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## Non-consolidated Financial Results for the Third Quarter of the Fiscal Year Ending April 30, 2023 (Nine Months Ended January 31, 2023)

March 15, 2023

|   |   |  |
|---|---|--|
| Company:  | Smaregi, Inc.   | Listing: Tokyo Stock Exchange (Growth)                             |
| Securities Code:  | 4431  | URL: <a href="https://corp.smaregi.jp">https://corp.smaregi.jp</a> |
| Representative  | Hiroshi Yamamoto, Representative Director             |  |
| Contact   | Ryutaro Minato, Executive Vice President and Director |  |
|   | Tel: +81-6-7777-2405                                  |  |
| Scheduled date of filing of Quarterly Report:                           | March 15, 2023  |  |
| Scheduled date of payment of dividend:                                  | -   |  |
| Preparation of supplementary materials for quarterly financial results: | Yes   |  |
| Holding of quarterly financial results meeting:                         | Yes   |  |

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

### 1. Non-consolidated Financial Results for the Nine Months Ended January 31, 2023 (May 01, 2022 to January 31, 2023)

(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 | % |
| Nine months ended |             |   |                  |   |                 |   |             |   |
| January 31, 2023  | 4,168       | - | 639              | - | 642             | - | 675         | - |
| January 31, 2022  | -           | - | -                | - | -               | - | -           | - |

|                   | Basic earnings per share |  | Diluted earnings per share |  |
|-------------------|--------------------------|--|----------------------------|--|
|                   | Yen                      |  | Yen                        |  |
| Nine months ended |                          |  |                            |  |
| January 31, 2023  | 35.21                    |  | 35.07                      |  |
| January 31, 2022  | -                        |  | -                          |  |

Note: Since the Company shifted to non-consolidated financial statements from the fiscal year ending April 30, 2023, the result in the third quarter of the fiscal year ended April 30, 2022 and percentage for year-on-year changes are not recorded.

### (2) Non-consolidated Financial Position

|                  | Total assets | Net assets  | Capital adequacy ratio |
|------------------|--------------|-------------|------------------------|
| As of            | Million yen  | Million yen | %                      |
| January 31, 2023 | 5,733        | 4,469       | 77.9                   |
| April 30, 2022   | 5,189        | 4,196       | 80.9                   |

|                     |                         |   |               |
|---------------------|-------------------------|---|---------------|
| (Reference) Equity: | As of January 31, 2023: | ¥ | 4,469 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 01, 2022 to 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 | 5,816       | 40.2 | 850              | 24.6 | 853             | 32.0 | 843         | 89.5 | 44.99                    |

Note: Revision to the financial results forecast announced most recently: Yes

### \* 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):

January 31, 2023: 19,635,000 shares

April 30, 2022: 19,633,000 shares

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

January 31, 2023: 484,702 shares

April 30, 2022: 130,037 shares

3) Average number of shares during the period:

Nine months ended January 31, 2023: 19,198,081 shares

Nine months ended January 31, 2022: 19,455,977 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 on Thursday, March 16, 2023. Materials to be distributed at this event will be disclosed using the Timely Disclosure network (TDnet) and available on the Smaregi website in advance.

## Contents of Attachments

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## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Results of Operation

During the cumulative third quarter of the current fiscal year (May 1, 2022 to January 31, 2023), despite the downward pressures caused by inflation, the Japanese economy showed signs of recovery as social and economic activities moved toward normalization. COVID-19 measures moved into a new phase, and inbound consumption also showed signs of recovery with the relaxation of border measures in October.

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 implemented price revisions for its services from January 1, 2023. Although the pricing systems for Smaregi and Smaregi TimeCard have remained unchanged since the launch of services in 2014 till now, the latest price revisions were implemented for the purpose of strengthening the management system with a view to expanding and improving services more than ever before. Net sales are increasing steadily, and the impact of price revisions in the current cumulative third quarter is negligible.

Smaregi continued with business investment with a focus on S&M based on the Medium-term Management Plan, including advertising and publicity activities, proactive recruiting activities aimed at strengthening organizational capabilities, and strengthening of sales system. Due in part to the realization of efficient investment, operating profit and ordinary profit are increasing.

In addition, Smaregi concluded an absorption merger with ROYAL GATE INC., formerly a consolidated subsidiary of the Company, on July 1, 2022. 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.

As a result, for the nine months ended January 31, 2023, the net sales were 4,168 million yen, operating profit was 639 million yen, ordinary profit was 642 million yen, and quarterly net profit was 675 million yen.

As quarterly financial statements were not prepared for the cumulative third quarter of the previous fiscal year (May 1, 2021 to January 31, 2022), comparative information related to the quarterly statement of income has not been provided.

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

### Third Quarter Sales Comparison

(Thousand yen)

| Category                     | First nine months of FY4/22<br>(May 1, 2021 – Jan. 31, 2022) | First nine months of FY4/23<br>(May 1, 2022 – Jan. 31, 2023) | YoY (%) |
|------------------------------|--|--|---------|
| Monthly fees and others      | 1,706,387  | 2,441,117  | +43.1   |
| Sales of products and others | 1,211,259  | 1,635,786  | +35.0   |
| Others                       | 1,898  | 91,748   | —       |
| Total                        | 2,919,545  | 4,168,651  | +42.8   |

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 | January 2023 |
|-----------------|------------|------------|------------|------------|--------------|
| Standard        | 55,897     | 67,895     | 76,745     | 86,275     | 94,632       |
| Premium         | 1,710      | 2,755      | 3,212      | 4,345      | 5,406        |
| Premium plus    | 3,077      | 4,976      | 6,425      | 8,196      | 9,102        |
| Food business   | 2,035      | 2,687      | 3,179      | 3,865      | 4,486        |
| Retail business | 4,028      | 5,481      | 6,604      | 7,782      | 8,680        |
| Food & retail   | 74         | 104        | 148        | 260        | 319          |
| Total           | 66,821     | 83,898     | 96,313     | 110,723    | 122,625      |

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       | January 2023     |
|-----------------|------------------|------------------|------------------|------------------|------------------|
| Standard        | 3,681<br>(6.6)   | 4,889<br>(7.2)   | 6,012<br>(7.8)   | 6,970<br>(8.1)   | 7,726<br>(8.2)   |
| Premium         | 1,598<br>(93.5)  | 2,308<br>(83.8)  | 3,029<br>(94.3)  | 4,147<br>(95.4)  | 5,106<br>(94.5)  |
| Premium plus    | 2,771<br>(90.1)  | 4,640<br>(93.3)  | 6,169<br>(96.0)  | 7,833<br>(95.6)  | 8,562<br>(94.1)  |
| Food business   | 1,931<br>(94.9)  | 2,473<br>(92.0)  | 3,022<br>(95.1)  | 3,675<br>(95.1)  | 4,255<br>(94.9)  |
| Retail business | 3,872<br>(96.1)  | 5,210<br>(95.1)  | 6,382<br>(96.6)  | 7,475<br>(96.1)  | 8,367<br>(96.4)  |
| Food & retail   | 64<br>(86.5)     | 96<br>(92.3)     | 145<br>(98.0)    | 255<br>(98.1)    | 317<br>(99.4)    |
| Total           | 13,917<br>(20.8) | 19,616<br>(23.4) | 24,759<br>(25.7) | 30,355<br>(27.4) | 34,333<br>(28.0) |

### Cumulative Transaction Volume

(Million yen)

|                               | April 2019 | April 2020 | April 2021 | April 2022 | January 2023 |
|-------------------------------|------------|------------|------------|------------|--------------|
| Cumulative transaction volume | 1,769,706  | 2,610,754  | 3,468,715  | 4,605,960  | 5,788,144    |

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 third quarter of the current fiscal year was 4,741 million yen, up 142 million yen from the end of the previous fiscal year. This was mainly due to an increase of 261 million yen in cash and deposits despite a decrease of 200 million yen in short-term loans receivable from subsidiaries and associates. The balance of non-current assets was 992 million yen at the end of the third quarter, up 401 million yen from the end of the previous fiscal year. This was mainly due to increases of 86 million yen in goodwill and 210 million yen in deferred tax assets.

As a result, total assets increased 544 million yen from the end of the previous fiscal year to 5,733 million yen.

### **2) Liabilities**

The balance of current liabilities at the end of the third quarter of the current fiscal year was 1,178 million yen, up 269 million yen from the end of the previous fiscal year. This was mainly due to increases of 102 million yen in advances received and 109 million yen in provision for bonuses. The balance of non-current liabilities at the end of the third quarter was 86 million yen, up 2 million yen from the previous fiscal year.

As a result, total liabilities increased 271 million yen from the end of the previous fiscal year to 1,264 million yen.

### **3) Net Assets**

The balance of net assets at the end of the third quarter of the current fiscal year was 4,469 million yen, up 272 million yen from the end of the previous fiscal year. This was mainly due to booking a quarterly net profit of 675 million yen and acquisition of treasury shares of 397 million yen.

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

Sales for the full fiscal year ending April 2023 are expected to be slightly higher than the forecasts announced initially, due to steady acquisition of customers. Smaregi is also continuing with business investment with a focus on proactive advertising and publicity activities based on the Medium-term Management Plan. Due to the realization of efficient investment, operating profit and ordinary profit are expected to exceed the initial plans. As for current profit, due to the recording of extraordinary income (gain on extinguishment of tie-in shares) and income taxes deferred (gain) as explained in the “Notice of Extraordinary Income and Income Taxes Adjustment (Gain) Resulting from Merger by Absorption of a Consolidated Subsidiary” published on September 12, 2022, figures were revised upward from the forecast announced initially.

For details, please refer to the “Notice of Revision of FY4/23 Full-Year Earnings Forecast” published today.

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

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

(Thousand yen)

|  | FY4/22<br>(As of Apr. 30, 2022) | Third quarter of FY4/23<br>(As of Jan. 31, 2023) |
|--|---------------------------------|--|
| <b>Assets</b>  |                                 |  |
| Current assets   |                                 |  |
| Cash and deposits  | 3,511,282                       | 3,773,043  |
| Accounts receivable-trade                                    | 351,221                         | 329,060  |
| Merchandise  | 329,337                         | 422,016  |
| Prepaid expenses   | 87,655                          | 125,546  |
| Short-term loans receivable from subsidiaries and associates | 200,000                         | —  |
| Other  | 119,288                         | 91,695   |
| Allowance for doubtful accounts                              | (289)                           | (341)  |
| Total current assets   | 4,598,497                       | 4,741,022  |
| Non-current assets   |                                 |  |
| Property, plant and equipment                                |                                 |  |
| Buildings, net   | 105,281                         | 87,927   |
| Tools, furniture and fixtures, net                           | 7,945                           | 36,412   |
| Total property, plant and equipment                          | 113,226                         | 124,340  |
| Intangible assets  |                                 |  |
| Goodwill   | —                               | 86,666   |
| Trademark right  | 939                             | 830  |
| Software   | 148,911                         | 169,900  |
| Software in progress   | 70,912                          | 91,475   |
| Total intangible asses                                       | 220,763                         | 348,873  |
| Investments and other assets                                 |                                 |  |
| Investment securities  | 9,990                           | 29,870   |
| Investments in capital                                       | 18                              | 18   |
| Leasehold deposits   | 186,406                         | 205,790  |
| Deferred tax assets  | 54,865                          | 265,664  |
| Other  | 17,135                          | 18,409   |
| Allowance for doubtful accounts                              | (11,146)                        | —  |
| Total investments and other assets                           | 257,268                         | 519,752  |
| Total non-current assets                                     | 591,259                         | 992,966  |
| Total assets   | 5,189,756                       | 5,733,988  |

(Thousand yen)

|                                  | FY4/22<br>(As of Apr. 30, 2022) | Third quarter of FY4/23<br>(As of Jan. 31, 2023) |
|----------------------------------|---------------------------------|--|
| <b>Liabilities</b>               |                                 |  |
| Current liabilities              |                                 |  |
| Accounts payable-trade           | 164,197                         | 162,533  |
| Accounts payable-other           | 256,396                         | 196,829  |
| Accrued expenses                 | 39,676                          | 40,360   |
| Income taxes payable             | 103,030                         | 150,187  |
| Accrued consumption taxes        | —                               | 76,746   |
| Advances received                | 300,440                         | 402,934  |
| Deposits received                | 38,085                          | 9,224  |
| Provision for bonuses            | —                               | 109,237  |
| Other                            | 6,971                           | 30,290   |
| Total current liabilities        | 5 908,798                       | 1,178,345  |
| Non-current liabilities          |                                 |  |
| Asset retirement obligations     | 84,094                          | 86,206   |
| Total non-current liabilities    | 84,094                          | 86,206   |
| Total liabilities                | 992,892                         | 1,264,551  |
| <b>Net assets</b>                |                                 |  |
| Shareholder's equity             |                                 |  |
| Share capital                    | 1,150,354                       | 1,150,539  |
| Capital surplus                  | 1,139,864                       | 1,134,274  |
| Retained earnings                | 2,184,007                       | 2,859,895  |
| Treasury shares                  | (277,362)                       | (675,272)  |
| Total shareholder's equity       | 4,196,863                       | 4,469,437  |
| Total net assets                 | 4,196,863                       | 4,469,437  |
| Total liabilities and net assets | 5,189,756                       | 5,733,988  |



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

(Thousand yen)

|  | First nine months of FY4/23<br>(May 1, 2022 – Jan. 31, 2023) |
|--|--|
| Net sales                                    | 4,168,651  |
| Cost of sales                                | 1,636,266  |
| Gross profit                                 | 2,532,384  |
| Selling, general and administrative expenses | 1,892,792  |
| Operating profit                             | 639,592  |
| Non-operating income                         |  |
| Interest income                              | 169  |
| Rental income from buildings                 | 2,640  |
| Other  | 110  |
| Total non-operating income                   | 2,920  |
| Non-operating expenses                       |  |
| Other  | 447  |
| Total non-operating expenses                 | 447  |
| Ordinary profit                              | 642,064  |
| Extraordinary income                         |  |
| Gain on extinguishment of tie-in shares      | 58,293   |
| Total extraordinary income                   | 58,293   |
| Profit before income taxes                   | 700,358  |
| Income taxes-current                         | 235,269  |
| Income taxes-deferred                        | (210,798)  |
| Total income taxes                           | 24,470   |
| Profit                                       | 675,888  |

### **(3) 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.