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## Non-consolidated Financial Results for the First Half of the Fiscal Year Ending April 30, 2023 (Six Months Ended October 31, 2022)

December 14, 2022

Company: Smaregi, Inc. Listing: Tokyo Stock Exchange (Growth)  
Securities Code: 4431 URL: <https://corp.smaregi.jp>  
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Scheduled date of filing of Quarterly Report: December 14, 2022  
Scheduled date of payment of dividend: -  
Preparation of supplementary materials for quarterly financial results: Yes  
Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

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

### 1. Non-consolidated Financial Results for the Six Months Ended October 31, 2022 (May 1, 2022 - October 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended								
October 31, 2022	2,641	37.5	397	(8.0)	400	(5.2)	506	78.5
October 31, 2021	1,921	29.9	432	25.1	422	22.2	283	19.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
October 31, 2022	26.33	26.23
October 31, 2021	14.59	14.49

Note: Smaregi conducted a 2-for-1 common stock split effective on September 1, 2021. Net income per share and diluted net income per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

### (2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of			
October 31, 2022	5,441	4,299	79.0
April 30, 2022	5,189	4,196	80.9

(Reference) Equity: As of October 31, 2022: ¥ 4,299 million  
As of April 30, 2022: ¥ 4,196 million

## 2. Dividends

	Annual dividends				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended April 30, 2022	-	0.00	-	0.00	0.00
Fiscal year ending April 30, 2023	-	0.00			
Fiscal year ending April 30, 2023 (Forecast)			-	0.00	0.00

Note: Revision to the forecast for dividends announced most recently: No

## 3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending April 30, 2023 (May 1, 2022 - April 30, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	5,593	34.8	651	(4.6)	651	0.8	403	(9.4)	20.67

Note: Revision to the financial results forecast announced most recently: No

The net income per share forecast includes dilution due to the exercise of share acquisition rights.

### \* Notes:

(1) Accounting policies adopted specially for the preparation of quarterly non-consolidated financial statements: No

(2) 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

(3) Total number of issued shares (common shares)

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

October 31, 2022: 19,633,000 shares

April 30, 2022: 19,633,000 shares

2) Total number of treasury shares at the end of the period:

October 31, 2022: 484,637 shares

April 30, 2022: 130,037 shares

3) Average number of shares during the period:

Six months ended October 31, 2022: 19,222,791 shares

Six months ended October 31, 2021: 19,448,645 shares

Note: Smaregi conducted a 2-for-1 common stock split effective on September 1, 2021. The number of shares outstanding as of the end of the period, the number of treasury shares as of the end of the period and the average number of shares outstanding during the period are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

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

\* Explanation of appropriate use of earnings forecasts, and other special items

Cautionary statement with respect to forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information available

to Smaregi's management at the time the materials were prepared but are not promises by Smaregi regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

#### Obtaining financial results materials

Smaregi plans to hold an online earnings call for analysts and institutional investors on Thursday, December 15, 2022. Materials to be distributed at this event will be disclosed using the Timely Disclosure network (TDnet) and available on the Smaregi website in advance.

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## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Results of Operation

During the first half of the current fiscal year (from May 1 to October 31, 2022), the Japanese economy showed signs of recovery as social and economic activities moved toward normalization alongside the removal of movement restrictions imposed during the COVID-19 pandemic. On the other hand, the outlook for the global economy remains uncertain amidst the hike in global resource and raw material prices, inflation, and sudden exchange rate fluctuations, among other factors.

Against the backdrop of this environment, Smaregi achieved a breakthrough in its cumulative transaction amount in August 2022 of more than 5 trillion yen. After recording 3 trillion yen in cumulative transaction amount at the end of 2020, the number of registered Smaregi stores grew at an accelerated pace to generate approximately 2 trillion yen in transactions over a period of about 16 months. Adoption by medium-sized and large enterprises with multiple stores is driving the increase in the cumulative transaction amount.

We also worked on expanding functions through App Market for dry cleaners, Western confectionery stores, bookstores, and others, and put effort into multi-industry and multi-business format development through external collaborations, thereby successfully creating a wider range of demand than ever before, resulting in an increase in net sales compared to the same half of the previous fiscal year.

On the other hand, operating profit declined compared to the same half of the previous fiscal year. The main factor for this was an increase in personnel expenses due to active recruiting activities aimed at strengthening our organization, as well as an increase in selling, general and administrative expenses due to S&M investments in advertising and other expenses. However, the increases in these expenses are included in the earnings forecast and are investments based on plans.

On July 1, 2022, Smaregi concluded an absorption merger with ROYAL GATE INC., formerly a consolidated subsidiary of the Company. As a result of the absorption merger, a gain on extinguishment of tie-in shares was recorded in extraordinary income and income taxes-deferred (gain) was recorded in income taxes, resulting in an increase in quarterly net income.

First half sales increased 37.5% year on year to 2,641 million yen, operating profit decreased 8.0% to 397 million yen, ordinary profit decreased 5.2% to 400 million yen, and profit was up 78.5% to 506 million yen.

There is no segment information because Smaregi operates only in the cloud services business segment.

#### First Half Sales Comparison

(Thousand yen)

Category	First six months of FY4/22 (May 1, 2021 – Oct. 31, 2021)	First six months of FY4/23 (May 1, 2022 – Oct. 31, 2022)	YoY (%)
Monthly fees and others	1,099,022	1,526,161	+38.9
Sales of products and others	821,165	1,059,704	+29.0
Others	1,079	56,049	—
Total	1,921,268	2,641,916	+37.5

Note: The name of the categories has been changed from "Cloud service monthly fees and others" to "Monthly fees and others" and from "Sales of cloud service products and others" to "Sales of products and others." There has been no change to the aggregation method.

The following tables show Smaregi's number of registered stores and active stores and cumulative transaction volume.

#### Number of Registered Stores

Plan	April 2019	April 2020	April 2021	April 2022	October 2022
Standard	55,897	67,895	76,745	86,275	91,947
Premium	1,710	2,755	3,212	4,345	5,194
Premium plus	3,077	4,976	6,425	8,196	8,387
Food business	2,035	2,687	3,179	3,865	4,297
Retail business	4,028	5,481	6,604	7,782	8,513
Food & retail	74	104	148	260	293
Total	66,821	83,898	96,313	110,723	118,631

Note: Users pay a fee for all plans except the standard plan. Each plan provides a different package of services. The number of registered stores is the number of stores that have signed up for Smaregi, irrespective of whether or not they selected a plan that requires a fee. For registered companies operating more than one store, each store is included in the number of stores

#### Number of Active Stores and Ratio of Active Stores to All Registered Stores in Each Category

Plan	April 2019	April 2020	April 2021	April 2022	October 2022
Standard	3,681 (6.6)	4,889 (7.2)	6,012 (7.8)	6,970 (8.1)	7,739 (8.4)
Premium	1,598 (93.5)	2,308 (83.8)	3,029 (94.3)	4,147 (95.4)	4,947 (95.2)
Premium plus	2,771 (90.1)	4,640 (93.3)	6,169 (96.0)	7,833 (95.6)	8,016 (95.6)
Food business	1,931 (94.9)	2,473 (92.0)	3,022 (95.1)	3,675 (95.1)	4,081 (95.0)
Retail business	3,872 (96.1)	5,210 (95.1)	6,382 (96.6)	7,475 (96.1)	8,142 (95.6)
Food & retail	64 (86.5)	96 (92.3)	145 (98.0)	255 (98.1)	288 (98.3)
Total	13,917 (20.8)	19,616 (23.4)	24,759 (25.7)	30,355 (27.4)	33,213 (28.0)

#### Cumulative Transaction Volume

(Million yen)

	April 2019	April 2020	April 2021	April 2022	October 2022
Cumulative transaction volume	1,769,706	2,610,754	3,468,715	4,605,960	5,344,157

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

## **(2) Explanation of Financial Position**

### **1) Assets**

The balance of current assets at the end of the first half of the current fiscal year was 4,498 million yen, down 100 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 200 million yen in short-term loans receivable from subsidiaries and associates despite an increase of 95 million yen in cash and deposits. The balance of non-current assets was 943 million yen at the end of the first half, up 351 million yen from the end of the previous fiscal year. This was mainly due to increases of 91 million yen in goodwill and 189 million yen in deferred tax assets.

As a result, total assets increased 251 million yen from the end of the previous fiscal year to 5,441 million yen.

### **2) Liabilities**

The balance of current liabilities at the end of the first half of the current fiscal year was 1,054 million yen, up 145 million yen from the end of the previous fiscal year. This was mainly due to increases of 64 million yen in income taxes payable, 54 million yen in accrued consumption taxes, and 69 million yen in provision for bonuses, despite a decrease in accounts payable-other of 66 million yen. The balance of non-current liabilities was 87 million yen at the end of the first half.

As a result, total liabilities increased 148 million yen from the end of the previous fiscal year to 1,141 million yen.

### **3) Net Assets**

The balance of net assets at the end of the first half of the current fiscal year was 4,299 million yen, up 102 million yen from the end of the previous fiscal year. This was mainly due to booking a profit of 506 million yen and acquisition of treasury shares of 397 million yen.

### **4) Cash Flows**

Cash and cash equivalents (hereinafter referred to as "Cash") at the end of the first half of the current fiscal year was 3,606 million yen, up 95 million yen from the end of the previous fiscal year.

The cash flow components and the main reasons for their changes are outlined below.

#### Cash flows from operating activities

Net cash provided by operating activities was 480 million yen (compared with net cash provided of 125 million yen in the same period of the previous fiscal year). This was mainly due to a decrease in accounts payable-other of 106 million yen and income taxes paid of 87 million yen, which offset the 458 million yen quarterly profit before tax, a decrease in trade receivables of 131 million yen and increase in provision for bonuses of 69 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 155 million (compared with net cash used of 92 million yen in the same period of the previous fiscal year). This was mainly due to payments for transfer of business amounting to 52 million yen, and acquisition of intangible assets of 42 million yen.

#### Cash flows from financing activities

Net cash used in financing activities was 448 million yen (compared with net cash provided of 3 million yen in the same period of the previous fiscal year). This was mainly due to payment for the acquisition of treasury stock of 448 million yen.

## **(3) Explanation of Earnings Forecasts and Other Forward-looking Statements**

There are no revisions to the forecasts for the fiscal year ending in April 2023 that was announced on June 13, 2022. Although the results of operations are currently firm, we continue to be unable to predict when the COVID-19 crisis will end and the magnitude of the impact of this crisis. We will continue to monitor the effects of this crisis and will

make an announcement promptly if there is a need to revise the forecasts.

Forward-looking statements are based on information currently available. Actual results may differ from forecasts for a number of reasons.



## 2. Quarterly Non-consolidated Financial Statements and Notes

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

(Thousand yen)

	FY4/22 (As of Apr. 30, 2022)	First half of FY4/23 (As of Oct. 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	3,511,282	3,606,317
Accounts receivable-trade	351,221	316,404
Merchandise	329,337	355,901
Prepaid expenses	87,655	122,499
Short-term loans receivable from subsidiaries and associates	200,000	—
Other	119,288	97,227
Allowance for doubtful accounts	(289)	(300)
Total current assets	4,598,497	4,498,050
Non-current assets		
Property, plant and equipment		
Buildings, net	105,281	100,628
Tools, furniture and fixtures, net	7,945	28,787
Total property, plant and equipment	113,226	129,416
Intangible assets		
Goodwill	—	91,666
Trademark right	939	867
Software	148,911	150,870
Software in progress	70,912	85,508
Total intangible asses	220,763	328,912
Investments and other assets		
Investment securities	9,990	29,870
Investments in capital	18	18
Leasehold deposits	186,406	190,067
Deferred tax assets	54,865	243,900
Other	17,135	21,026
Allowance for doubtful accounts	(11,146)	—
Total investments and other assets	257,268	484,882
Total non-current assets	591,259	943,211
Total assets	5,189,756	5,441,261

(Thousand yen)

	FY4/22 (As of Apr. 30, 2022)	First half of FY4/23 (As of Oct. 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	164,197	151,870
Accounts payable-other	256,396	190,030
Accrued expenses	39,676	33,639
Income taxes payable	103,030	167,655
Accrued consumption taxes	—	54,343
Advances received	300,440	368,978
Deposits received	38,085	10,058
Provision for bonuses	—	69,456
Other	6,971	8,195
Total current liabilities	908,798	1,054,228
Non-current liabilities		
Asset retirement obligations	84,094	87,542
Total non-current liabilities	84,094	87,542
Total liabilities	992,892	1,141,770
<b>Net assets</b>		
Shareholder's equity		
Share capital	1,150,354	1,150,354
Capital surplus	1,139,864	1,134,089
Retained earnings	2,184,007	2,690,221
Treasury shares	(277,362)	(675,174)
Total shareholder's equity	4,196,863	4,299,491
Total net assets	4,196,863	4,299,491
Total liabilities and net assets	5,189,756	5,441,261

**(2) Quarterly Non-consolidated Statement of Income**  
**(For the Six-month Period)**

(Thousand yen)

	First six months of FY4/22 (May 1, 2021 – Oct. 31, 2021)	First six months of FY4/23 (May 1, 2022 – Oct. 31, 2022)
Net sales	1,921,268	2,641,916
Cost of sales	702,343	1,026,848
Gross profit	1,218,924	1,615,067
Selling, general and administrative expenses	786,409	1,217,189
Operating profit	432,515	397,878
Non-operating income		
Interest income	17	169
Rental income from buildings	—	2,640
Other	26	64
Total non-operating income	44	2,873
Non-operating expenses		
Interest expenses	9	—
Loss on valuation on investment securities	10,073	—
Other	—	447
Total non-operating expenses	10,083	447
Ordinary profit	422,475	400,304
Extraordinary income		
Gain on extinguishment of tie-in shares	—	58,293
Total extraordinary income	—	58,293
Profit before income taxes	422,475	458,597
Income taxes-current	159,272	141,418
Income taxes-deferred	(20,469)	(189,034)
Total income taxes	138,803	(47,616)
Profit	283,672	506,213

**(3) Quarterly Non-consolidated Statement of Cash Flows**

(Thousand yen)

	First six months of FY4/22 (May 1, 2021 – Oct. 31, 2021)	First six months of FY4/23 (May 1, 2022 – Oct. 31, 2022)
<b>Cash flow from operating activities</b>		
Profit before income taxes	422,475	458,597
Depreciation	50,449	56,458
Amortization of long-term prepaid expenses	27	18
Amortization of goodwill	—	8,333
Increase (decrease) in allowance for doubtful accounts	74	(11,135)
Increase (decrease) in provision for bonuses	42,993	69,456
Interest and dividend income	(17)	(169)
Interest expenses	9	—
Loss (gain) on extinguishment of tie-in shares	—	(58,293)
Loss (gain) on valuation of investment securities	10,073	—
Decrease (increase) in trade receivables	(109,729)	131,046
Decrease (increase) in inventories	(53,918)	7,485
Increase (decrease) in trade payables	(30,612)	(29,412)
Increase (decrease) in accounts payable-other	17,099	(106,273)
Other, net	(59,909)	41,541
Subtotal	289,015	567,652
Interest and dividends received	17	169
Interest paid	(9)	—
Income taxes paid	(163,818)	(87,194)
Net cash provided by (used in) operating activities	125,205	480,627
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	—	(40,485)
Purchase of intangible assets	(60,499)	(42,734)
Proceeds from sale of investment securities	(20,063)	(19,880)
Payments of guarantee deposits	(603)	(3,793)
Proceeds from refund of guarantee deposits	—	5,058
Payments for business transfer	—	(52,736)
Other	(11,147)	(1,128)
Net cash provided by (used in) investing activities	(92,313)	(155,698)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	4,338	—
Purchase of treasury shares	(396)	(448,175)
Other	—	(134)
Net cash provided by (used in) financing activities	3,941	(448,309)
Net increase (decrease) in cash and cash equivalents	36,833	(123,380)
Cash and cash equivalents at beginning of period	3,611,118	3,511,282
Net increase in cash and cash equivalents resulting from a merger	—	218,415
Cash and cash equivalents at end of period	3,647,952	3,606,317

#### **(4) Notes to Quarterly Non-consolidated Financial Statements**

##### **Going Concern Assumption**

Not applicable.

##### **Significant Changes in Shareholder's Equity**

Based on the resolution from the Board of Directors meeting held on June 13, 2022, Smaregi is repurchasing 390,000 shares of treasury stock. As a result, treasury stock increased by 397,812 thousand yen during the first half of the current fiscal year, reaching 675,174 thousand yen at the end of the first half of the current fiscal year.

##### **Additional Information**

Effect of COVID-19 pandemic on accounting estimates

There are no significant changes in the assumptions for the end of the COVID -19 pandemic and other items involving this crisis that are explained in "Supplementary Information" in the Securities Report for the fiscal year that ended in April 2022.