Profit applicable to common shares (thousand yen)   | 887,602  | 1,212,952  |
| Average number of common shares outstanding (shares)  | 19,186,430   | 19,188,728   |
| Diluted net income per share  |  |  |
| Fully diluted net income (thousand yen)   | —  | —  |
| Increase in the number of common shares (shares)  | 78,146   | 65,932   |
| [of which, share acquisition rights (shares)]   | (78,146)   | (65,932)   |
| Summary of latent shares not included in the calculation of the diluted net income per share since there was no dilutive effect | —  | —  |

(Subsequent Event)

(Significant Business Acquisition)

On April 16, 2024, our Board of Directors resolved to enter into a business transfer agreement with Ligua Co., Ltd. ("Ligua"), for the acquisition of the Rece ONE Plus business operated by Ligua. The business transfer agreement was signed on the same day. Based on this agreement, we completed the acquisition of the business on May 1, 2024.

(1) Background

On September 13, 2023, we updated our mid-term management plan and have begun implementing a new market segmentation strategy aimed at achieving "VISION2031."

Under the market segmentation strategy, we have further subdivided our target segments beyond the broad categories of "retail stores" and "restaurants" into "industry type and format" and "scale." By strengthening our approach to specific industries, we aim to optimize sales and marketing costs and achieve top market share in target sectors.

The software "Rece ONE Plus," which we will acquire from Ligua Inc., is a comprehensive solution tailored to osteopathic clinics, encompassing patient information management (CRM), medical billing systems, and POS functionality. We have decided to acquire this business as part of our market segmentation strategy.

(2) Details of Acquired Business

Development, maintenance, and sales of "Rece ONE Plus," which combines the following two functions:

- Patient information management software "Ligoo POS&CRM" for Osteopathic clinics.
- Billing calculation software "Rece ONE" for Osteopathic clinics.

(3) Overview of the Counterparty Company

|                                  |   |
|----------------------------------|---|
| Name                             | Ligua Inc.  |
| Location                         | Awaji-machi Park Building 2, 2-6-6 Awaji-machi, Chuo-ku Osaka-shi, Osaka                        |
| Name and Title of Representative | Norihiko Kawase, President  |
| Business                         | Management consulting and support services for Osteopathic clinics and the healthcare industry. |
| Capital                          | ¥551,164 thousand (as of March 31, 2024)  |

(4) Assets and Liabilities of the Acquired Business

| Assets                              |            | Liabilities |            |
|-------------------------------------|------------|-------------|------------|
| Item                                | Book value | Item        | Book value |
| (million yen)<br>Non-current assets | 163        | —           | —          |

(5) Acquisition price, method of payment:

Transfer price: 176 million yen

Settlement method: Cash

(6) Schedule of the Business Acquisition

|  |                |
|--|----------------|
| Resolution of the Board of Directors   | April 16, 2024 |
| Signing of business transfer agreement | April 16, 2024 |
| Execution of transfer                  | May 1, 2024    |