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**Non-consolidated Financial Results**  
for the First Half of the Fiscal Year Ending April 30, 2024  
(Six Months Ended October 31, 2023)

December 13, 2023

Company name: Smaregi, Inc.  
Stock exchange listing: Tokyo  
Code number: 4431  
URL: <https://corp.smaregi.jp/>  
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Scheduled date of filing quarterly securities report: December 13, 2023  
Scheduled date of commencing dividend payments: -  
Availability of supplementary briefing materials on quarterly financial results: Yes  
Schedule of quarterly financial results briefing session: Yes

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

1. Non-consolidated Financial Results for the Six Months Ended October 31, 2023 (May 1, 2023 to October 31, 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	%
Six months ended October 31, 2023	3,947	49.4	835	113.2	835	111.8	558	11.7
October 31, 2022	2,641	37.5	391	(9.4)	394	(6.7)	500	76.3
	Basic earnings per share		Diluted earnings per share					
		Yen		Yen				
Six months ended October 31, 2023		29.16		29.04				
October 31, 2022		26.02		25.92				

(Note) In the end of the fiscal year ended April 30, 2023, the Company finalized provisional accounting treatment related to a business combination. Results for the first half of the fiscal year ending April 30, 2023 reflect the finalized figures.

(2). Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of October 31, 2023	7,047	5,314	75.4
April 30, 2023	6,156	4,681	76.0

(Reference) Equity: As of October 31, 2023: ¥ 5,314 million  
As of April 30, 2023: ¥ 4,681 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended April 30, 2023	—	0.00	—	0.00	0.00
Fiscal year ending April 30, 2024	—	0.00			
Fiscal year ending April 30, 2024 (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, 2024  
(May 1, 2023 – 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	8,012	35.5	1,303	45.8	1,303	45.4	884	(0.3)	46.17

(Note) 1. Revisions to the financial results forecast announced most recently: Yes

2. For details on the revision to the earnings forecast, please refer to the “Notice of Revision of FY4/24 Full-Year Earnings Forecast” published on December 13, 2023.

\*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, 2023: 19,659,000 shares

April 30, 2023: 19,635,000 shares

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

October 31, 2023: 453,702 shares

April 30, 2023: 484,702 shares

3) Average number of shares outstanding during the period:

Six months ended October 31, 2023: 19,165,024 shares

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

\* 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. Please refer to “1. Qualitative Information on Quarterly Financial Performance, (3) Explanation of Earnings Forecasts and Other Forward-looking Statements” on page 4 for forecast assumptions and forecast usage precautions.

(Obtaining financial results materials)

Smaregi plans to hold an online earnings call on Thursday, December 14, 2023. Materials to be distributed at this event will be disclosed using the Timely Disclosure network (TDnet) and made available on the Smaregi website in advance.

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## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Results of Operations

During the first half of the current fiscal year (May 1 to October 31, 2023), after Japan reclassified COVID-19 as a Class 5 infectious disease, the Japanese economy continued to recover gradually against the backdrop of improvements in the employment environment accompanying the recovery of economic activities, an increase in demand in the services sector such as dining out, and an increase in the growth rate of wages.

On the other hand, the outlook is expected to remain uncertain due to numerous factors contributing to the downswing of the economy, such as concerns about the deterioration of consumer confidence stemming from price increases after the cycle of rebound consumption ends, and supply constraints for goods and services due to labor shortage.

Although the retail sector and the services sector such as food and beverages, which are the main users of Smaregi's POS system, have been impacted negatively by rising prices brought about mainly by further yen depreciation, the economy remains on a recovery trajectory, underpinned by an increase in demand both domestically and abroad, such as an increase in personal consumption due to the easing of movement restrictions as well as the increase in inbound consumption accompanying the recovery in the number of foreign tourists visiting Japan.

Amidst these circumstances, Smaregi continued to register a steady increase in the number of fee-paying stores in the first half of the current fiscal year. Sales also increased year-on-year, with ARR breaking the 5-billion-yen mark, due to improvements in customer unit price resulting from price revisions, and the success in the proactive implementation of cross-selling measures that jointly propose other products, such as payment systems and attendance management systems, to customers during business negotiations on the adoption of POS systems.

Personnel expenses have increased due to an increase in the number of employees as a result of active recruitment activities aimed at boosting our organizational strength, and rental expenses have increased with the opening of new showrooms aimed at boosting the number of business negotiations. However, Smaregi is working on getting employees work-ready more quickly by reviewing the onboarding curriculum for new employees, alongside efforts to enhance cost efficiency, including for advertising expenses. These have contributed to year-on-year increases in both operating profit and ordinary profit.

As a result of the above, first half sales increased 49.4% year on year to 3,947 million yen, operating profit increased 113.1% to 835 million yen, ordinary profit increased 111.8% to 835 million yen, and profit increased 11.7% to 558 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 FY4/23 (May 1, 2022 – Oct. 31, 2022)	First six months of FY4/24 (May 1, 2023 – Oct. 31, 2023)	YoY (%)
Monthly fees and others	1,526,161	2,383,014	+56.1
Sales of products and others	1,059,704	1,473,603	+39.1
Others	56,049	90,415	+61.3
Total	2,641,916	3,947,033	+49.4

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

Number of Registered Stores

	April 2020	April 2021	April 2022	April 2023	October 2023
Standard	67,895	76,745	86,275	97,210	103,356
Premium	2,755	3,212	4,345	5,647	6,465
Premium plus	4,976	6,425	8,196	9,793	11,344
Food business	2,687	3,179	3,865	4,711	5,149
Retail business	5,481	6,604	7,782	8,885	9,619
Food & retail	104	148	260	374	455
Total	83,898	96,313	110,723	126,620	136,388

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

	April 2020	April 2021	April 2022	April 2023	October 2023
Standard	4,889 (7.2)	6,012 (7.8)	6,970 (8.1)	8,186 (8.4)	9,183 (8.9)
Premium	2,308 (83.8)	3,029 (94.3)	4,147 (95.4)	5,420 (96.0)	6,157 (95.2)
Premium plus	4,640 (93.3)	6,169 (96.0)	7,833 (95.6)	9,330 (95.3)	10,797 (95.2)
Food business	2,473 (92.0)	3,022 (95.1)	3,675 (95.1)	4,491 (95.3)	4,919 (95.5)
Retail business	5,210 (95.1)	6,382 (96.6)	7,475 (96.1)	8,578 (96.5)	9,216 (95.8)
Food & retail	96 (92.3)	145 (98.0)	255 (98.1)	370 (98.9)	450 (98.9)
Total	19,616 (23.4)	24,759 (25.7)	30,355 (27.4)	36,375 (28.7)	40,722 (29.9)

Cumulative Transaction Volume

(Million yen)

	April 2020	April 2021	April 2022	April 2023	October 2023
Cumulative transaction volume	2,610,754	3,468,715	4,605,960	6,243,138	7,254,127

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 5,931 million yen, up 771 million yen from the end of the previous fiscal year. This was mainly due to an increase of 700 million yen in cash and deposits. The balance of non-current assets was 1,115 million yen at the end of the first half, up 118 million yen from the end of the previous fiscal year. This was mainly due to an increase of 140 million yen of property, plant, and equipment, despite a decrease of 21 million yen in intangible assets.

As a result, total assets increased 890 million yen from the end of the previous fiscal year to 7,047 million yen.

### 2) Liabilities

The balance of current liabilities at the end of the first half of the current fiscal year was 1,631 million yen, up 242 million yen from the end of the previous fiscal year. This was mainly due to increases of 134 million yen in income taxes payable and 143 million yen in provision for bonuses, despite decreases of 46 million yen in deposits received and 42 million yen in accounts payable-trade. The balance of non-current liabilities increased by 15 million from the end of the previous fiscal year to 102 million yen at the end of the first half.

As a result, total liabilities increased 257 million yen from the end of the previous fiscal year to 1,733 million yen.

### 3) Net Assets

The balance of net assets at the end of the first half of the current fiscal year was 5,314 million yen, up 632 million yen from the end of the previous fiscal year. This was mainly due to the booking of a profit of 558 million yen.

## (3) Cash Flows

Cash and cash equivalents (hereinafter referred to as "Cash") at the end of the first half of the current fiscal year was 4,658 million yen, up 700 million yen from the end of the previous fiscal year.

The cash flow components in the first half of the current fiscal year and the main reasons for their changes are outlined below.

#### Cash flows from operating activities

Net cash provided by operating activities was 893 million yen (compared with net cash provided of 480 million yen in the same period of the previous fiscal year). This was mainly due to an increase in inventories of 152 million yen and income taxes paid of 134 million yen, which offset the 835 million yen of quarterly profit before tax, a decrease in trade receivables of 181 million yen, and increase in provision for bonuses of 143 million yen.

#### Cash flows from investing activities

Net cash used in investing activities was 201 million (compared with net cash used of 155 million yen in the same period of the previous fiscal year). This was mainly due to payments for the purchase of property, plant and equipment amounting to 169 million yen, and purchase of intangible assets of 28 million yen.

#### Cash flows from financing activities

Net cash provided by financing activities was 7 million yen (compared with net cash used of 448 million yen in the same period of the previous fiscal year). This was mainly due to proceeds from issuance of shares of 7 million yen.

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

In addition to steady customer acquisition, sales from the system modification of automatic change machines to accommodate new banknotes scheduled for July 2024 is expected to contribute approximately 180 million yen to sales for the current fiscal year, slightly exceeding the forecast that was announced originally. Moreover, although we will continue to carry out active business investments based on our Medium-term Management Plan, operating profit, ordinary profit, and profit are expected to exceed the originally announced forecasts due to a review of advertising expenses with an emphasis on cost efficiency. For details, please refer to the "Notice of Revision of FY4/24 Full-Year Earnings Forecast" published on December 13, 2023.

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

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

(Thousand yen)

	FY4/23 (As of Apr. 30, 2023)	First half of FY4/24 (As of Oct. 31, 2023)
<b>Assets</b>		
Current Assets		
Cash and deposits	3,957,469	4,658,249
Accounts receivable-trade	553,114	444,021
Merchandise	451,552	604,132
Prepaid expenses	102,508	96,281
Other	95,912	129,478
Allowance for doubtful accounts	(519)	(416)
<b>Total current assets</b>	<b>5,160,039</b>	<b>5,931,746</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	88,096	154,595
Tools, furniture and fixtures, net	39,996	114,068
<b>Total property, plant and equipment</b>	<b>128,092</b>	<b>268,664</b>
Intangible assets		
Goodwill	16,357	14,354
Trademark right	794	721
Software	210,684	208,817
Software in progress	84,479	71,237
Other	20,828	16,792
<b>Total intangible assets</b>	<b>333,144</b>	<b>311,923</b>
Investments and other assets		
Investment securities	29,870	39,871
Investments in capital	18	18
Leasehold deposits	248,915	240,900
Deferred tax assets	240,965	236,639
Other	15,842	17,703
<b>Total investments and other assets</b>	<b>535,611</b>	<b>535,132</b>
<b>Total non-current assets</b>	<b>996,848</b>	<b>1,115,719</b>
<b>Total assets</b>	<b>6,156,888</b>	<b>7,047,466</b>

(Thousand yen)

	FY4/23 (As of Apr. 30, 2023)	First half of FY4/24 (As of Oct. 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	190,632	147,690
Accounts payable-other	254,190	300,055
Accrued expenses	71,619	57,949
Income taxes payable	170,918	305,746
Accrued consumption taxes	111,544	89,625
Advances received	468,892	541,523
Deposits received	60,094	13,859
Provision for bonuses	—	143,730
Asset retirement obligations	5,236	6,870
Other	55,544	24,056
Total current liabilities	1,388,672	1,631,107
Non-current liabilities		
Asset retirement obligations	87,064	102,296
Total non-current liabilities	87,064	102,296
Total liabilities	1,475,736	1,733,403
Net assets		
Shareholder's equity		
Share capital	1,150,539	1,154,464
Capital surplus	1,134,274	1,160,445
Retained earnings	3,071,610	3,630,469
Treasury shares	(675,272)	(631,316)
Total shareholder's equity	4,681,151	5,314,062
Total net assets	4,681,151	5,314,062
Total liabilities and net assets	6,156,888	7,047,466



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

(Thousand yen)

	First six months of FY4/23 (May 1, 2022 – Oct. 31, 2022)	First six months of FY4/24 (May 1, 2023 – Oct. 31, 2023)
Net sales	2,641,916	3,947,033
Cost of sales	1,034,758	1,495,896
Gross profit	1,607,157	2,451,137
Selling, general and administrative expenses	1,215,272	1,615,980
Operating profit	391,884	835,156
Non-operating income		
Interest income	169	20
Rental income from buildings	2,640	—
Other	64	1,605
Total non-operating income	2,873	1,625
Non-operating expenses		
Other	447	1,534
Total non-operating expenses	447	1,534
Ordinary profit	394,310	835,247
Extraordinary income		
Gain on extinguishment of tie-in shares	58,293	—
Total extraordinary income	58,293	—
Profit before income taxes	452,604	835,247
Income taxes-current	141,418	272,063
Income taxes-deferred	(189,034)	4,325
Total income taxes	(47,616)	276,389
Profit	500,220	558,858

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

(Thousand yen)

	First six months of FY4/23 (May 1, 2022 – Oct. 31, 2022)	First six months of FY4/24 (May 1, 2023 – Oct. 31, 2023)
<b>Cash flow from operating activities</b>		
Profit before income taxes	452,604	835,247
Depreciation	69,116	94,693
Amortization of long-term prepaid expenses	18	900
Amortization of goodwill	1,669	2,002
Increase (decrease) in allowance for doubtful accounts	(11,135)	(103)
Increase (decrease) in provision for bonuses	69,456	143,730
Interest and dividend income	(169)	(20)
Loss (gain) on extinguishment of tie-in shares	(58,293)	—
Decrease (increase) in trade receivables	131,046	181,724
Decrease (increase) in inventories	7,485	(152,579)
Increase (decrease) in trade payables	(29,412)	(42,941)
Increase (decrease) in accounts payable-other	(106,273)	45,865
Other	41,541	(79,718)
Subtotal	567,652	1,028,800
Interest and dividends received	169	20
Income taxes paid	(87,194)	(134,862)
Net cash provided by (used in) operating activities	480,627	893,959
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(40,485)	(169,502)
Purchase of intangible assets	(42,734)	(28,392)
Proceeds from sale of investment securities	(19,880)	(10,001)
Payments of guarantee deposits	(3,793)	(6,519)
Proceeds from refund of guarantee deposits	5,058	8,595
Payments for asset retirement obligations	—	(1,269)
Payments for business transfer	(52,736)	—
Other	(1,128)	6,060
Net cash provided by (used in) investing activities	(155,698)	(201,029)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	—	7,850
Purchase of treasury shares	(448,175)	—
Other	(134)	—
Net cash provided by (used in) financing activities	(448,309)	7,850
Net increase (decrease) in cash and cash equivalents	(123,380)	700,779
Cash and cash equivalents at beginning of period	3,511,282	3,957,469
Net increase in cash and cash equivalents resulting from a merger	218,415	—
Cash and cash equivalents at end of period	3,606,317	4,658,249

(4) Notes to Quarterly Non-consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes to Shareholder's Equity

Not applicable.