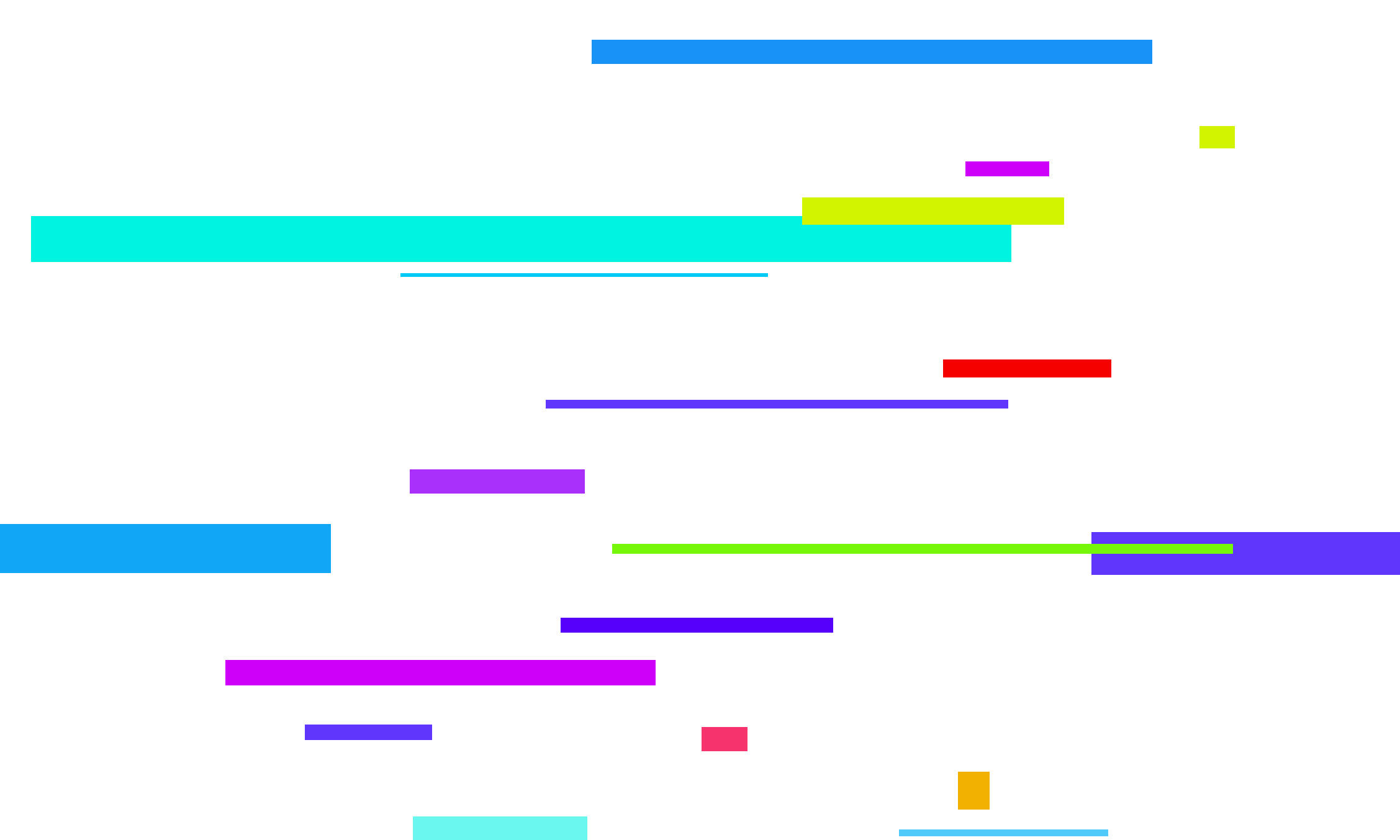


Presentation Materials for 1Q FY2025

May 1, 2024 - July 31, 2024

Smaregi, Inc.

Securities code: 4431



P3	CEO Succession Announcement
P4	Update on Long-term Vision and Medium-term Management Plan
P5	1Q FY4/25 Financial Summary
P15	Business Summary
P24	Business Outline
P35	Appendix

Definitions as noted in this document

Figures: Rounded down to the nearest unit of display, **Ratios:** Rounded to the second decimal place



Message from the New CEO

Towards POS Market Leadership

I am pleased to introduce myself as the new CEO, Miyazaki. I have been involved with Smaregi since its inception as a member of the development team and later led the launch of Smaregi Time Card in 2014 as the product leader. In recent years, I have gained extensive experience across various departments, including sales, marketing, back office, and customer service.

We have set an ambitious goal of becoming the market leader in Japan's POS industry by 2031. Building on the foundation laid by my predecessor, Yamamoto, and staying true to our founding principle of "creating something great," we will continue to take on the challenges of a new era.

Representative Director/CEO **Ryuhei Miyazaki**

n For those who read Japanese, you can learn more about the background of this leadership transition in our blog post: "Behind the CEO Transition" Smaregi Embarks on a New Stage https://note.com/smaregi_pr/n/n89f7049b0cf4

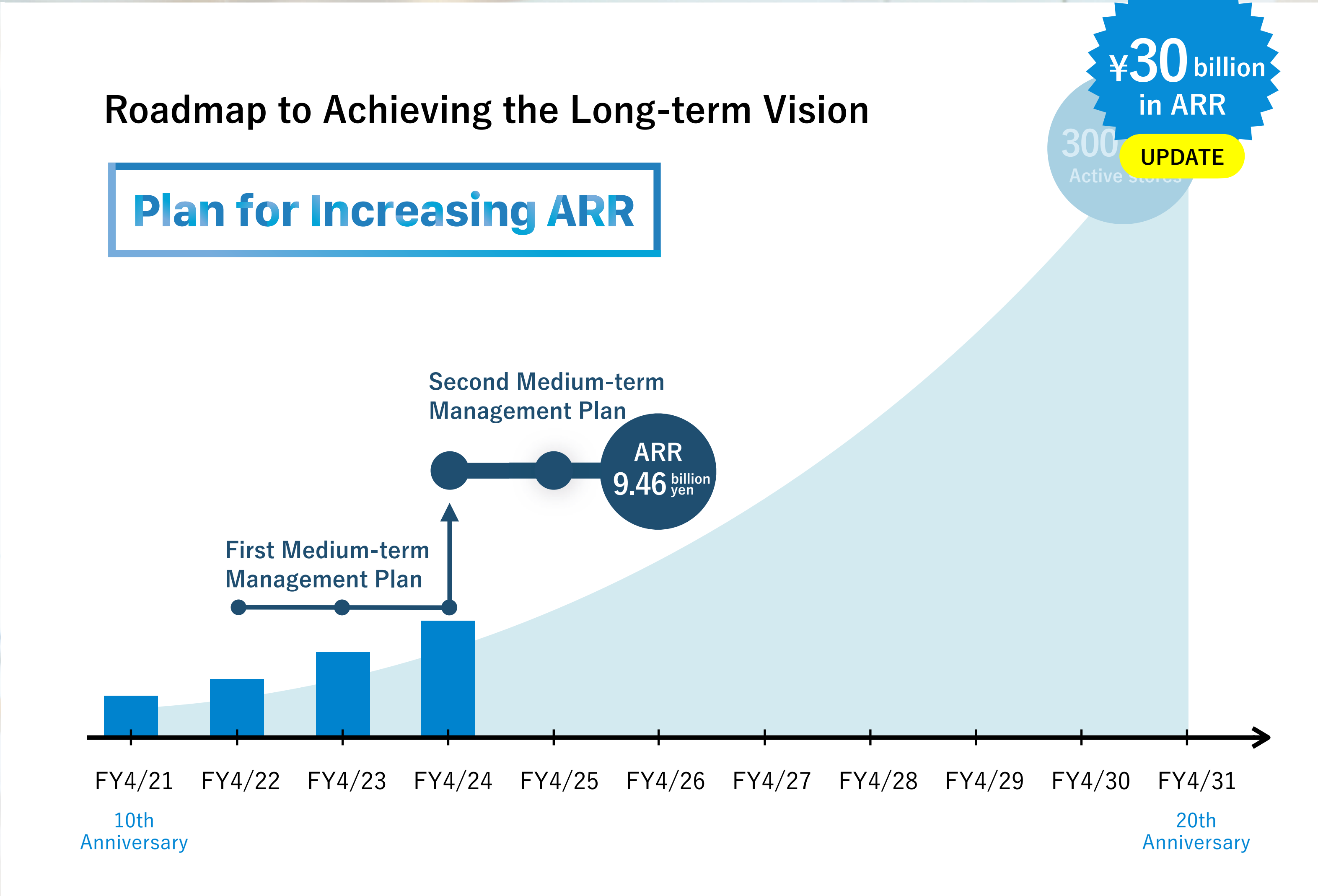
Revised

~~300,000 active stores~~

↓

Aiming for
¥30 Billion
ARR!

To align all efforts toward increasing ARR, we have revised the long-term vision goal from 300,000 stores to ¥30 billion ARR.



Quarterly
Record
high

Net sales

YoY
+38.8%

2.531 billion yen

Quarterly
Record
profit

Operating profit

YoY
+46.5%

601 million yen

Record
high

ARR

YoY
+41.6%

6.607 billion yen

Number of
employees

YoY
+23.2%

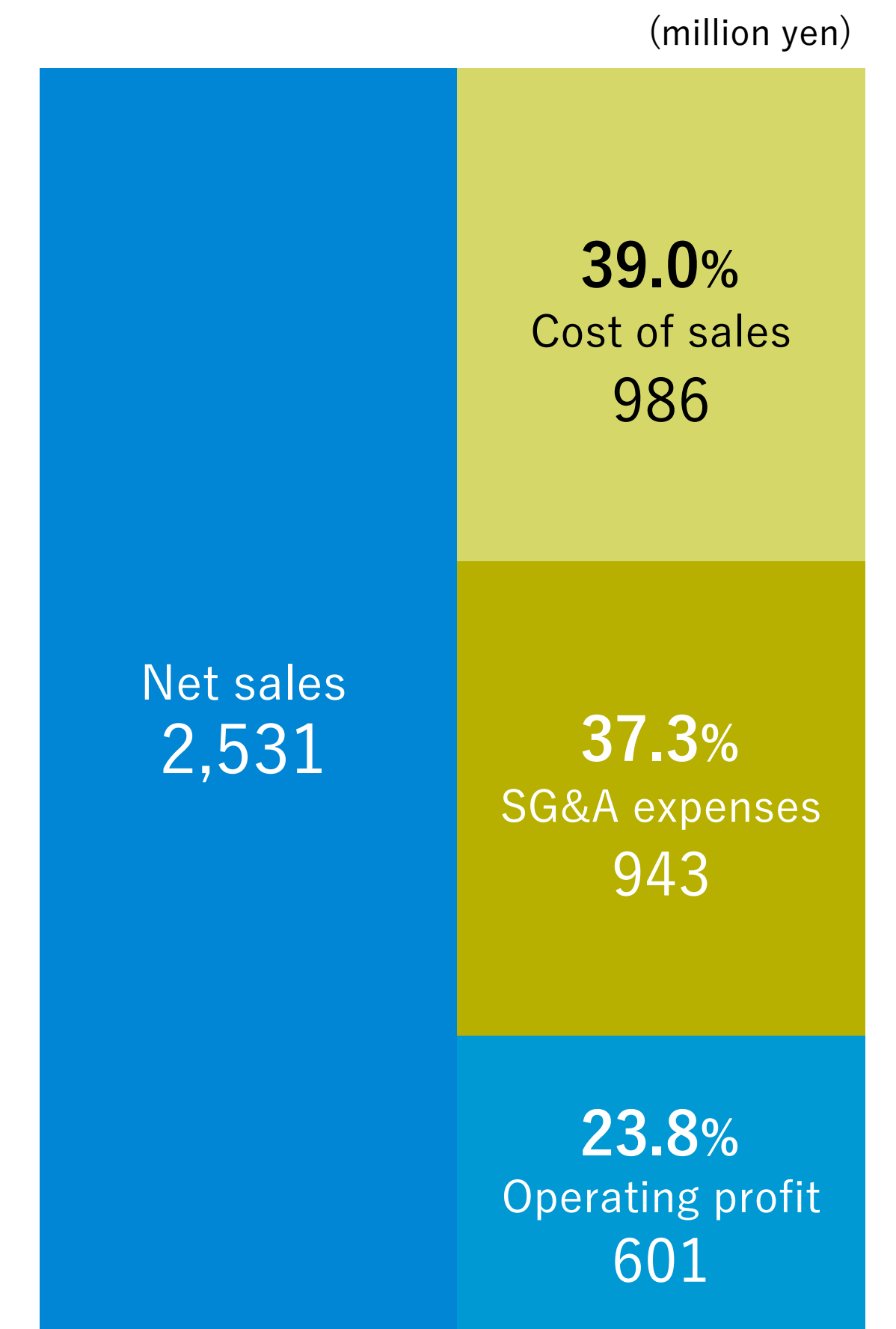
335 employees

Statement of Income

Driven by solid performance, revenue grew by 38.8% YoY, while operating profit increased by 46.5% YoY, marking a record high for quarterly profit.

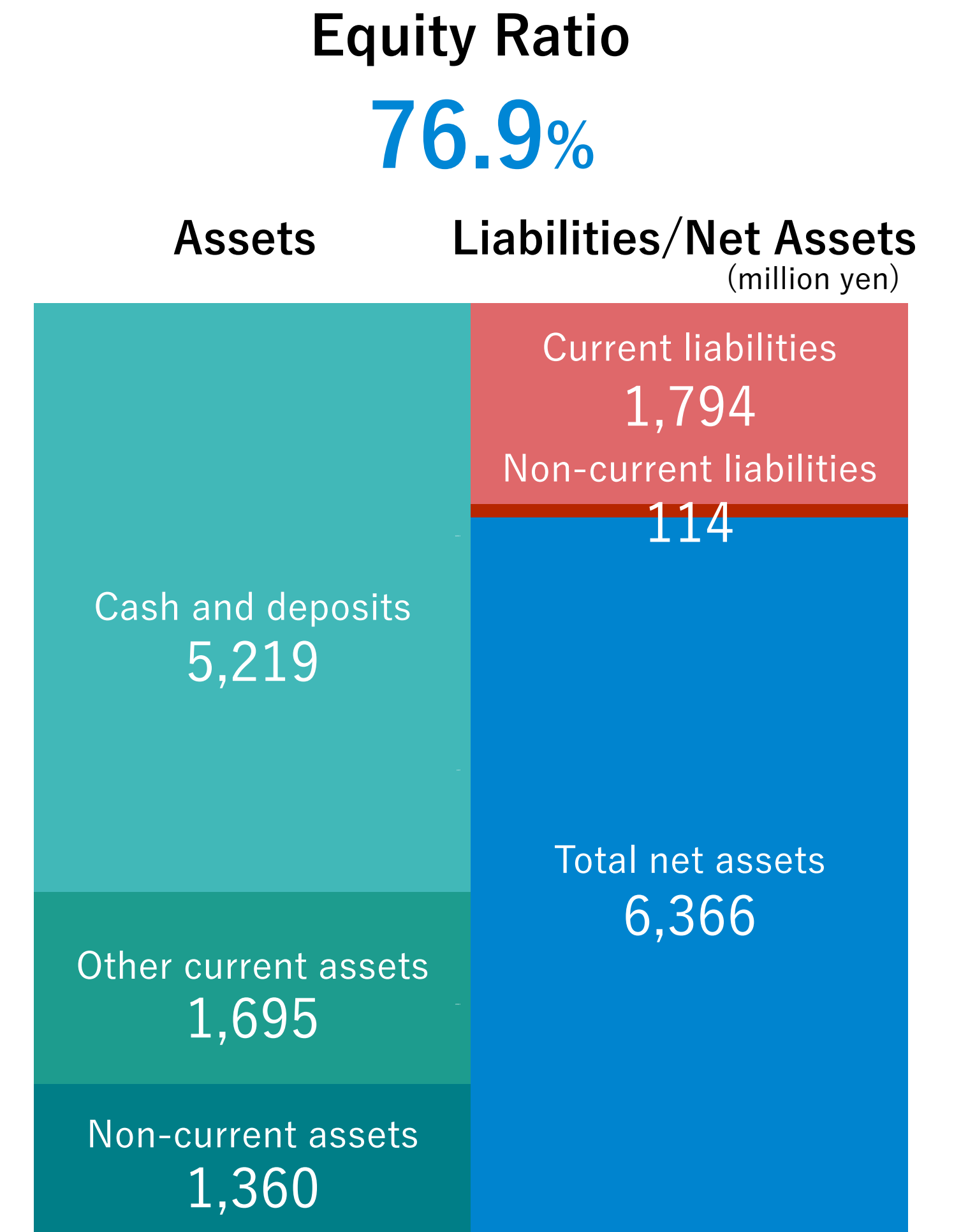
(million yen)	FY2025 1Q May - Jul. 2024	FY2024 1Q May - Jul. 2023	YoY	FY2025 Plan	FY2025 1Q % achieved
Net sales	2,531	1,824	+38.8%	10,688	23.7%
Cost of sales	986	663	+48.6%	-	-
Gross profit	1,544	1,160	+33.1%	-	-
SG&A expenses	943	749	+25.8%	-	-
Operating profit	601	410	+46.5%	2,033	29.6%
Ordinary profit	600	410	+46.2%	2,033	29.5%
Profit	396	274	+44.5%	1,414	28.0%

Earnings structure



Due to the recognition of goodwill*1, fixed assets increased by 29.6% QoQ, while the equity ratio remained stable at 76.9%, maintaining a solid financial foundation.

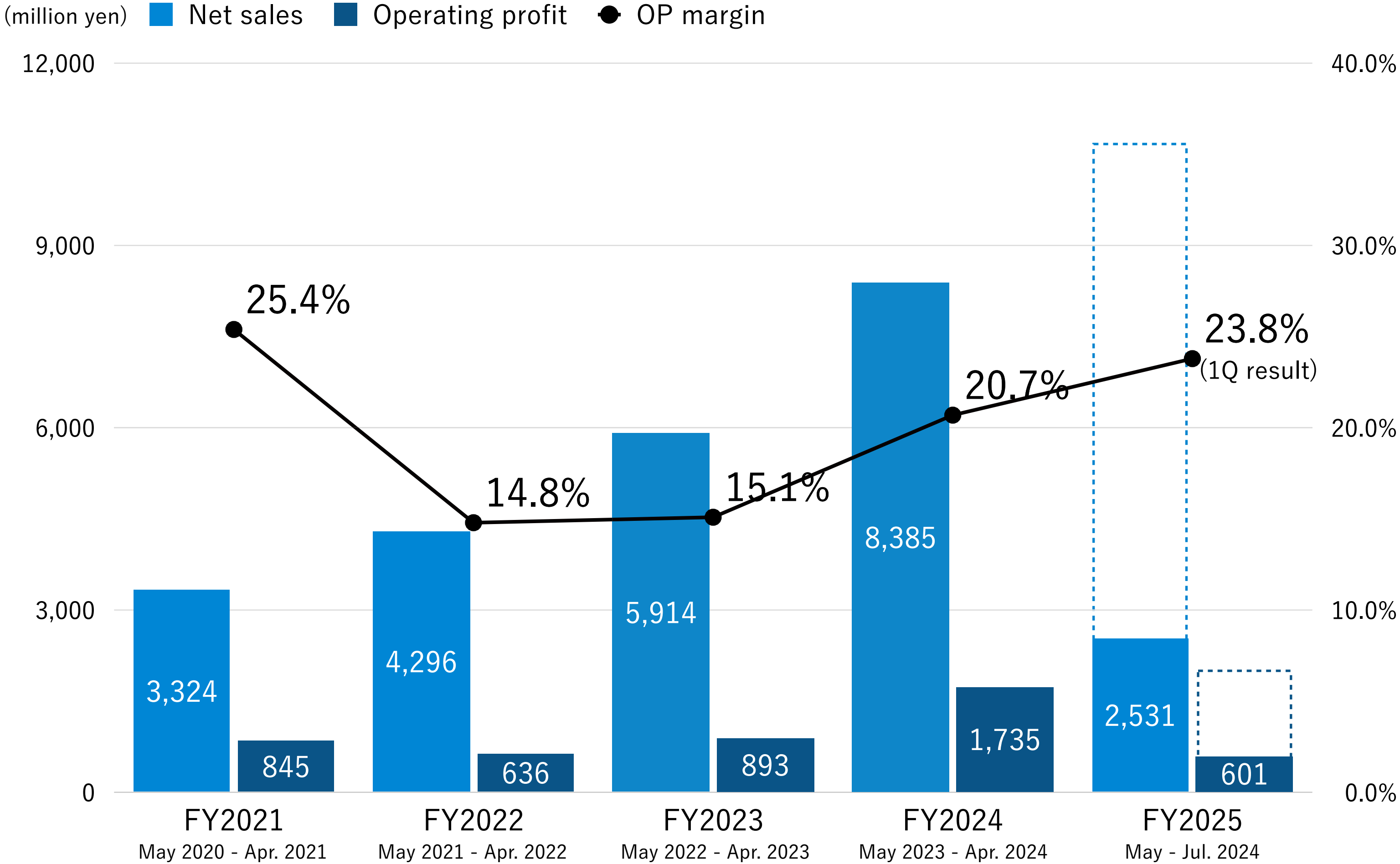
(million yen)	FY2025 1Q	FY2024 1Q	YoY	FY2024 4Q	QoQ
Current assets	6,914	5,456	+26.7%	6,902	+0.2%
Cash and deposits	5,219	4,194	+24.4%	5,284	-1.2%
Non-current assets	1,360	1,006	+35.1%	1,050	+29.6%
Total assets	8,275	6,463	+28.0%	7,952	+4.1%
Current liabilities	1,794	1,420	+26.3%	1,878	-4.5%
Non-current liabilities	114	87	+31.8%	105	+9.1%
Total liabilities	1,908	1,507	+26.6%	1,983	-3.8%
Total net assets	6,366	4,955	+28.5%	5,969	+6.7%
Total liabilities and net assets	8,275	6,463	+28.0%	7,952	+4.1%



*1 Goodwill was recorded as a result of business acquisitions. The goodwill amount is expected to fluctuate as a Purchase Price Allocation (PPA) will be conducted at the end of the fiscal year.

Changes in Net Sales, Operating Profit, and Operating Margin

Progress for 1Q against the full-year performance plan showed a net sales progress rate of 23.7% and an operating profit progress rate of 29.6%, indicating a solid start in line with the plan.



FY2025 1Q

May - Jul. 2024

Net sales progress rate

23.7%

2,531 / 10,688

million yen

Operating profit progress rate

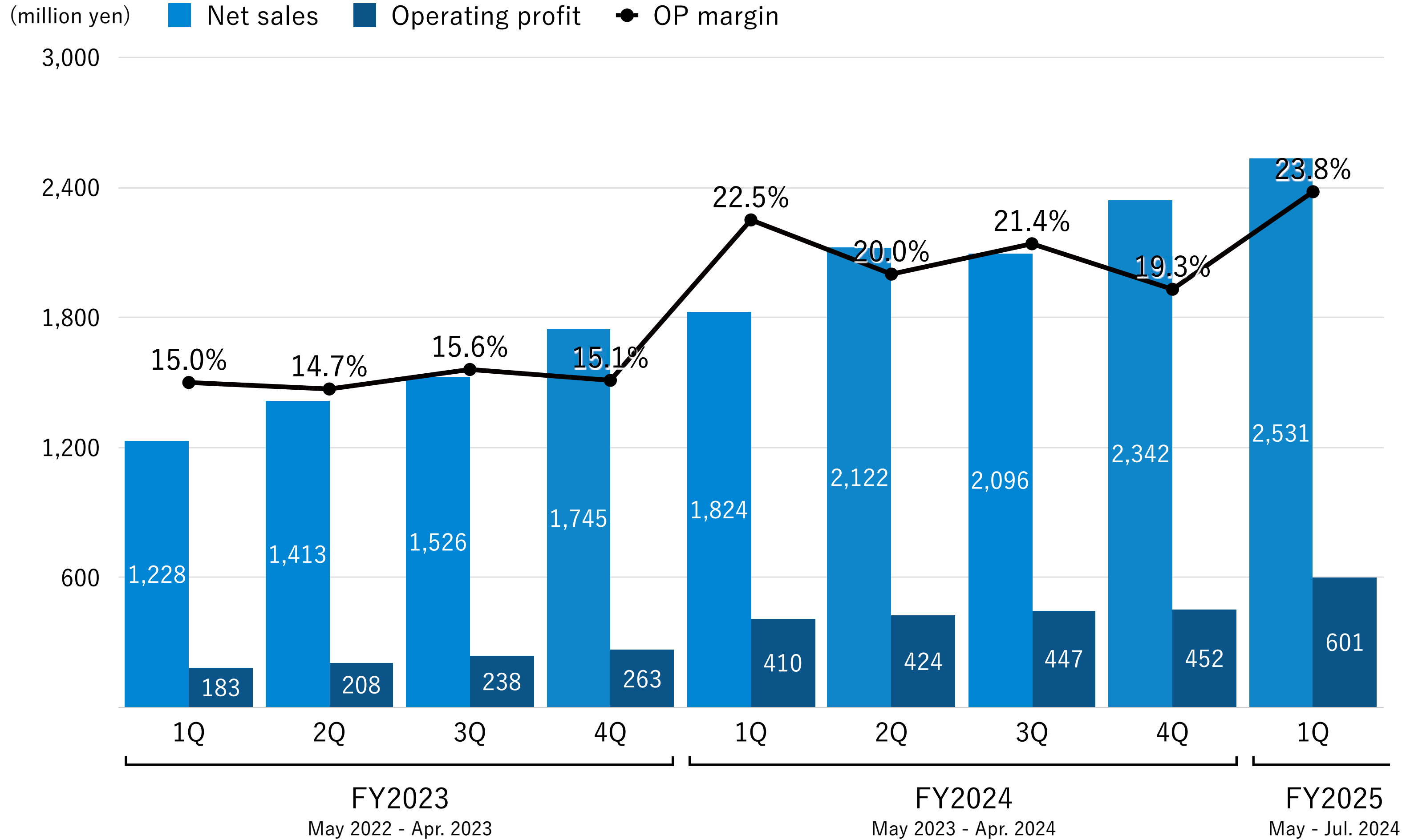
29.6%

601 / 2,033

million yen

Quarterly Changes in Net Sales, Operating Profit and Operating Margin

1Q operating profit increased by 46.5% YoY, surpassing 600 million yen, a record high for quarterly profit. To achieve the mid-term business plan's ARR target, we plan to continue S&M investments while carefully monitoring the operating profit margin.



FY2025 1Q

May - Jul. 2024

Operating margin

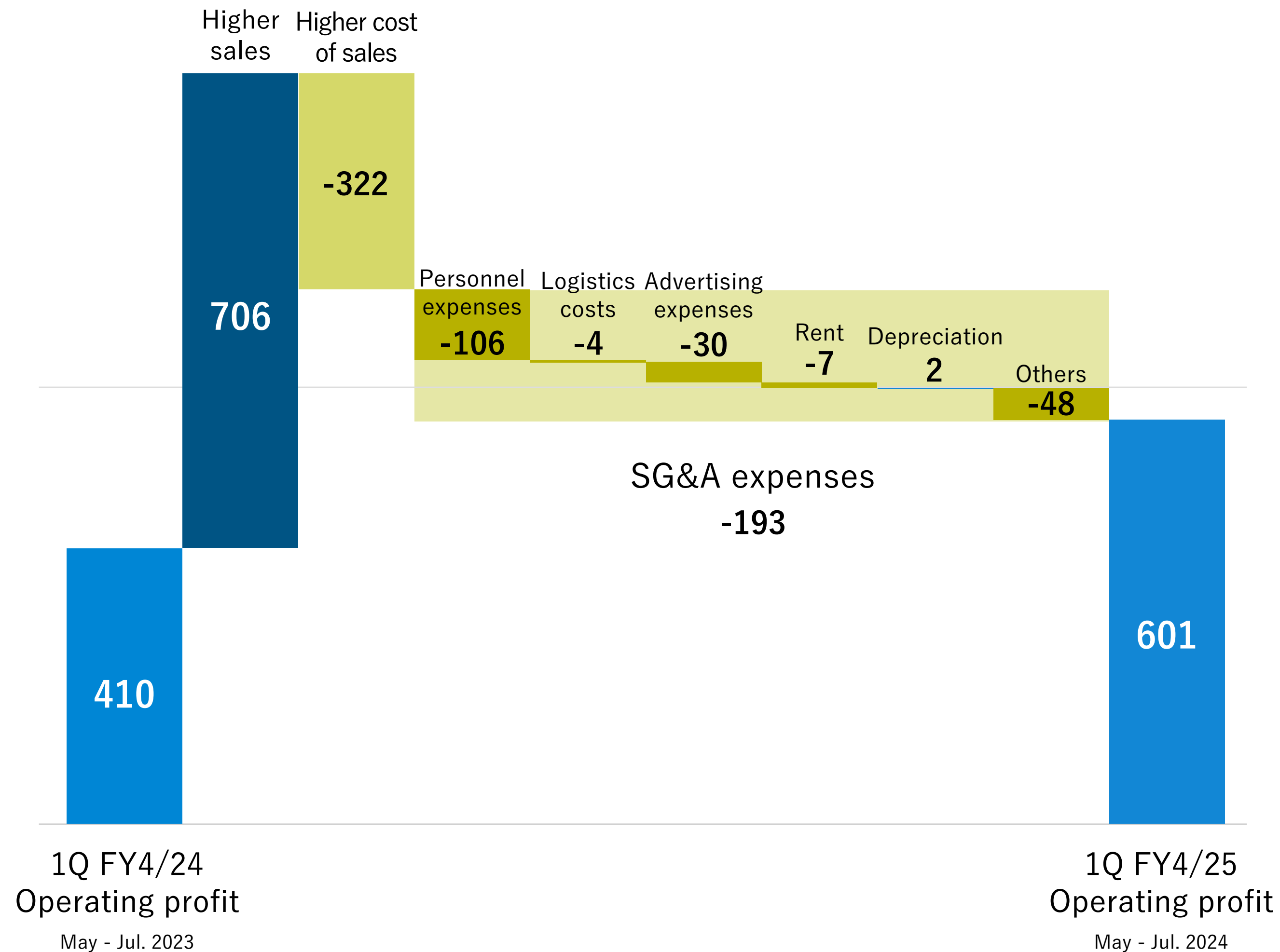
23.8%

YoY
↑1.3pt

QoQ
↑4.5pt

Year-over-Year Change in Operating Profit for the Same Quarter

(million yen)



Higher sales

- Number of new fee-based contracts increased.
- Growth of consistent sales(monthly fees) due to low churn rate.
- Expansion of Payment-Related Business.

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.
- Recording of Goodwill Amortization from Business Acquisitions (Other Expenses)

Quarterly Changes in Sales Composition

Driven by the increase in fee-paying stores and the strong performance of cashless payment services, subscription revenue grew significantly by 42.8% YoY. The subscription revenue ratio also increased to 64.2%, establishing a stable and solid revenue foundation.

FY2025 1Q

May - Jul. 2024

Subscription sales ratio

64.2%

Initial expense gross margin

Sales of products and others

28.1%

QoQ

↓0.1pt

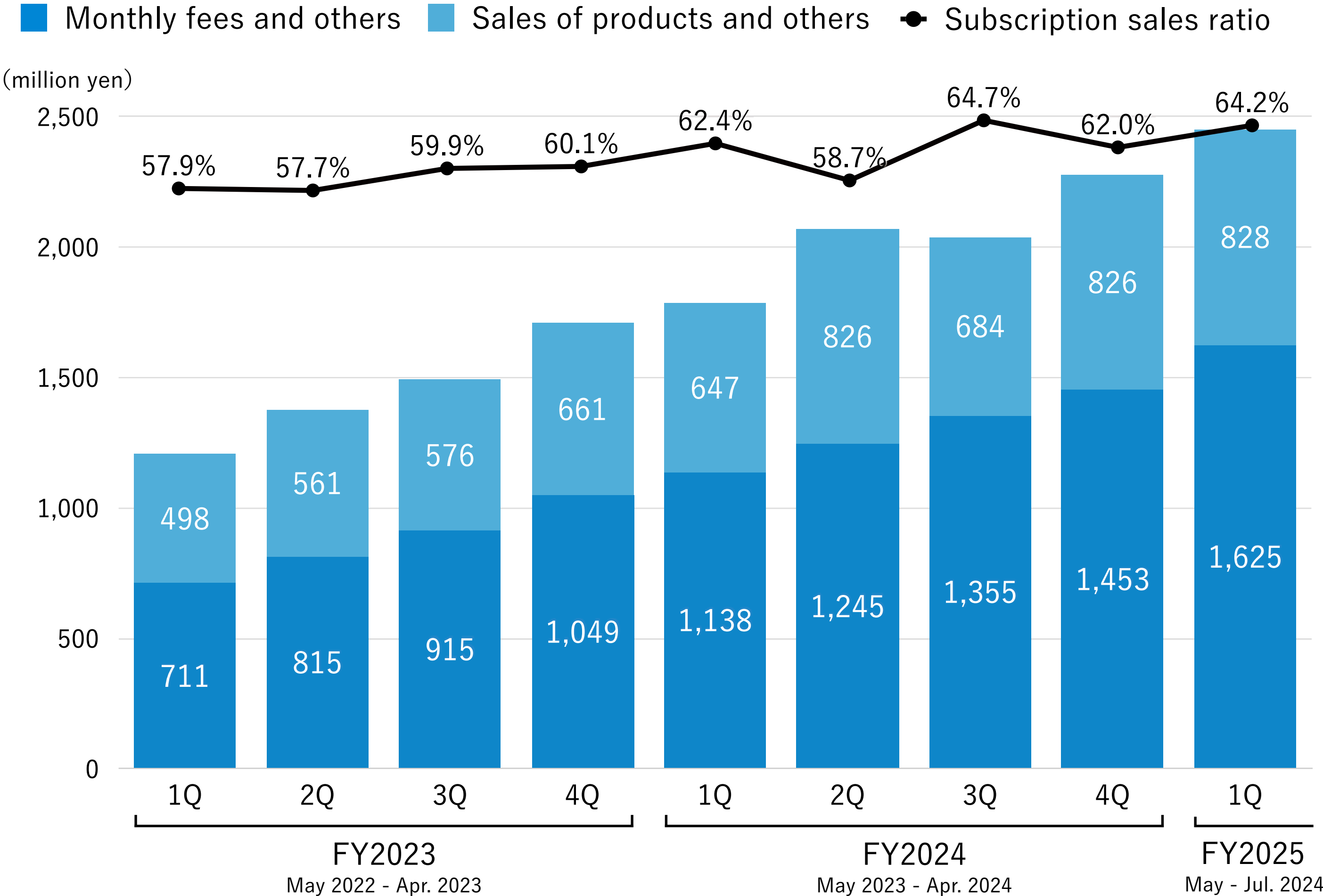
SaaS gross margin

Monthly fees and others

79.7%

QoQ

↓1.0pt



*Sales from Other System Development Costs Not Included in the Graph *Special Demand for System Upgrades in 2Q FY24: The sales in "Equipment Sales, etc." for 2Q FY24 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.



Quarterly Changes in SG&A expenses

Due to organizational expansion and business scale growth, SG&A expenses increased by 25.8% YoY, while the SG&A ratio decreased by 3.8 percentage points YoY.

FY2025 1Q

May - Jul. 2024

SG&A expenses

943 million yen

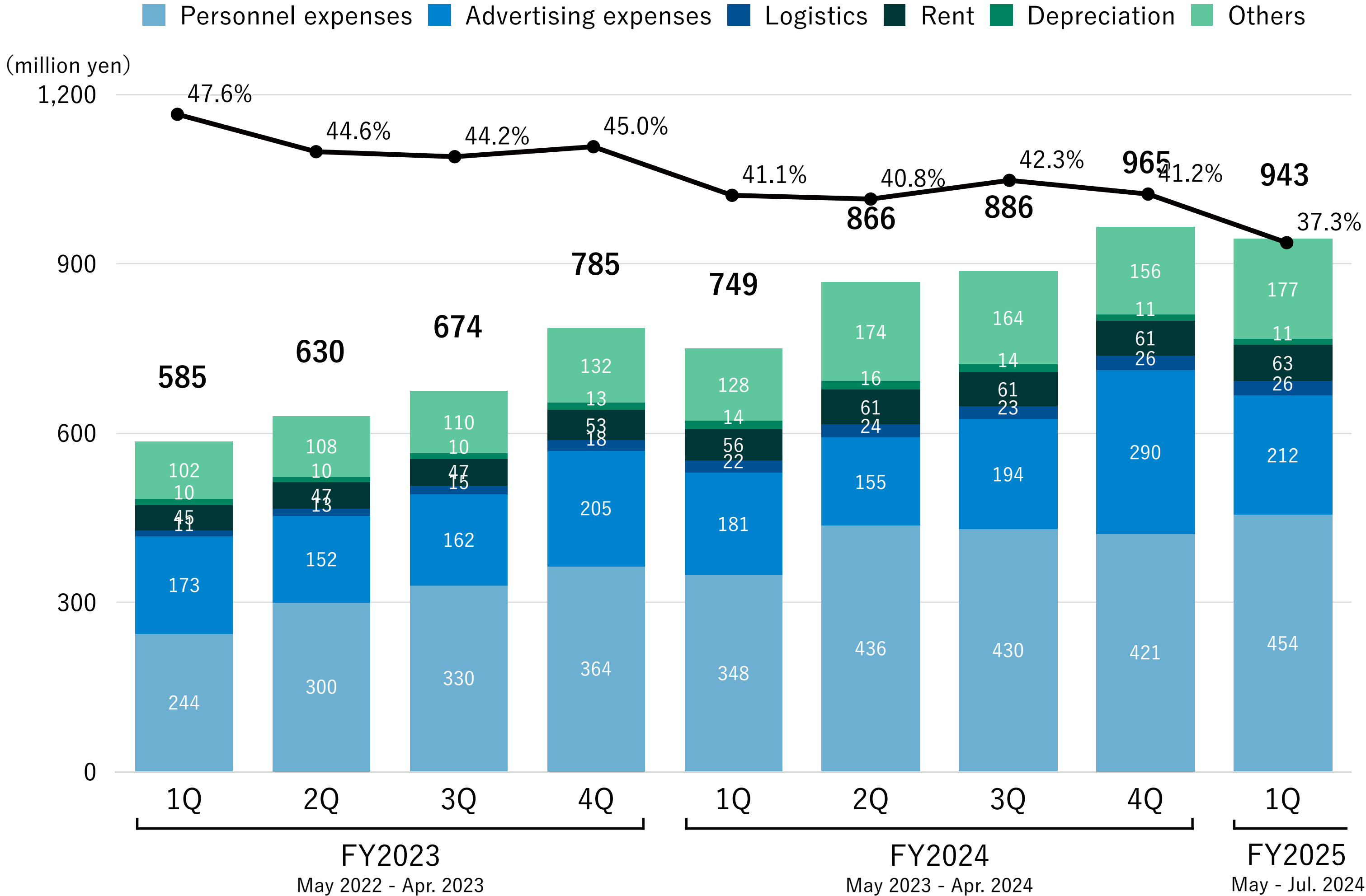
YoY **+25.8%**

S&M

S&M rate

439 million yen

17.4%

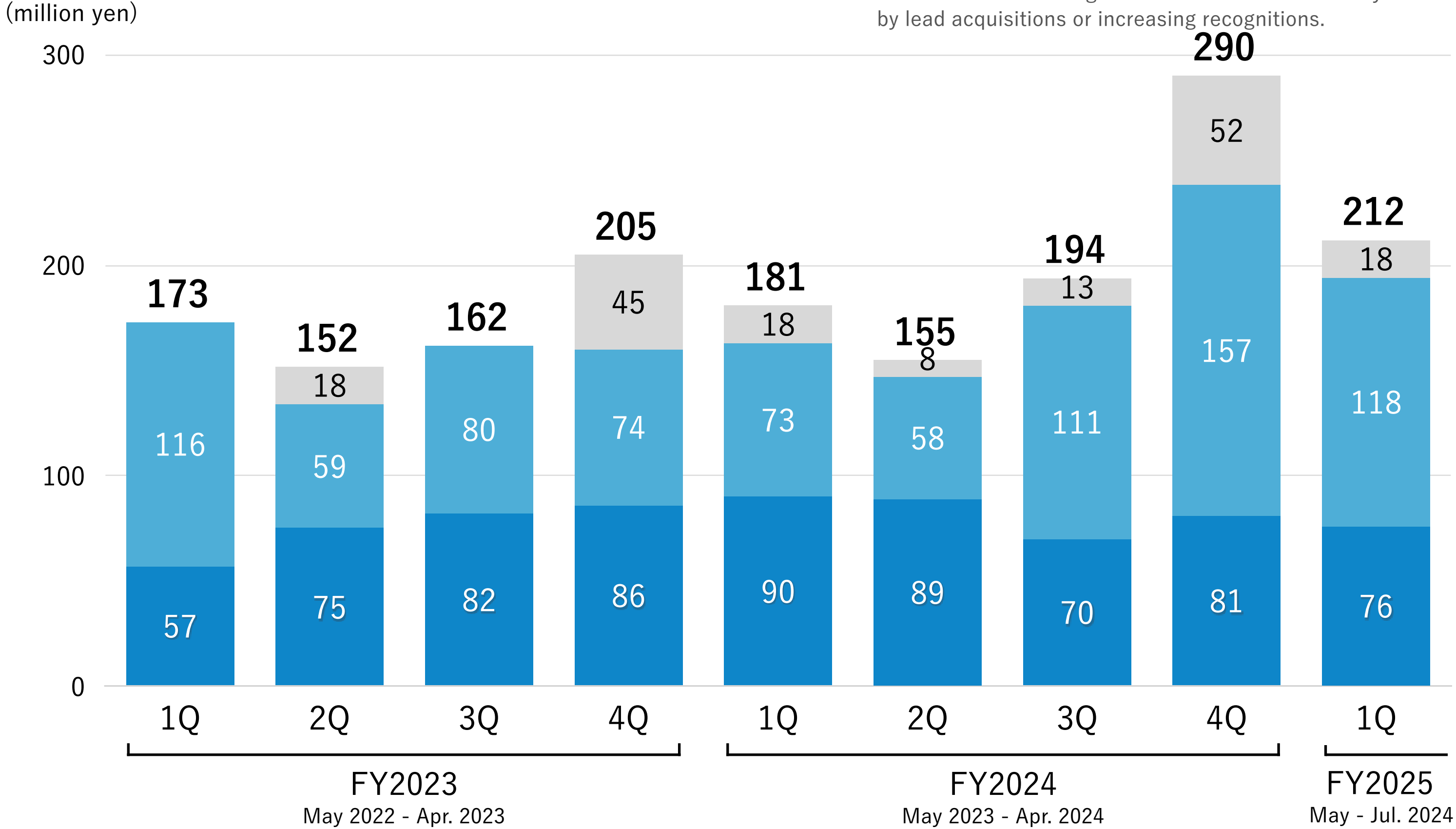


Quarterly Changes in Advertising Expenses and S&M

In lead acquisition initiatives, primarily through web marketing, we continued to pursue efficient advertising investments focused on cost-effectiveness. This fiscal year, we also launched a year-round TV commercial campaign to reach potential customer segments.

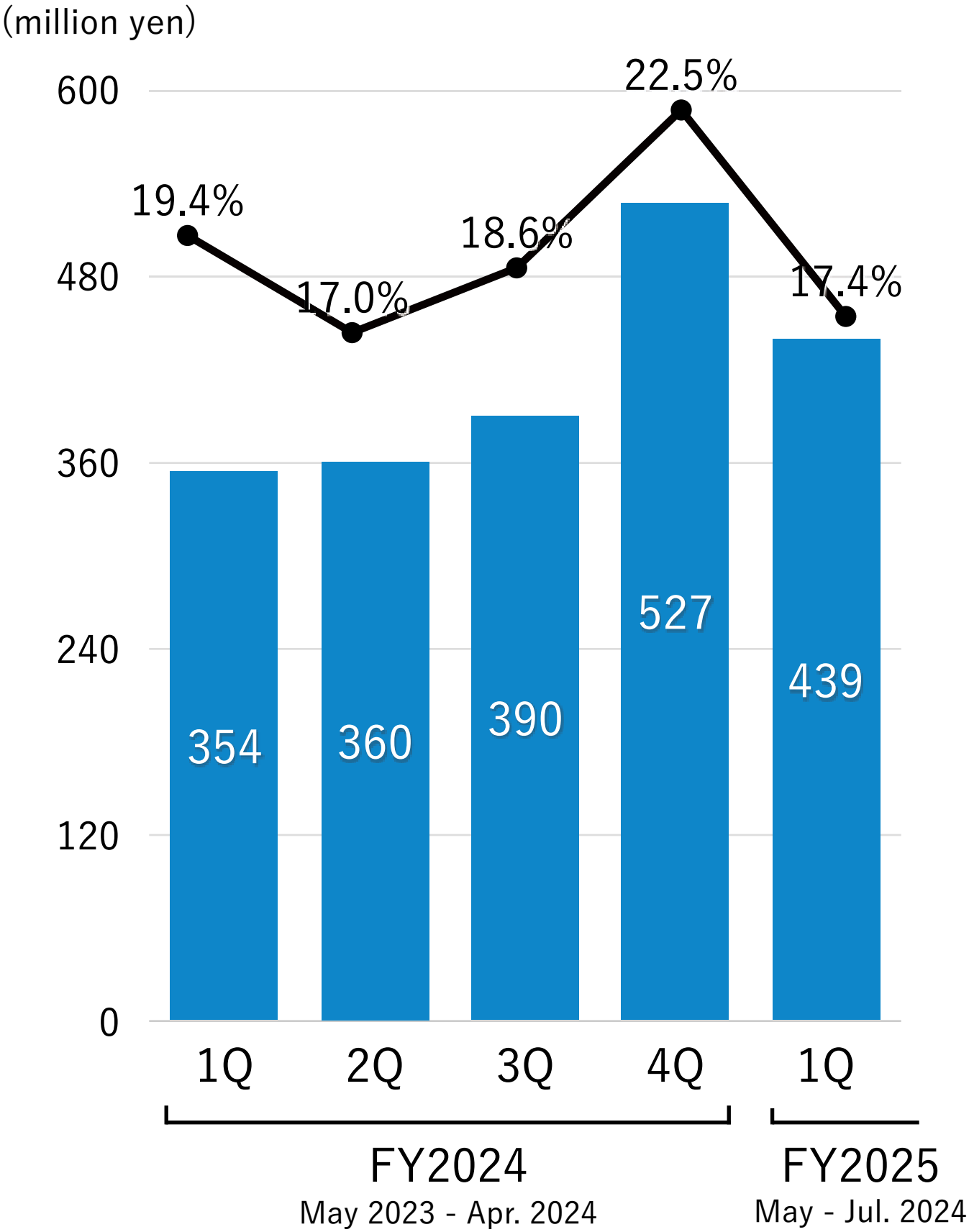
Breakdown of Advertising Expenses

- Lead acquisition
- Increasing recognition
- Others
- ⋯ Web ads (listing, affiliate), event exhibit fees
- ⋯ TV commercials, Radio
- ⋯ Smaregi App Contest and events such as food festivals, etc, which are the branding activities that are not directly affected by lead acquisitions or increasing recognitions.



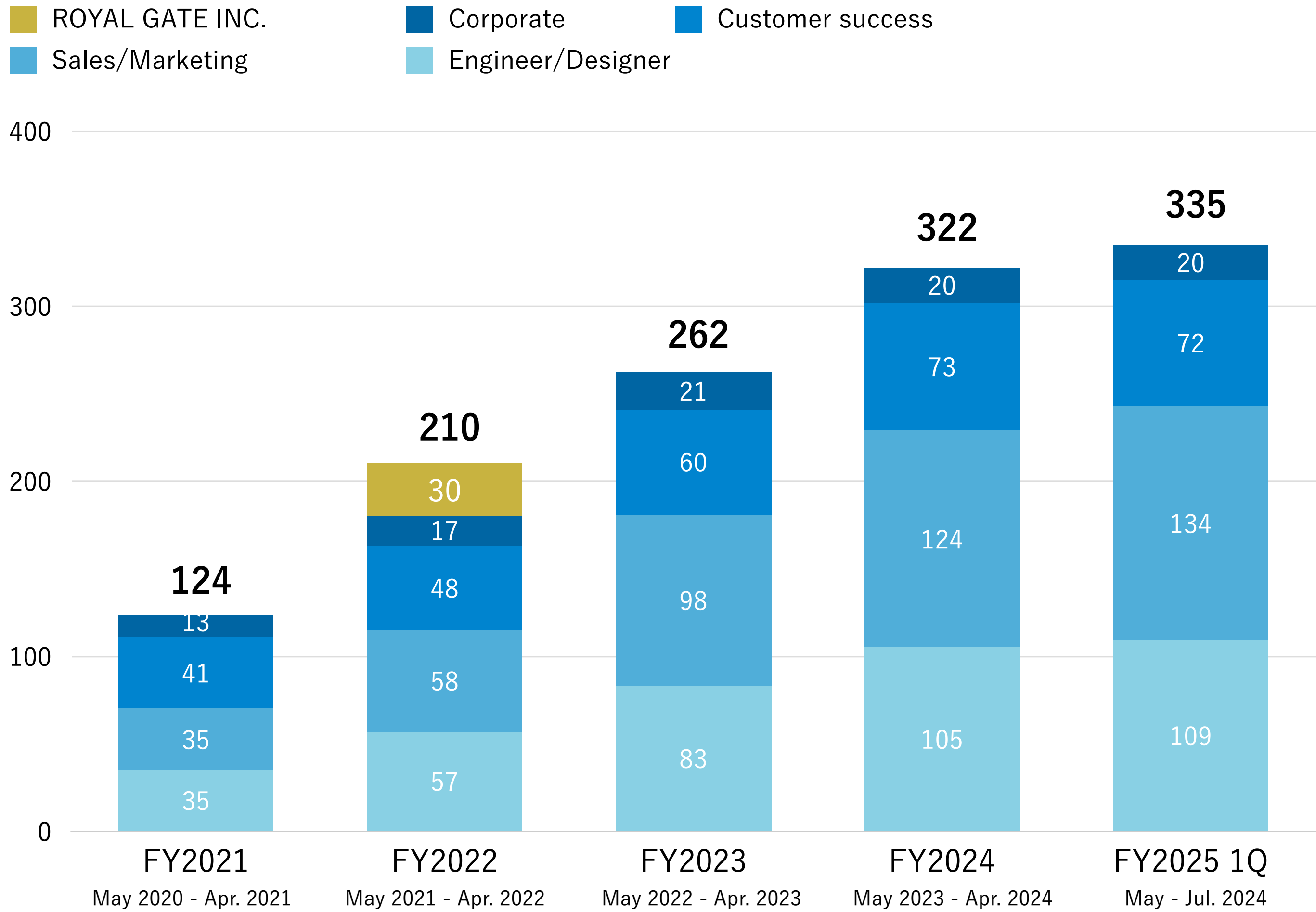
S&M

- S&M
 - S&M rate
- Ad. expenses, Sales and Marketing personnel expenses



Growth in Number of Employees

Focused Recruitment in Engineering, Design, Sales, and Marketing The number of employees increased by 13 QoQ, bringing the total to 335.



FY2025 1Q ^{*1}
Number of Employees

335

YoY ^{*2}
+23.2%
+63

QoQ
+4.0%
+13

*1 As of the end of July 2024, excluding temporary and part-time employees.

*2 As of the end of July 2023: 272 employees.

Business Summary



Jul. 2024

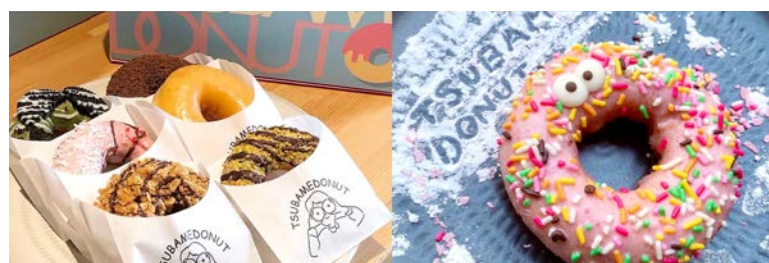
- Appointment of Ryuhei Miyazaki as Representative Director

Jun. 2024

- Acquired "TSUBAME DONUT" which operates five stores in Fukuoka.

May 2024

- Business transfer("Rece ONE Plus") from Ligua Co., Ltd.
- Started receiving applications for the Subsidies for Introduction of IT 2024 (third year)
- Start of new TV commercial "SMAREGI and I" series No.2
- Hosted the 3rd Food Festival: "Smaregi presents HUNGRY CIRCUS"
Attracted 223,000 visitors, significantly surpassing last year's 120,000 attendees.



Annual Recurring Revenue (Subscription Sales)

Smaregi usage fees grew by 35.1% YoY. Driven by the steady growth of Smaregi, supported by an increase in fee-paying stores and sustained low churn rates, cashless payment services achieved strong growth of 81.6% YoY. As a result, ARR surpassed 6.6 billion yen.

ARR*

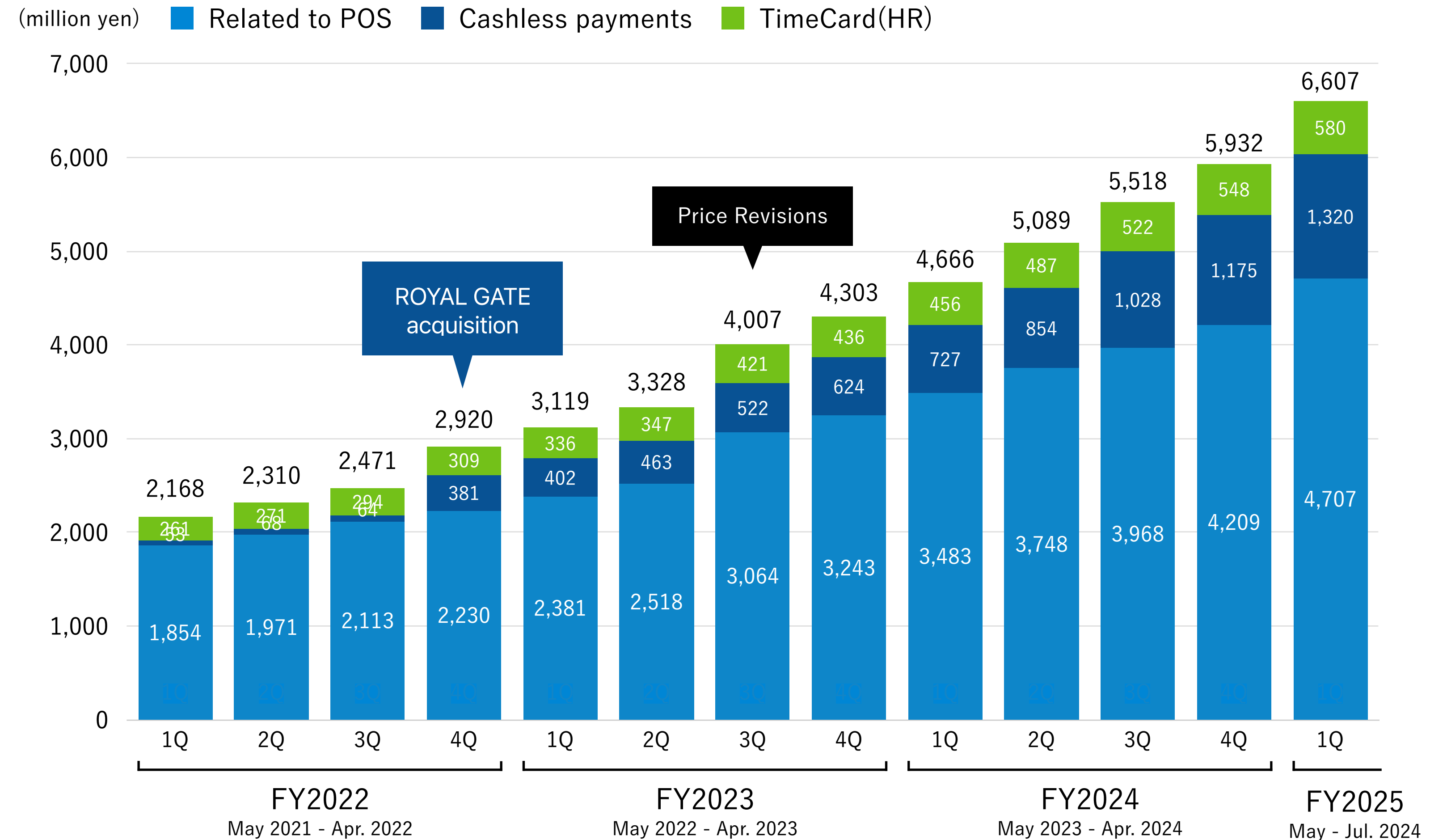
6.6 billion yen

YoY

+41.6%

QoQ

+11.4%



* Based on 12 times the MRR at the end of each quarter

* ARR: Annual Recurring Revenue

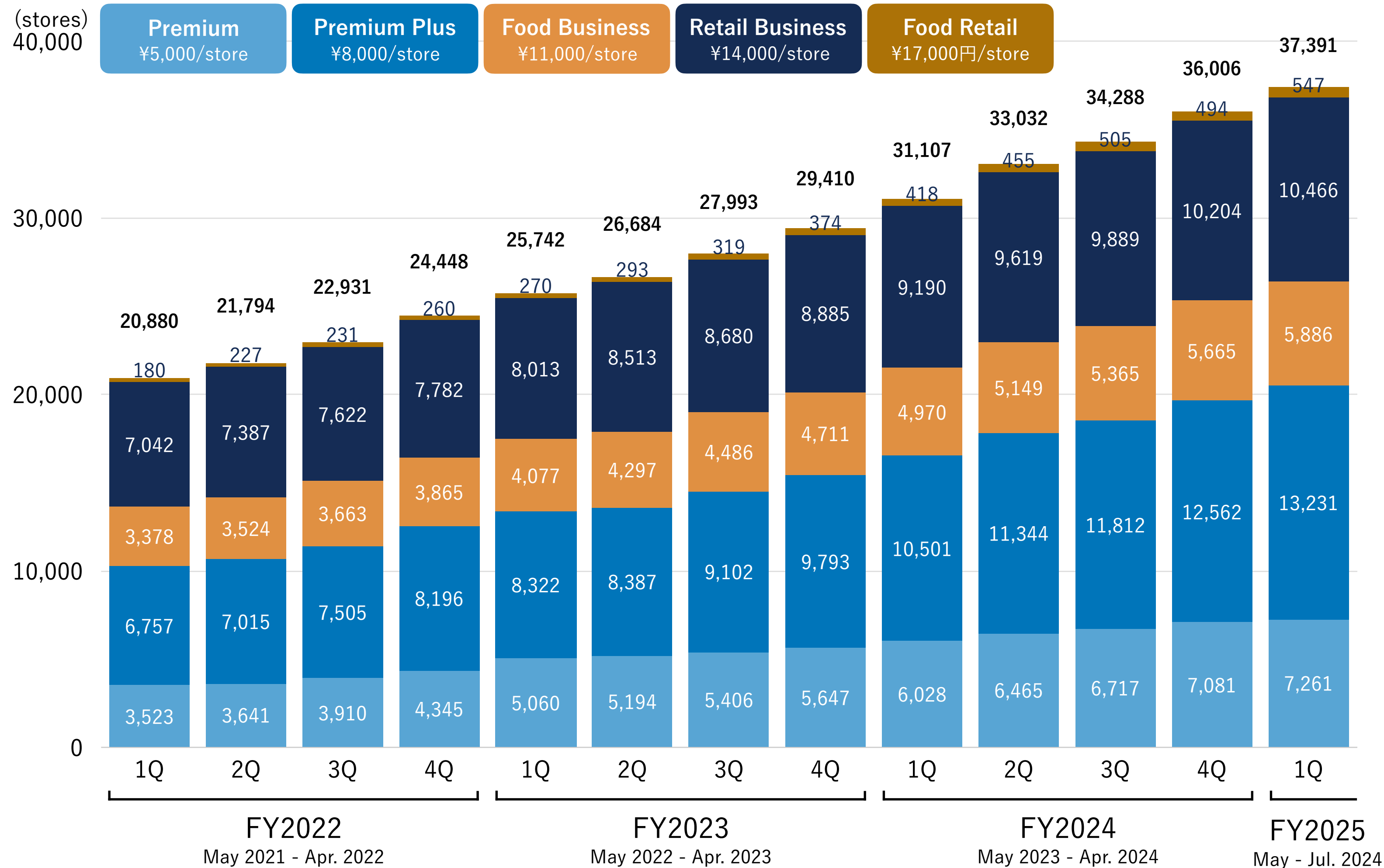
* MRR: Monthly Recurring Revenue

POS: POS monthly fees, equipment subscription, additional options (terminal addition fees, self-checkout fees, member-limit additional fees, third-party payment terminal integrations fees* etc.), Smaregi App Market, etc **Cashless payments:** Consisting of fixed charges and usage-based charges. Breakdown: Fixed: 49% Usage-based: 51% (as of the end of July 2024)

*Starting from FY2025 1Q, we have reclassified expenses related to third-party payment terminal integrations from 'Cashless Payments' to 'Related POS.'



All plans demonstrated steady growth, with the number of fee-paying stores increasing by 20.2% year-over-year.



Fee-paying stores*

37,391

YoY

+20.2%
+6,284 stores

QoQ

+3.8%
+1,385 stores

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

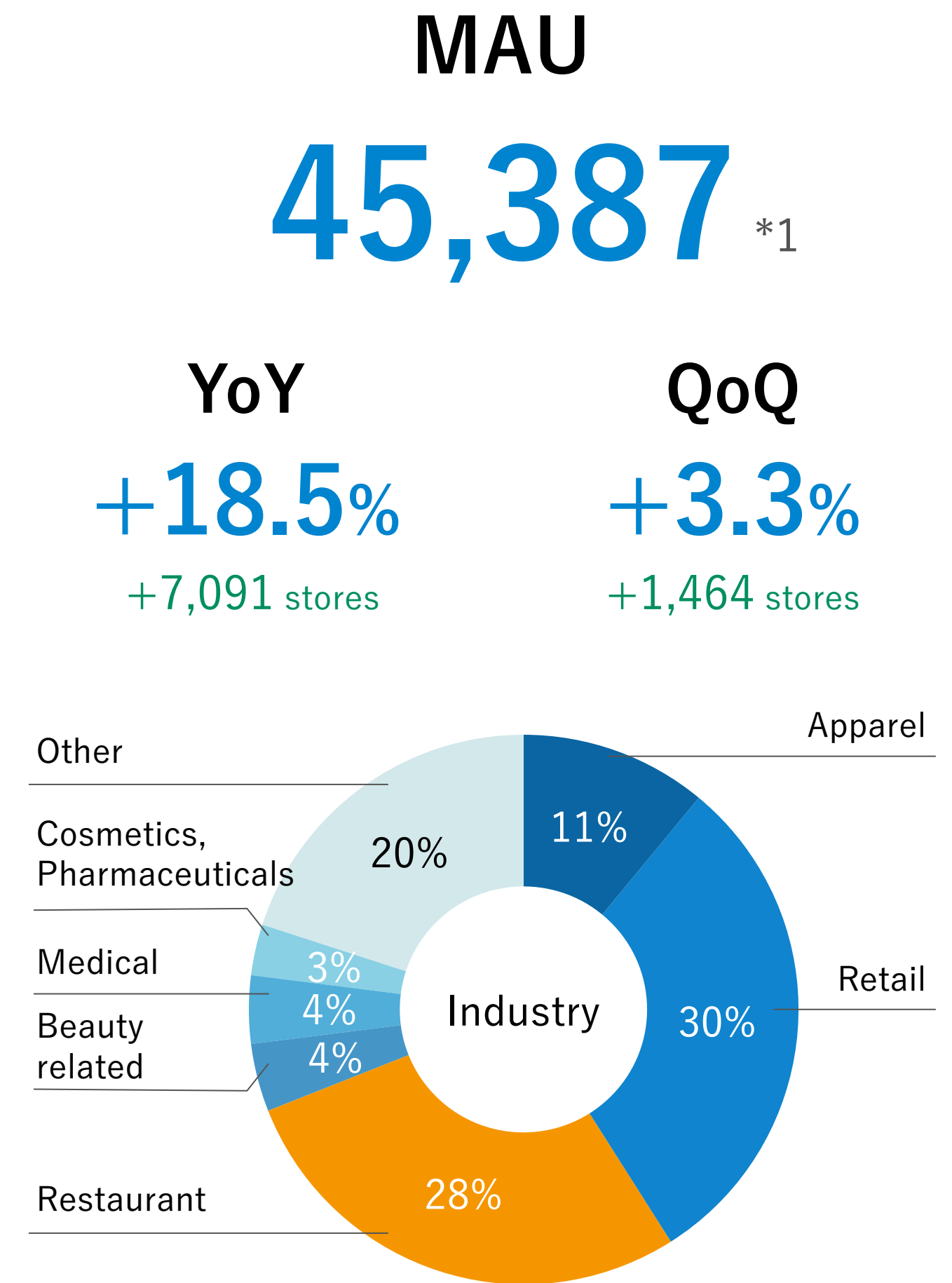
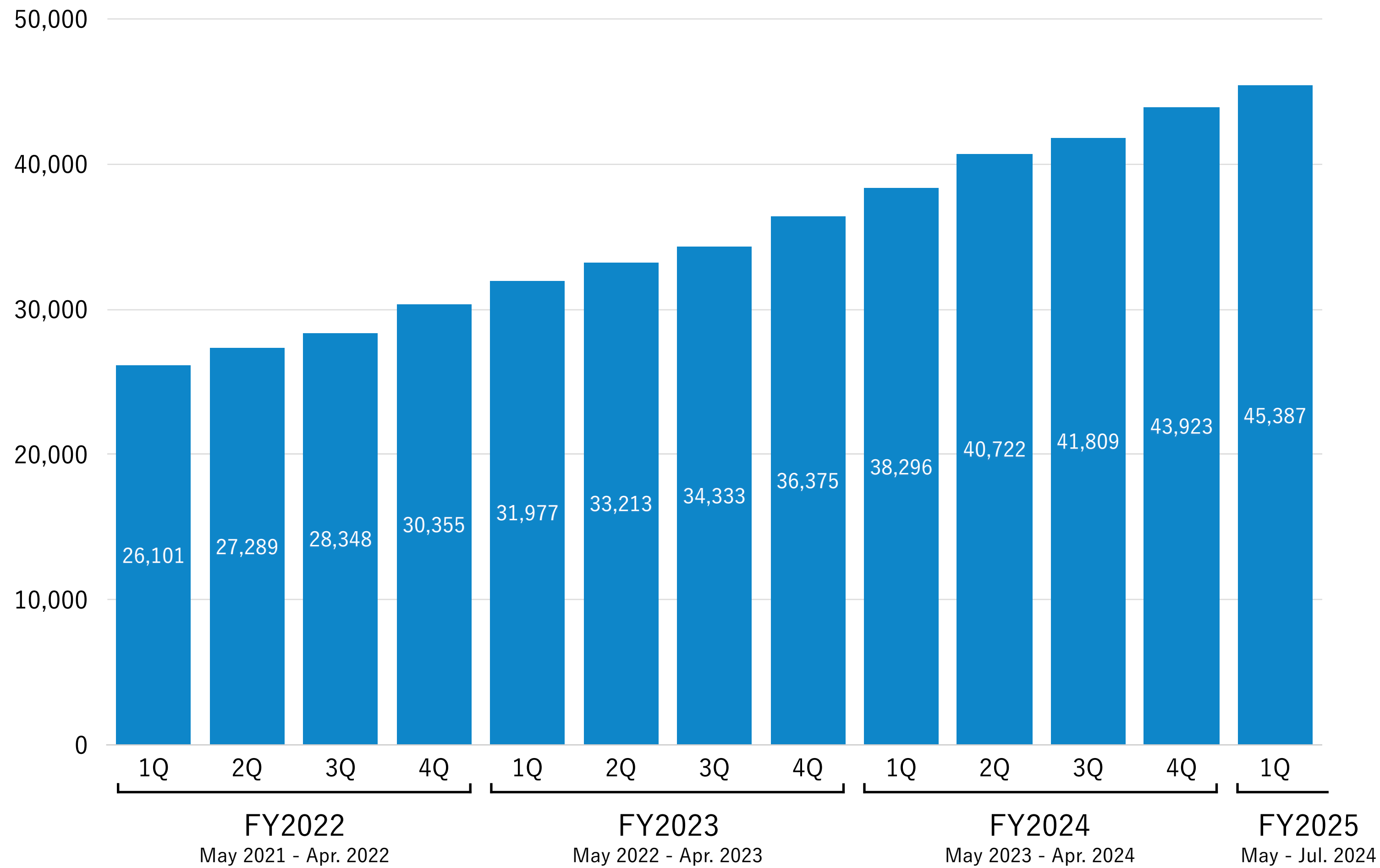
information on the number of fee-paying stores every month. As of August 31, 2024, the number of fee paying stores is 37,936 stores. For details, please refer to the [IR site](#).

*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-fee 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).



Focusing on Monthly Active Users (MAU) rather than total registered stores, aiming to provide a service that users continue to rely on. MAU grew by 18.5% YoY.

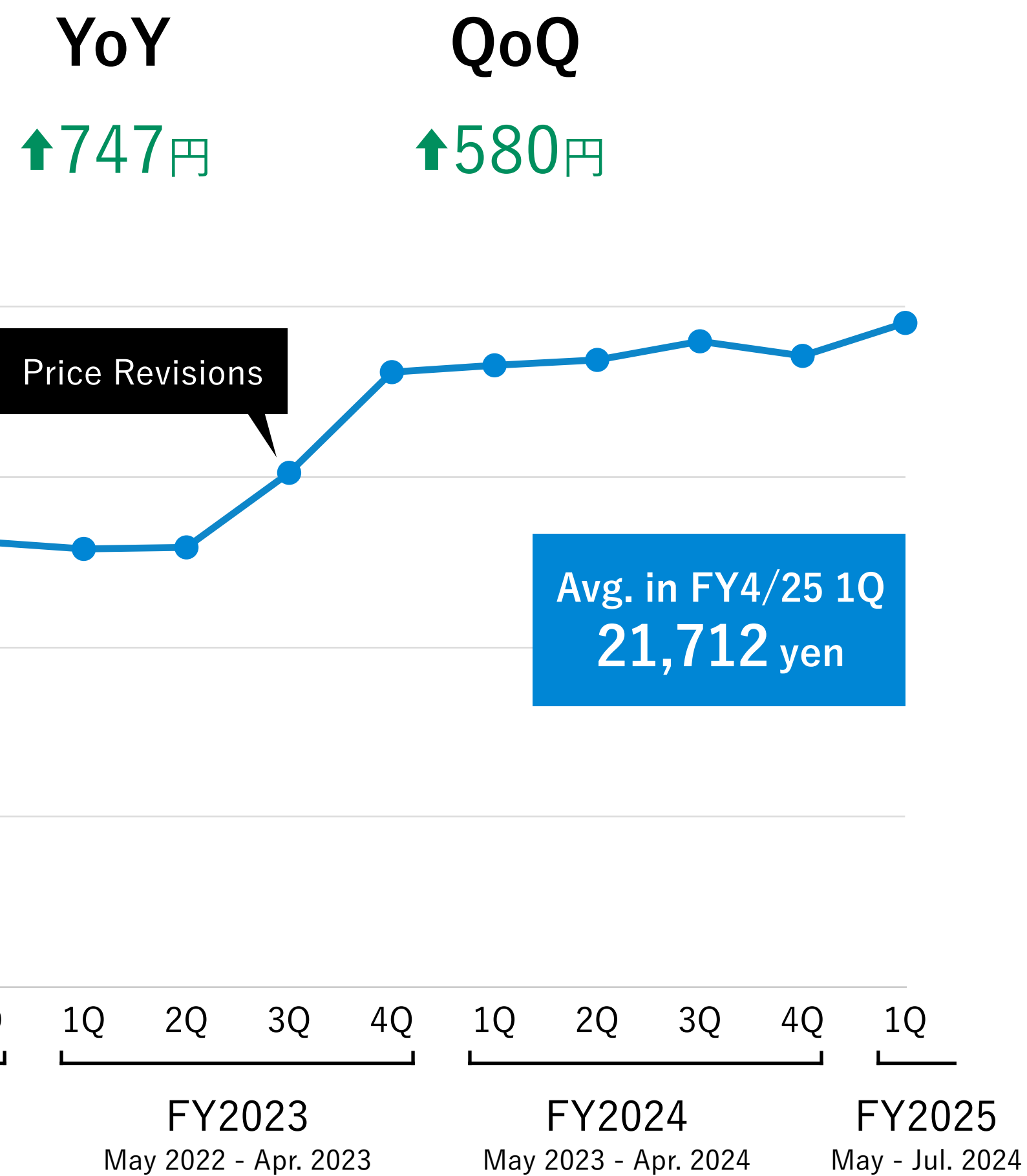


*The number of stores that recorded commercial transactions (sales) in the most recent one-month period using Smaregi's cash register function, irrespective of the type of plan. Even when the stores utilize inventory management and other functions, if there are no commercial transactions then they are not counted.

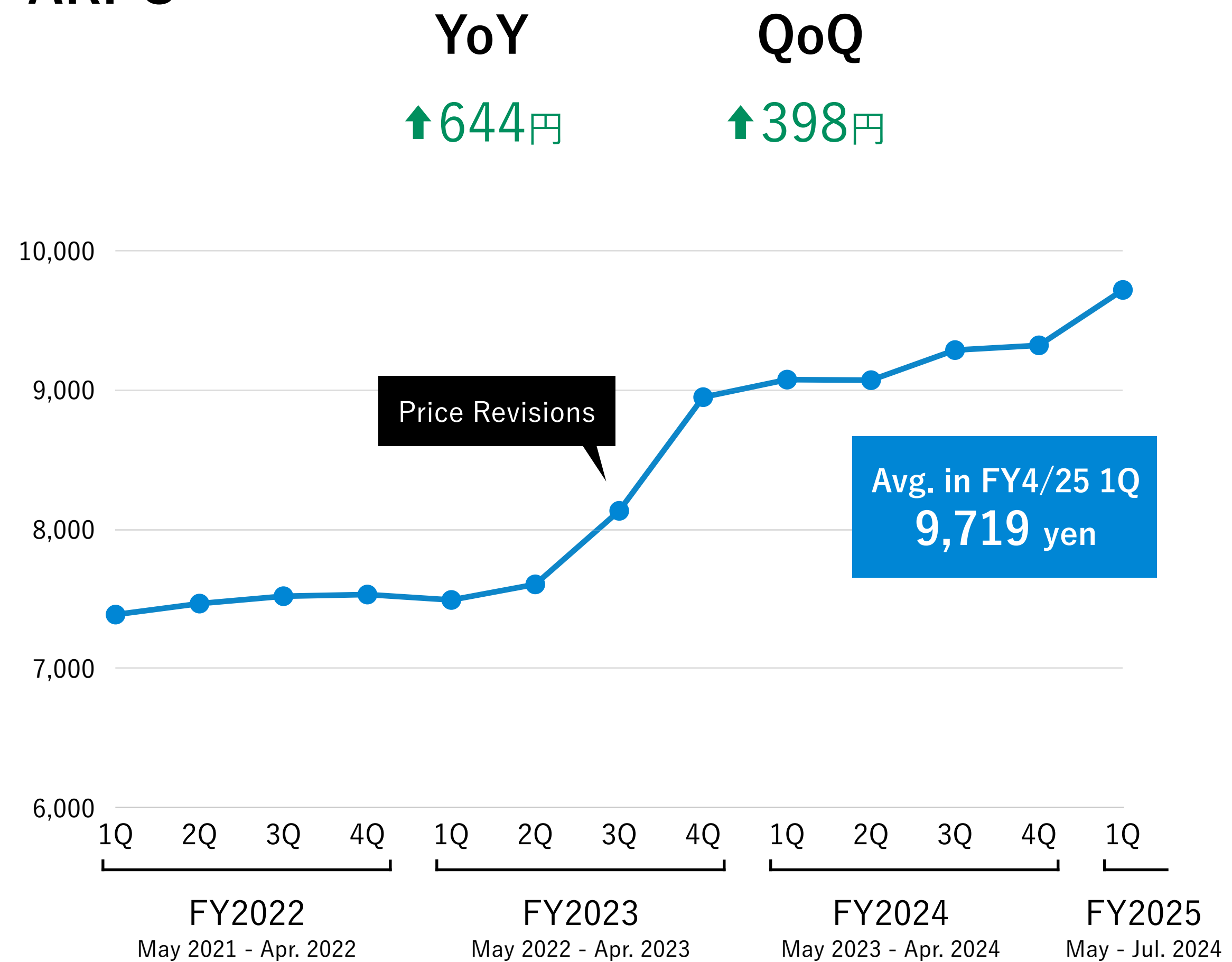
*1 The latest number of active stores (as of August 31, 2024) is 45,810 stores. For details, please refer to the [IR site](#).

Since the price revision in January 2023, growth has been steady, albeit gradual. ARPA increased by 3.6% YoY, and ARPU grew by 7.1% YoY.

ARPA



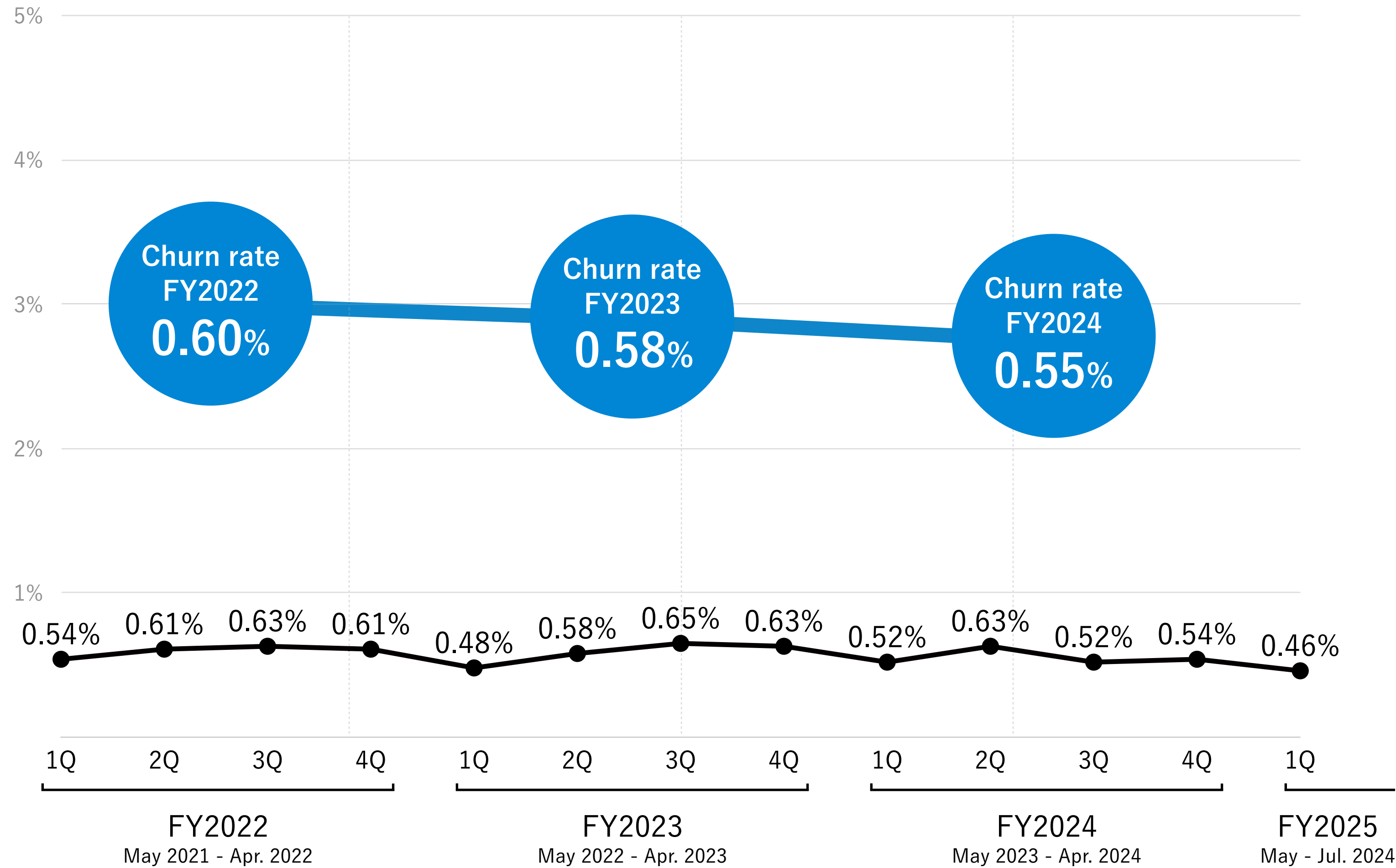
ARPU



*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.

We continued initiatives to strengthen onboarding and improve service quality. As a result of reducing early churn and increasing MRR, the churn rate for 1Q of FY2025 reached an all-time low.



Lowest ever

**FY2025 1Q
Churn rate**
May - Jul. 2024

0.46%

YoY **QoQ**
 ↓ 0.06pt ↓ 0.08pt

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

In July 2024, the cumulative gross merchandise volume (GMV) exceeded 9 trillion yen, and the GMV for Q1 expanded by 29.1% YoY to 631.6 billion yen. The cashless transaction ratio at Smaregi-using stores increased to 57.5%, contributing to the advancement of cashless payments in Japan.

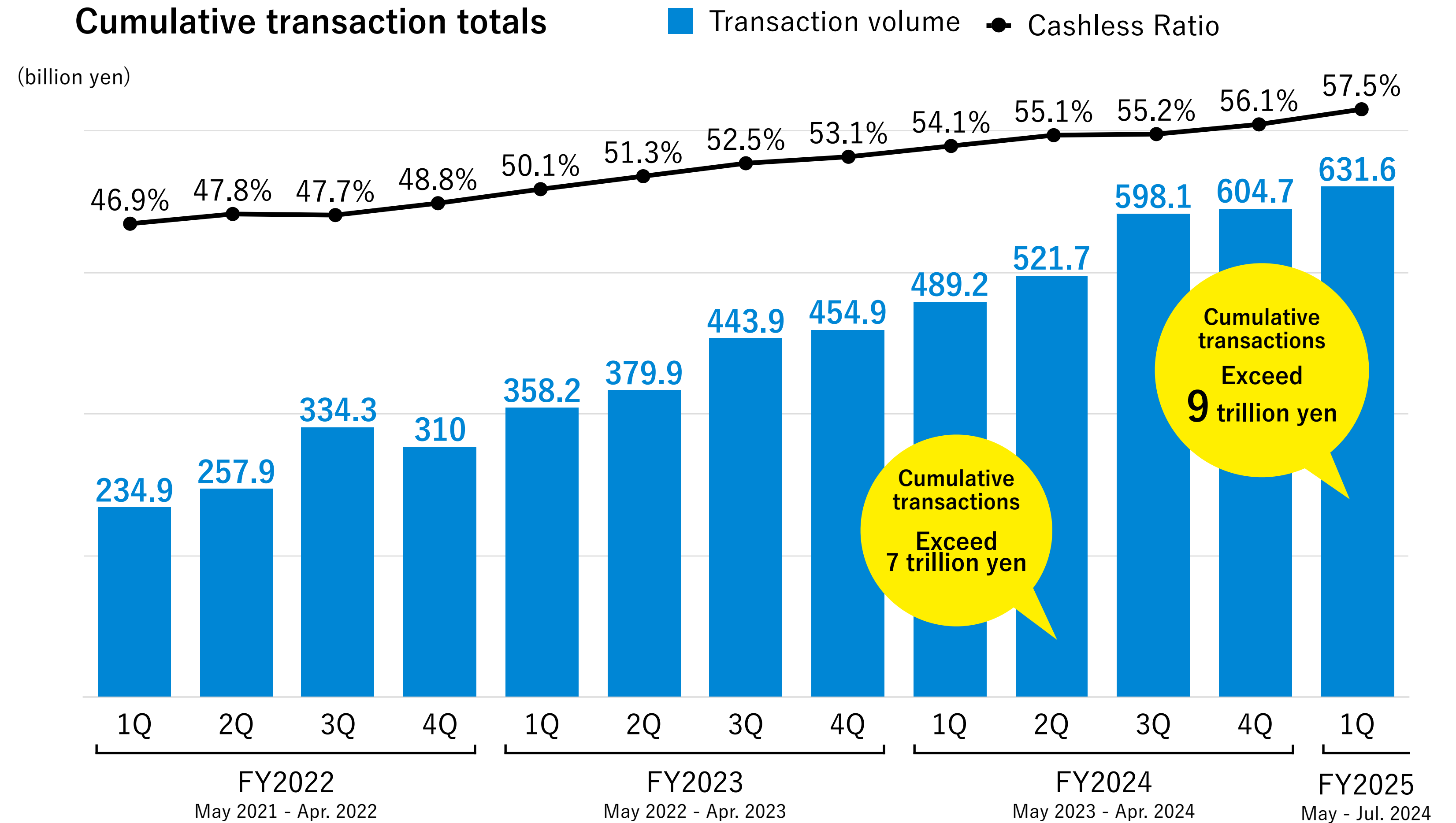
GMV growth ratio

YoY **+29.1%** QoQ **+4.5%**

Cumulative Transaction Amount

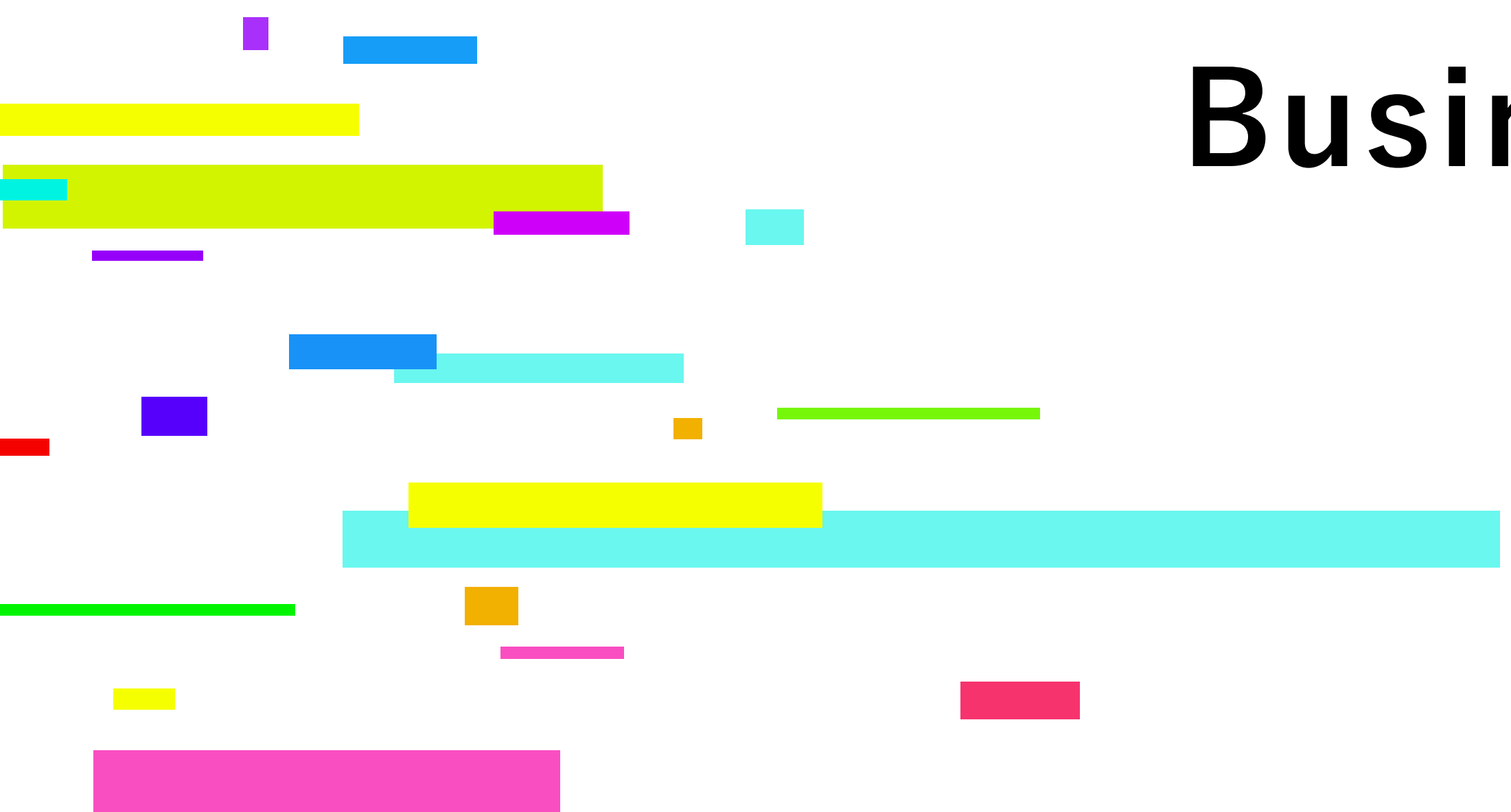
May - Jul. 2024

631.6
billion yen



*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.

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)



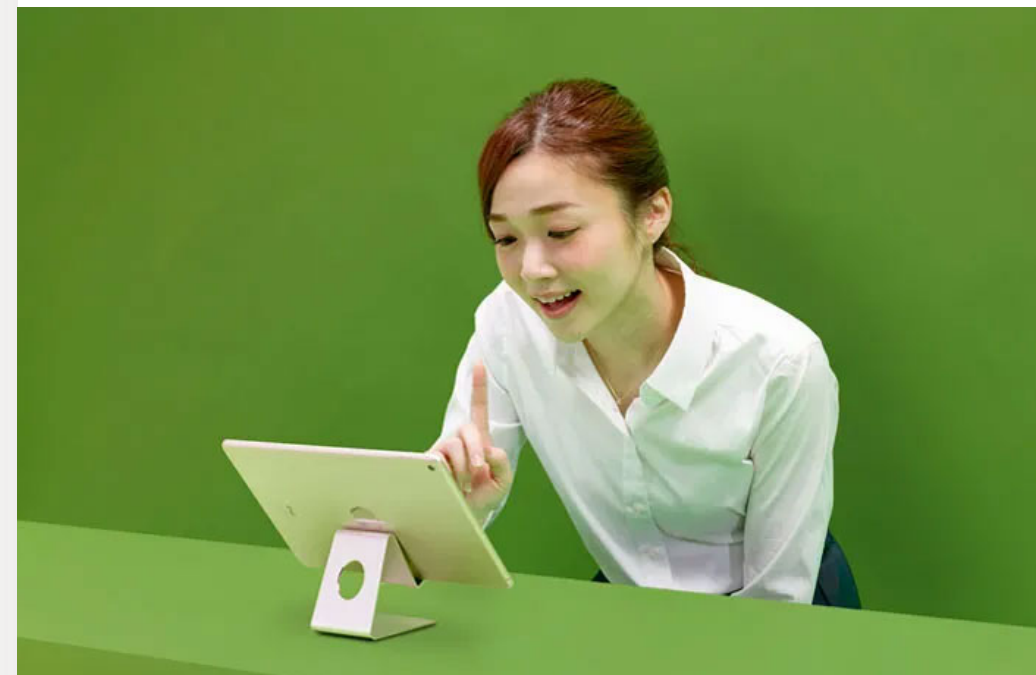
A new, cloud-based POS register system that enables efficient store management and data management through sales analysis, advanced inventory management, and other DX transformations for the retail, restaurant, and service industries.

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



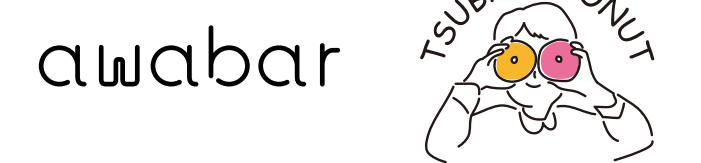
IT and creative human resources discovery and training business through SES

CVC



Venture investments business and Smaregi economic zone expansion business

Store Management

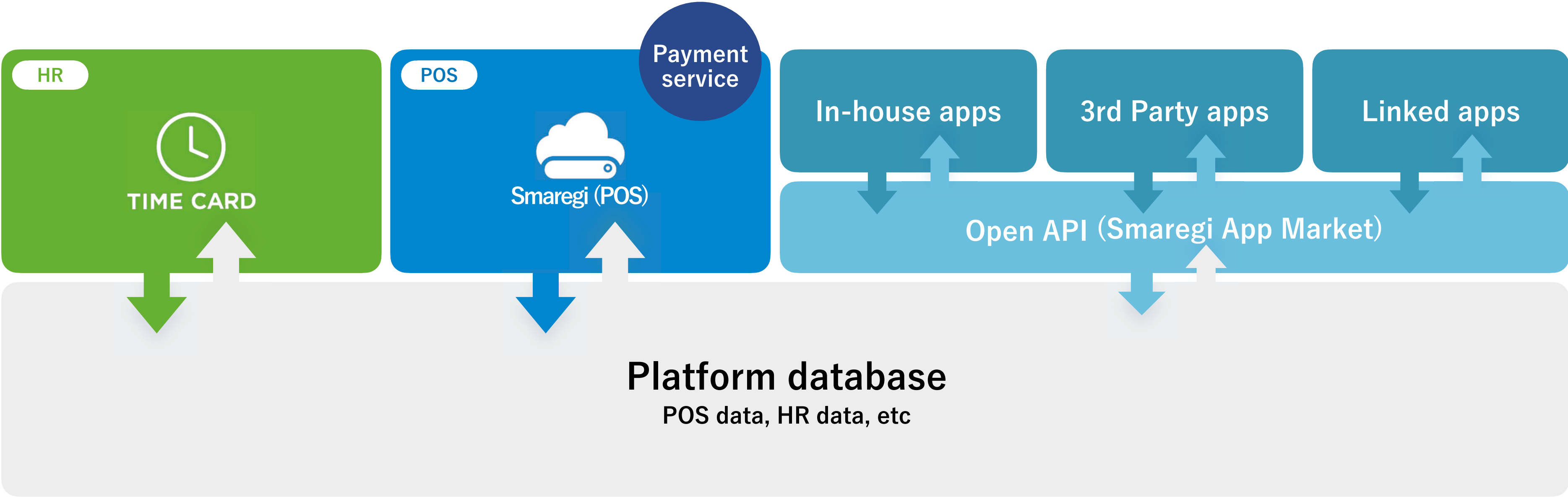


Providing Feedback from On-the-Ground Needs to User-Centric Software Development through Store Management

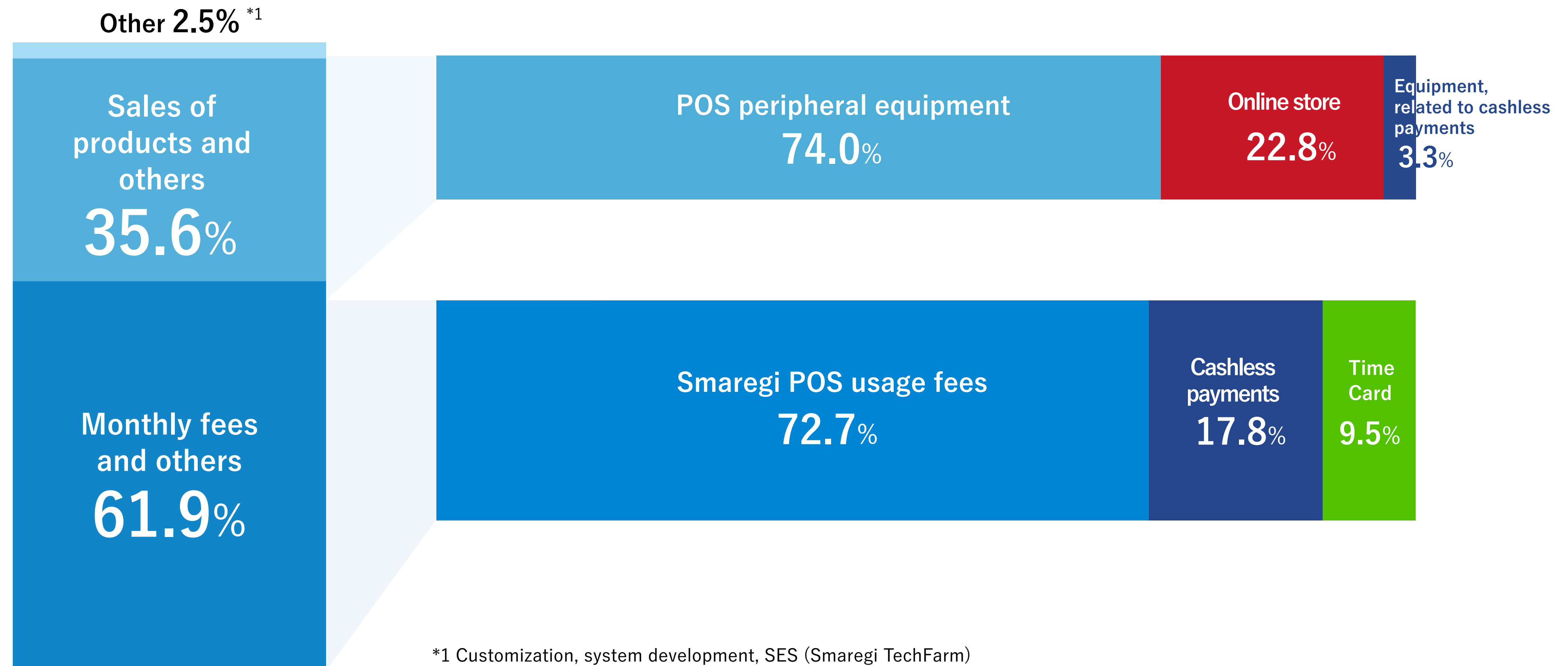
Society is moving towards an era of storing and utilizing data, and Smaregi supports store management based on data with a rich set of APIs that other companies lack.

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 FY2024 (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.

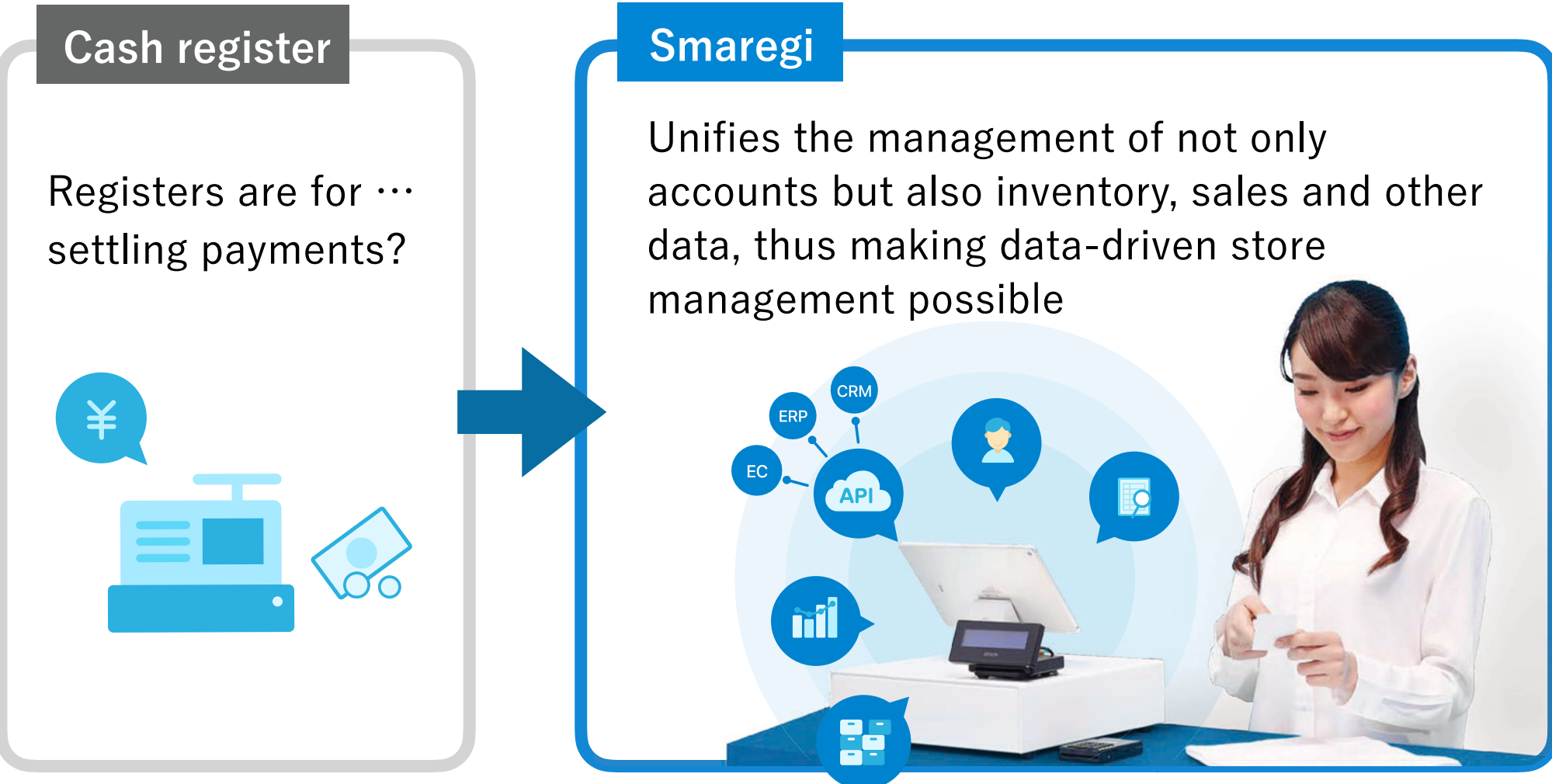


Taking Store Management to the Next Level Science store management with POS data

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

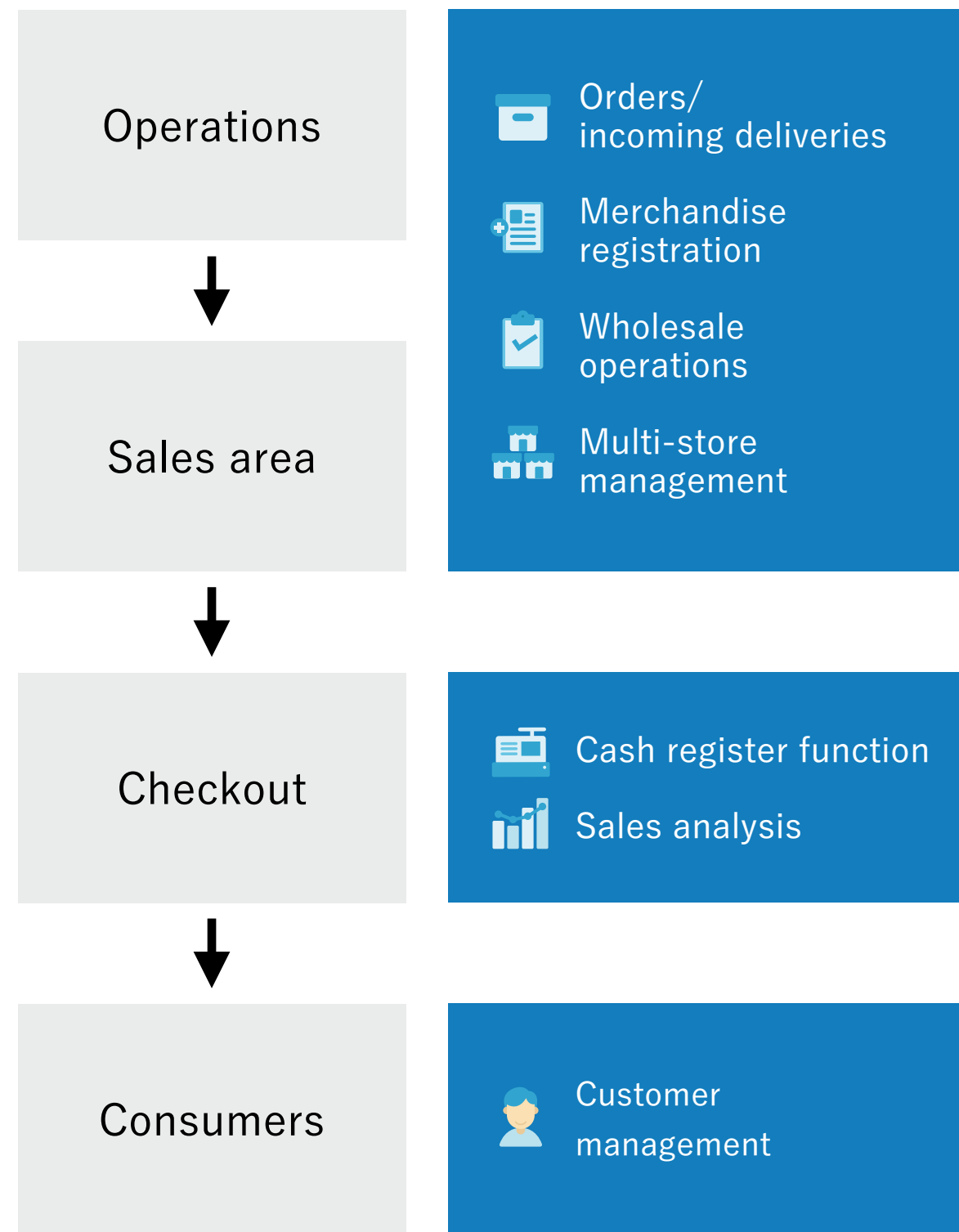
Realizing flexible data in/data out through open API and the platform (Smaregi App Market). It is a POS system that makes data-driven management possible.



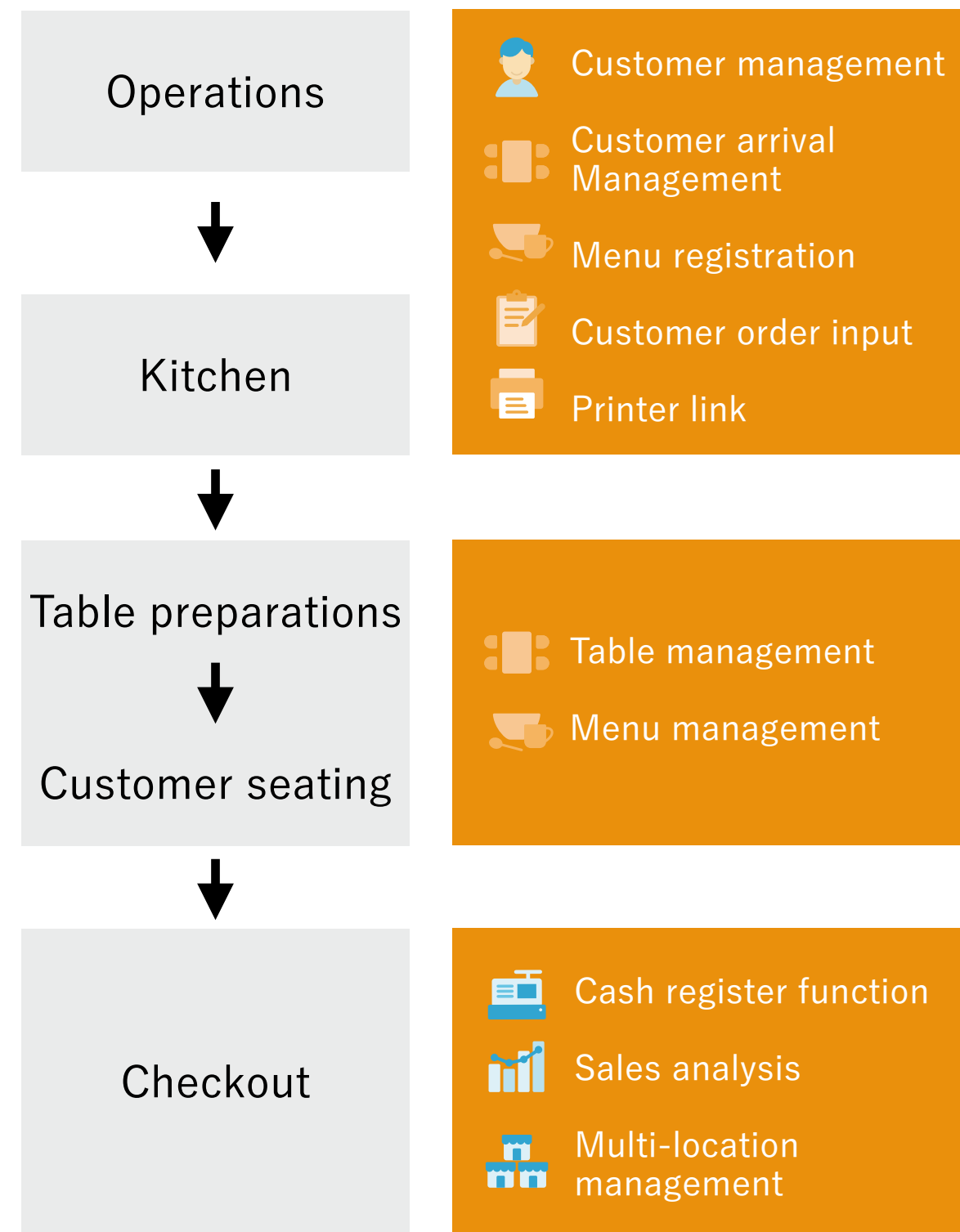
Unique Features of Smaregi (POS) - Exceptional High Performance

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.

Retail stores



Restaurants



Online survey by Shopper's Eye Inc. (June 2021)

Open API

Able to handle the demand of big business

Easily linked with external services, such as accounting etc
Extensive track record of linking with systems such as CRM/ERP

User-centered design

Resolves stores' challenges with design concepts

Outstanding inventory management

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

Displays supreme performance in inventory management coordinated with POS

Strength in the retail industry

Sophisticated sales analysis

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

Omni-channel

Integrates inventory and customer information

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

Customer success

High level of customer satisfaction resulting from full-support structure

Churn rate 0.46%*

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

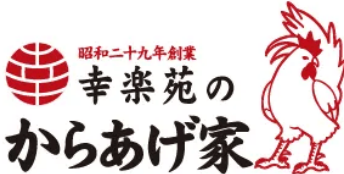
*MRR churn is the attrition rate calculated by using Smaregi monthly recurring revenue. The average is from May 1, 2024 to July 31, 2024.



Smaregi (POS) is adopted by a wide range of stores and businesses operating from single-store to more than 500 stores.

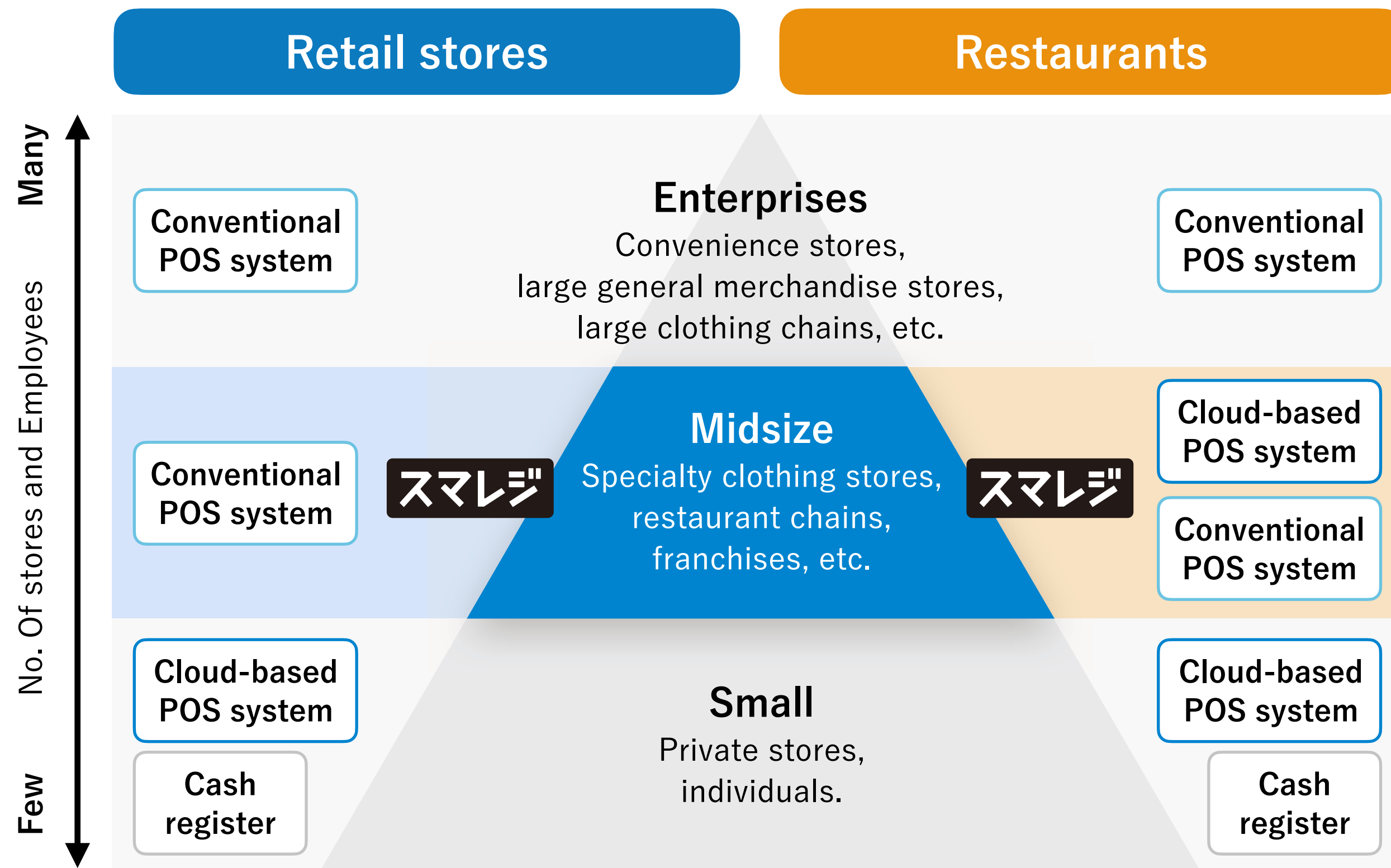
Retail/Apparel/Others

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.



Conventional products in the POS system market are being swapped out for cloud-based ones. As the shift to the cloud and DX accelerate across industries, cloud-based POS system manufacturers are expanding into new markets such as inventory management as they compete for market share.

	 Cash registers	 Conventional POS system Dedicated device	 Cloud-based POS system PC or tablet
Device price	○ Low ¥10,000 - 100,000	✗ High ¥500,000 - millions +	○ Low ¥10,000 - 150,000
Maintenance costs	△ Replacement of malfunctioning devices	✗ Replacement of malfunctioning devices / Separate update fees required	○ Replacement by part. No update fees required
Ease of use	△ Complicated to use with many buttons	△ Complicated to use with many buttons	○ Easy to use iOS app
Functionality	✗ Basic performance	○ High performance	○ High performance & freely expandable
Support	✗ Generally none	○ Help desk, on-site support +	○ Help desk, email support, help site +

Main Target: 890,000 Mid-Sized Stores

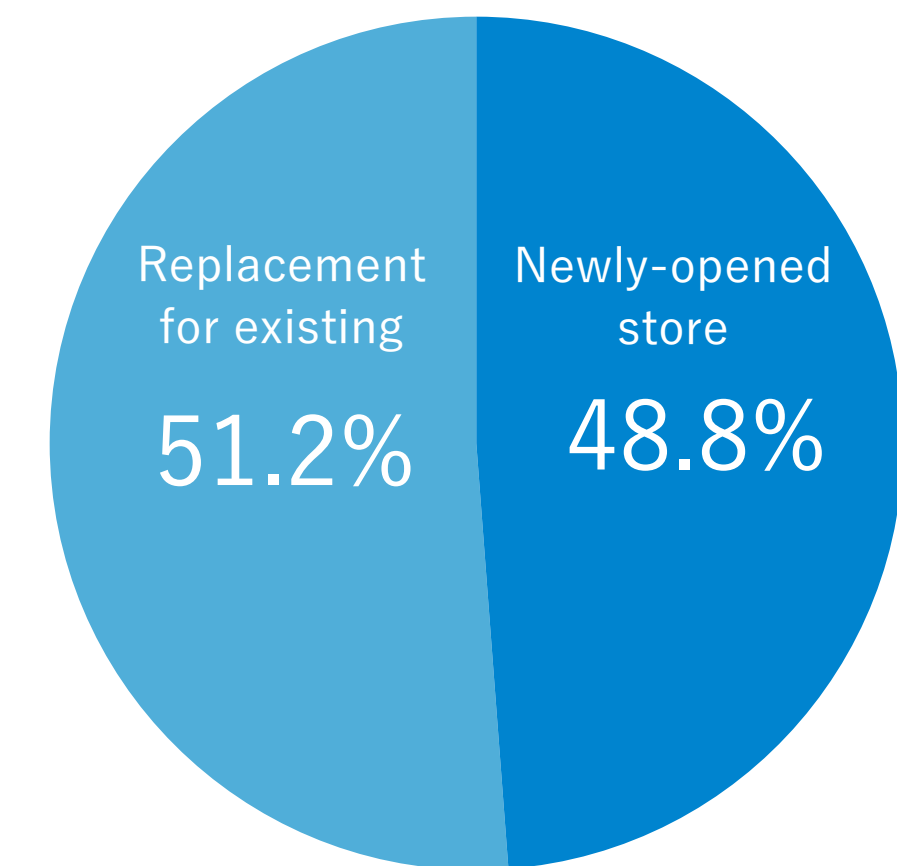
The POS system market will remain competitive rather than dominated by a single company because a company that monopolizes this market would have no benefits from the larger scale of operations.



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

We aim to expand our market share in the overall POS register market, leveraging demand from new business openings and replacement needs.

Inquiry Categories



*Calculated based on Smaregi inquiry data (May 2023 - Apr. 2024)

Created by our company based on the results of the 2021 Economic Census by the Ministry of Economy, Trade, and Industry, and the Ministry of Internal Affairs and Communications.

*1 In July 2024, we redefined the conditions for mid-sized businesses, expanding the classification from 2-39 stores to 2-99 stores, reflecting our change in target segments.

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.

Representative Director

RYUHEI MIYAZAKI



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

Chairperson

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

Corporate Planning and Marketing/CSO

KOHEI TAKAMADATE



Joined the JAFCO 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.



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.

Executive Officer

In charge of business alliance/Smaregi App Market

SHUGO SUZUKI

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 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.



Outside Corporate Auditor **MASAYUKI MURATA**

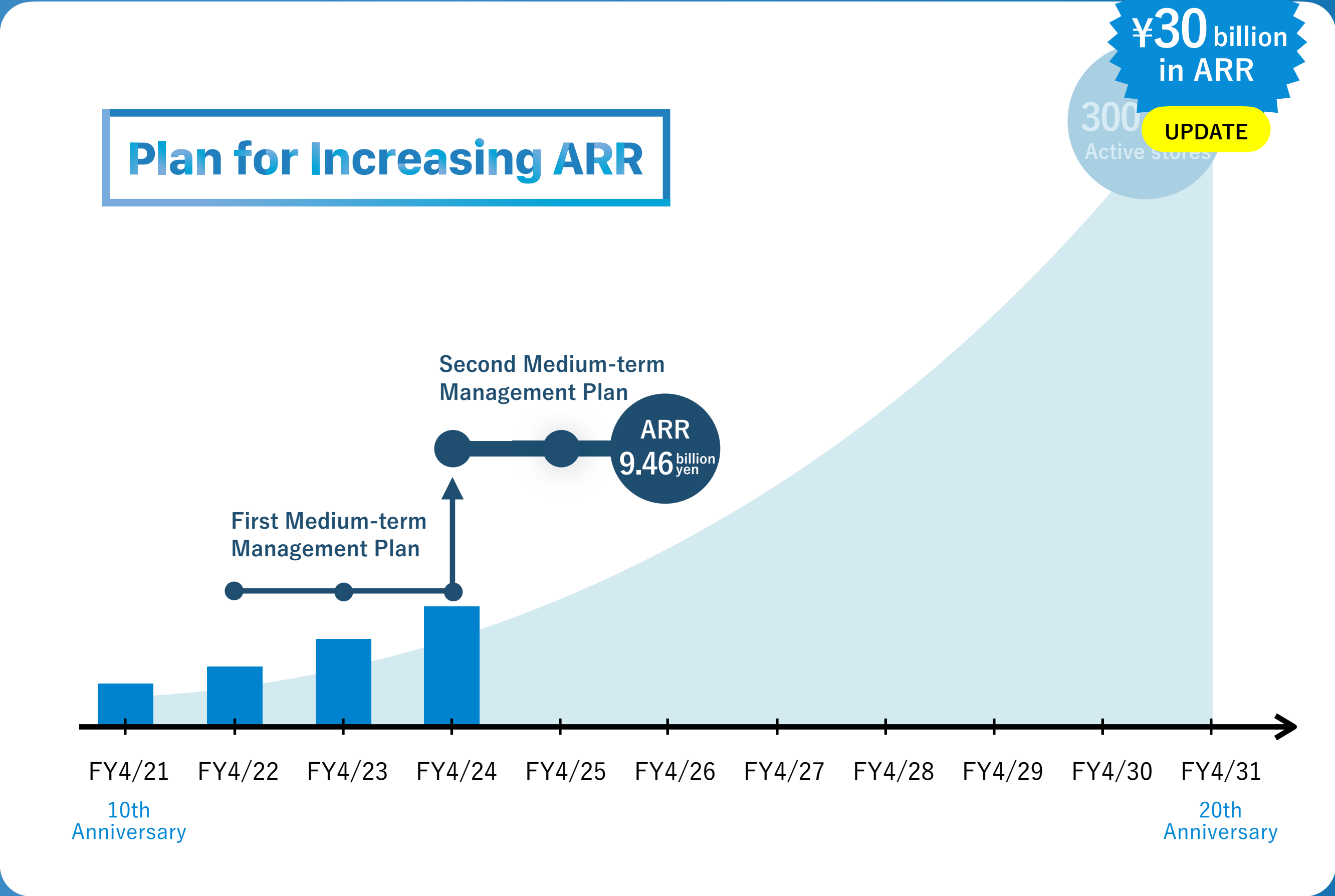
Worked at the stock exchange for 27 years since 1991. Established PUBLIC GATE LLC in 2018, and appointed as a corporate auditor of Smaregi.

Appendix

VISION 2031 TO BE THE NEW STANDARD

2024/9/12 UPDATE

Aiming for **¥30 Billion ARR!**



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>

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.

1Q FY2025

May 1, 2024 - July 31, 2024

Presentation Materials

Smaregi, Inc.

