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Non-consolidated Financial Results
for the Fiscal Year Ended April 30, 2023
(Year Ended April 30, 2023)

June 13, 2023

Company name: Smaregi, Inc.
Stock exchange listing: Tokyo
Code number: 4431
URL: <https://corp.smaregi.jp/>
Representative: Hiroshi Yamamoto Representative Director
Contact: Ryutaro Minato Executive Vice President and Director
Phone: 06-7777-2405
Scheduled date of Annual General Meeting of Shareholders: July 27, 2023
Scheduled date of commencing dividend payments: -
Scheduled date of filing annual securities report: July 28, 2023
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, 2023 (May 1, 2022 to April 30, 2023)

(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, 2023	5,914	42.6	893	30.9	896	38.7	887	99.5
April 30, 2022	4,148	24.8	682	(19.3)	646	(23.7)	444	(23.8)

	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
Fiscal year ended	Yen	Yen	%	%	%
April 30, 2023	46.26	46.07	20.0	15.8	15.1
April 30, 2022	22.86	22.73	11.3	13.3	16.5

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

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
April 30, 2023	6,156	4,681	76.0	244.44
April 30, 2022	5,189	4,196	80.9	215.19

(Reference) Equity: As of April 30, 2023: ¥ 4,681 million
As of April 30, 2022: ¥ 4,196 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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 30, 2023	986	(310)	(447)	3,957
April 30, 2022	-	-	-	-

(Note) Since the Company shifted to non-consolidated financial statements from the fiscal year ending April 30, 2023, the result in the fiscal year ended April 30, 2022 is not recorded.

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, 2022	-	0.00	-	0.00	0.00	-	-	-
April 30, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending April 30, 2024 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending April 30, 2024

(May 1, 2023 to April 30, 2024)

(% 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	7,688	30.0	914	2.4	914	2.1	636	(28.3)	33.24

* 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, 2023: 19,635,000 shares
- April 30, 2022: 19,633,000 shares

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

- April 30, 2023: 484,702 shares
- April 30, 2022: 130,037 shares

3) Average number of shares outstanding during the period:

- Fiscal Year ended April 30, 2023: 19,186,430 shares
- Fiscal Year ended April 30, 2022: 19,467,434 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.

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1. Overview of Results of Operations

(1) Results of Operations

During the current fiscal year (May 1, 2022 to April 30, 2023), the Japanese economy showed signs of recovery 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 rising domestic prices brought about by the price increase of energy resources and other imports, concerns over worsening consumer confidence, and other factors caused by the protracted instability of the global situation and yen depreciation accompanying the widening interest rate differences between Japan and the United States.

Against the backdrop of this business environment, Smaregi put effort into acquiring new users through proactive investment in S&M aimed at increasing recognition, and into increasing customer unit price by enhancing various services offered by the Company, with a view to achieving its Long-term Vision "VISION 2031." On January 1, 2023, Smaregi implemented price revisions after having maintained prices at the same level since the launch of its services. These efforts have significantly increased the likelihood of the Company achieving the target ARR of 5 billion, which had been established as its KPI originally aimed for the fiscal year ending April 2024. As a result, Smaregi concluded its First Medium-term Management Plan one year ahead of schedule and moved into the Second Medium-term Management Plan. Smaregi also revised its target ARR upward.

Sales increased due to a steady increase in the number of registered stores using the cloud-based POS register system "Smaregi," as well as the absorption merger of ROYAL GATE INC., formerly a consolidated subsidiary of the Company, on July 1, 2022, which contributed to the sales for payment services for a 10-month period after the absorption merger. On the other hand, S&M investments, such as advertising expenses and active recruitment activities aimed at strengthening organizational capabilities, contributed to an increase in SG&A expenses. However, partly due to the Company's success at efficient investment, both operating profit and ordinary profit increased compared to the previous fiscal year. Furthermore, as the result of an absorption merger of a subsidiary, a gain on extinguishment of tie-in shares was recorded in extraordinary income and income taxes-deferred (gain) was recorded in income taxes. This led to a significant increase in quarterly net income.

As a result of the above, for the fiscal year ended April 30, 2023, net sales were 5,914 million yen, operating profit was 893 million yen, ordinary profit was 896 million yen, and quarterly net income was 887 million yen. As consolidated financial statements were prepared in the previous fiscal year (May 1, 2021 to April 30, 2022), comparative information related to the cash flow statement has not been provided.

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

Sales Comparison

(Thousand yen)

Category	FY4/22 (May 1, 2021 – Apr. 30, 2022)	FY4/23 (May 1, 2022 – Apr. 30, 2023)	YoY (%)
Monthly fees and others	2,421,291	3,489,768	+44.1
Sales of products and others	1,857,826	2,296,565	+23.6
Others	17,728	128,059	+622.4
Total	4,296,845	5,914,393	+37.6

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	April 2023
Standard	55,897	67,895	76,745	86,275	97,210
Premium	1,710	2,755	3,212	4,345	5,647
Premium plus	3,077	4,976	6,425	8,196	9,793
Food business	2,035	2,687	3,179	3,865	4,711
Retail business	4,028	5,481	6,604	7,782	8,885
Food & retail	74	104	148	260	374
Total	66,821	83,898	96,313	110,723	126,620

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	April 2023
Standard	3,681 (6.6)	4,889 (7.2)	6,012 (7.8)	6,970 (8.1)	8,186 (8.4)
Premium	1,598 (93.5)	2,308 (83.8)	3,029 (94.3)	4,147 (95.4)	5,420 (96.0)
Premium plus	2,771 (90.1)	4,640 (93.3)	6,169 (96.0)	7,833 (95.6)	9,330 (95.3)
Food business	1,931 (94.9)	2,473 (92.0)	3,022 (95.1)	3,675 (95.1)	4,491 (95.3)
Retail business	3,872 (96.1)	5,210 (95.1)	6,382 (96.6)	7,475 (96.1)	8,578 (96.5)
Food & retail	64 (86.5)	96 (92.3)	145 (98.0)	255 (98.1)	370 (98.9)
Total	13,917 (20.8)	19,616 (23.4)	24,759 (25.7)	30,355 (27.4)	36,375 (28.7)

Cumulative Transaction Volume

(Million yen)

	April 2019	April 2020	April 2021	April 2022	April 2023
Cumulative transaction volume	1,769,706	2,610,754	3,468,715	4,605,960	6,243,138

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

The balance of current assets at the end of the current fiscal year was 5,160 million yen, up 561 million yen from the end of the previous fiscal year. This was mainly due to an increase of 446 million yen in cash and deposits and an increase of 201 million yen accounts receivable-trade. The balance of non-current assets was 996 million yen at the end of the fiscal year, up 405 million yen from the end of the previous fiscal year. This was mainly due to increases of 186 million yen in deferred tax assets and 112 million yen in intangible assets.

As a result, total assets increased 967 million yen from the end of the previous fiscal year to 6,156 million yen.

2) Liabilities

The balance of current liabilities at the end of the current fiscal year was 1,388 million yen, up 479 million yen from the end of the previous fiscal year. This was mainly due to an increase of 168 million yen in advances received. The balance of non-current liabilities at the end of the current fiscal year was 87 million yen, up 2 million yen from the previous fiscal year.

As a result, total liabilities increased 482 million yen from the end of the previous fiscal year to 1,475 million yen.

3) Net assets

The balance of net assets at the end of the current fiscal year was 4,681 million yen, up 484 million yen from the end of the previous fiscal year. This was mainly due to booking a net profit of 887 million yen despite the acquisition of treasury shares of 397 million yen.

(3) Cash Flows

Cash and cash equivalents (hereinafter referred to as "Cash") as of the end of the fiscal year under review amounted to 3,957 million yen. The status of each cash flow and contributing factors as of the end of the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 986 million yen. This was mainly due to an increase in cash from depreciation of 150 million yen, which offset the 954 million yen profit before income taxes, a decrease in income taxes paid of 196 million yen, and an increase in inventories of 88 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 310 million yen. This was mainly due to payments for the acquisition of intangible assets of 110 million yen, and for the purchase of property, plant and equipment amounting to 69 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 447 million yen. This was mainly due to payment for the acquisition of treasury shares of 448 million yen.

(4) Future Outlook

Hardware vendors still command a large market share in Japan, but an increasing number of stores are choosing cloud-based POS due to the low initial set-up costs and the ease of data aggregation.

Against the backdrop of this environment, Smaregi will accelerate growth with the aim of becoming the market leader in the Japanese POS services sector, based on our slogan “TO BE THE NEW STANDARD.” In the Long-term Vision “VISION 2031,” Smaregi established ARR as the most important management indicator toward achieving its target of 300,000 active stores by the fiscal year ending April 2031. In its Medium-term Management Plan announced in March 2021, Smaregi set out the target ARR of 5 billion for the fiscal year ending April 2024. As the likelihood of reaching this target ARR has increased significantly, Smaregi concluded the First Medium-term Management Plan one year ahead of schedule and announced in March 2023 that it has moved into the Second Medium-term Management Plan.

Increasing the number of contracts and increasing customer unit price remain as the basic strategy in the new Medium-term Management Plan. While continuing to invest efficiently in S&M and strengthening the app market as an extension of Smaregi, as the Company has been doing from before, it will also implement new business strategies in the form of a market segmentation strategy that will provide it with a foothold to capture the top market share, as well as strengthening EC functions to promote the use of Smaregi to EC business operators.

In the fiscal year ending April 2024, Smaregi aims to achieve ARR of 5.35 billion yen by increasing customer unit price and acquiring new customers for the cloud-based POS system “Smaregi,” the HR service “Smaregi TimeCard,” and the payment service “Smaregi PAYGATE,” based on the business strategies described in the Medium-term Management Plan.

Based on this outlook, for the fiscal year ending in April 2024, Smaregi forecasts sales of 7,688 million yen, operating profit of 914 million yen, ordinary profit of 914 million yen, and net income of 636 million yen.

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 Statement and Notes

(1) Non-consolidated Balance Sheet

(Thousand yen)

	FY4/22 (As of Apr. 30, 2022)	FY4/23 (As of Apr. 30, 2023)
Assets		
Current assets		
Cash and deposits	3,511,282	3,957,469
Accounts receivable-trade	351,221	553,114
Merchandise	329,337	451,552
Prepaid expensed	87,655	102,508
Short-term loans receivable from subsidiaries and associates	200,000	—
Other	119,288	95,912
Allowance for doubtful accounts	(289)	(519)
Total current assets	4,598,497	5,160,039
Non-currents assets		
Property, plant and equipment		
Buildings and structures, net	105,281	88,096
Tools, furniture and fixtures, net	7,945	39,996
Total property, plant and equipment	113,226	128,092
Intangible assets		
Goodwill	—	16,357
Trademark right	939	794
Software	148,911	210,684
Software in progress	70,912	84,479
Other	—	20,828
Total intangible assets	220,763	333,144
Investment and other assets		
Investment securities	9,990	29,870
Shares of subsidiaries and affiliates	1,888	—
Investments in capital	18	18
Leasehold deposits	186,406	248,915
Long-term prepaid expenses	4,099	12,842
Deferred tax assets	54,865	240,965
Other	11,147	3,000
Allowance for doubtful accounts	(11,146)	—
Total investments and other assets	257,268	535,611
Total non-current assets	591,259	996,848
Total assets	5,189,756	6,156,888

(Thousand yen)

	FY4/22 (As of Apr. 30, 2022)	FY4/23 (As of Apr. 30, 2023)
Liabilities		
Current liabilities		
Accounts payable-trade	164,197	190,632
Accounts payable-other	256,396	254,190
Accrued expenses	39,676	71,619
Income taxes payable	103,030	170,918
Accrued consumption taxes	—	111,544
Advances received	300,440	468,892
Deposits received	38,085	60,094
Provision for share-based remuneration for directors and other officers	5,064	30,499
Provision for share-based remuneration	1,899	24,851
Asset retirement obligations	—	5,236
Other	8	193
Total current liabilities	908,798	1,388,672
Non-current liabilities		
Asset retirement obligations	84,094	87,064
Total non-current liabilities	84,094	87,064
Total liabilities	992,892	1,475,736
Net assets		
Shareholder's equity		
Share capital	1,150,354	1,150,539
Capital surplus		
Capital reserves	1,120,684	1,120,869
Other capital surplus	19,180	13,405
Total capital surplus	1,139,864	1,134,274
Retained earnings		
Other retained earnings		
Retained earnings carried forward	2,184,007	3,071,610
Total retained earnings	2,184,007	3,071,610
Treasury shares	(277,362)	(675,272)
Total shareholder's equity	4,196,863	4,681,151
Total net assets	4,196,863	4,681,151
Total liabilities and net assets	5,189,756	6,156,888

(2) Non-consolidated Statement of Income

(Thousand yen)

	Fiscal year ended April 30, 2022	Fiscal year ended April 30, 2023
Net sales	4,148,944	5,914,393
Cost of sales	1,536,565	2,345,041
Gross profit	2,612,379	3,569,352
Selling, general and administrative expenses	1,929,780	2,675,531
Operating profit	682,599	893,821
Non-operating profit		
Interest income	271	187
Rental income from buildings	4,620	2,640
Other	31	165
Total non-operating profit	4,923	2,993
Non-operating expenses		
Interest expenses	9	—
Loss on valuation of securities	30,073	—
Provision of allowance for doubtful accounts	11,146	—
Other	—	447
Total non-operating expenses	41,230	447
Ordinary profit	646,292	896,366
Extraordinary profit		
Gain on extinguishment of tie-in shares	—	58,293
Total extraordinary profit	—	58,293
Extraordinary loss		
Loss on retirement of non-current assets	4,165	—
Total extraordinary loss	4,165	—
Profit before income taxes	642,126	954,660
Income taxes-current	218,499	244,333
Income taxes-deferred	(21,356)	(177,276)
Total income taxes	197,142	67,057
Profit	444,983	887,602

Cost of Sales Statement

(Thousand yen)

Item		FY4/22 (May 1, 2021 – Apr. 30, 2022)		FY4/23 (May 1, 2022 – Apr. 30, 2023)	
		Amount	(%)	Amount	(%)
I Labor cost		293,674	63.8	509,464	65.8
II Expenses	Note 1	166,478	36.2	265,200	34.2
Total manufacturing costs for the period		460,152	100.0	774,664	100.0
Transfer to other accounts	Note 2	99,488		112,285	
Cost of products manufactured for the period		360,664		662,379	
Inventory at the beginning of the period		109,135		333,557	
Cost of purchased goods for the period		1,400,526		1,804,876	
Loss on write-down of inventory		(204)		16,546	
Total		1,509,457		2,154,979	
Inventory at the end of the period		333,557		472,318	
Cost of goods sold		1,175,900		1,682,661	
Cost of sales		1,536,565		2,345,041	

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

(Thousand yen)

Item	FY4/22 (May 1, 2021 – Apr. 30, 2022)	FY4/23 (May 1, 2022 – Apr. 30, 2023)
Depreciation	66,311	94,592
Outside processing cost	39,635	67,054
Professional fees	31,039	49,776
Office rent expenses	21,545	21,745

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

(Thousand yen)

Item	FY4/22 (May 1, 2021 – Apr. 30, 2022)	FY4/23 (May 1, 2022 – Apr. 30, 2023)
Software suspense account	99,488	112,285
Total	99,488	112,285

(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

FY4/22 (May 1, 2021 – Apr. 30, 2022)

(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 Retained earnings carried forward	Total retained earnings			
Balance at the beginning of the period	1,141,550	1,111,880	—	1,111,880	1,739,024	1,739,024	(315,823)	3,676,632	3,676,632
Changes during the period									
Issuance of new shares (exercise of share options)	8,803	8,803		8,803				17,607	17,607
Net income for the period					444,983	444,983		444,983	444,983
Purchase of treasury shares							(396)	(396)	(396)
Disposal of treasury shares			19,180	19,180			38,857	58,037	58,037
Net changes in items other than shareholders' equity									—
Changes in items during the period	8,803	8,803	19,180	27,983	444,983	444,983	38,460	520,231	520,231
Balance at the end 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

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 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

(4) Non-consolidated Statement of Cash Flows

(Thousand yen)

	FY4/23 (May 1, 2022 – Apr. 30, 2023)
Cash flow from operating activities	
Profit before income taxes	954,660
Depreciation	150,444
Amortization of long-term prepaid expenses	18
Amortization of goodwill	3,672
Increase (decrease) in allowance for doubtful accounts	(10,916)
Interest and dividend income	(187)
Loss (gain) on extinguishment of tie-in shares	(58,293)
Decrease (increase) in trade receivables	(4,561)
Decrease (increase) in inventories	(88,166)
Increase (decrease) in trade payables	9,348
Increase (decrease) in accounts payables-other	(42,113)
Increase (decrease) in consumption taxes payable	120,649
Other	147,780
Subtotal	1,182,335
Interest and dividends received	187
Income taxes paid	(196,083)
Cash flows provided by (used in) operating activities	986,440
Cash flows from investing activities	
Purchase of property, plant and equipment	(69,367)
Purchase of intangible assets	(110,367)
Purchase of investment securities	(19,880)
Payments of guarantee deposits	(62,641)
Proceeds from refund of guarantee deposits	5,058
Payments for asset retirement obligations	(107)
Payments for business transfer	(53,150)
Other	(273)
Net cash provided by (used in) investing activities	(310,728)
Cash flows from financing activities	
Proceeds from issuance of shares	370
Purchase of treasury shares	(448,175)
Other	(134)
Net cash provided by (used in) financing activities	(447,939)
Net increase (decrease) in cash and cash equivalents	227,771
Cash and cash equivalents at beginning of period	3,511,282
Net increase in cash and cash equivalents resulting from a merger	218,415
Cash and cash equivalents at end of period	3,957,469

(5) Notes to Non-consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Equity in Earnings, etc.)

Not applicable.

(Business Combination, etc.)

(Transfer of Business)

At the meeting of the Board of Directors held on April 15, 2022, the Company concluded a business transfer agreement to accept the transfer of a part of the business of Webnics K.K., and executed the transfer on June 1, 2022.

(1) Overview of the transfer of business

1. Name of the company being acquired and business content

Name of acquired company: Webnics K.K.

Business: Planning, engineering, design, development, and provision of web services

2. Primary reasons for the business combination

The cloud service (Owl Solution Business) that Smaregi received in this business transfer is equipped with booking functions and coupon functions and provides apps to facilitate communication with customers visiting a store. The Company aims to enhance its functionality as a peripheral service for stores through tie-up with the Smaregi POS system.

3. Date of the business combination

June 1, 2022

4. Legal form of the business combination

Business transfer with cash as consideration

5. Primary grounds for determining the acquiring company

The Company accepted the transfer of a business with cash as consideration.

(2) Period in which the results of the acquired business are included in the statement of income:

June 1, 2022 to April 30, 2023

(3) Acquisition cost of the company being acquired and breakdown by type of consideration

<u>Consideration for acquisition</u>	<u>Cash and deposits</u>	<u>100,000 thousand yen</u>
Acquisition cost		100,000 thousand yen

(4) Amount of goodwill that occurred, the cause for the occurrence, the amortization method, and the amortization period

(i) Amount of goodwill that occurred

20,029 thousand yen

Provisional accounting treatment was applied during the first quarter of the current fiscal year, but the amount is finalized as of the end of the current fiscal year.

(ii) Cause for the occurrence

Goodwill occurred as a result of future excess earning power anticipated based on future business development.

(iii) Amortization method and amortization period

Amortized evenly over a five-year period

(5) Amount of assets accepted and liabilities assumed on the date of the business transfer, and the major breakdown thereof.

Current assets	200 thousand yen
<u>Non-current assets</u>	<u>70,946 thousand yen</u>
<u>Total assets</u>	<u>71,147 thousand yen</u>

(6) Amount allocated to intangible assets other than goodwill and the breakdown thereof by major type, and the amortization period by major type

<u>Type</u>	<u>Amount</u>	<u>Amortization period</u>
Software	39,549 thousand yen	2 years
Customer-related assets	31,273 thousand yen	7 years

(7) Estimated effects that would be exerted on the income statement for the current business year if the business combination is assumed to have been completed on the start date of the relevant business year and the calculation method thereof

Notes are omitted given that the effects on the income statement for the current business year are immaterial.

(Segment Information)

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

(Per Share Information)

	Fiscal year ended April 30, 2022 (May 1, 2021 – Apr. 30, 2022)	Fiscal year ended April 30, 2023 (May 1, 2022 – Apr. 30, 2023)
Net assets per share	215.19	244.44
Net income per share	22.86	46.26
Diluted net income per share	22.73	46.07

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

	Fiscal year ended April 30, 2022 (May 1, 2021 – Apr. 30, 2022)	Fiscal year ended April 30, 2023 (May 1, 2022 – Apr. 30, 2023)
Basic earnings per share		
Profit (thousand yen)	444,983	887,602
Amount not attributable to common shareholders (thousand yen)	—	—
Profit applicable to common shares (thousand yen)	444,983	887,602
Average number of common shares outstanding (shares)	19,467,434	19,186,430
Diluted net income per share		
Fully diluted net income (thousand yen)	—	—
Increase in the number of common shares (shares)	113,512	78,146
[of which, share acquisition rights (shares)]	(113,512)	(78,146)
Summary of latent shares not included in the calculation of the diluted net income per share since there was no dilutive effect	—	—

(Subsequent Event)

Not applicable.