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Non-consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending April 30, 2024
(Nine Months Ended January 31, 2024)

March 15, 2024

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: March 15, 2024
Scheduled date of commencing dividend payments: -
Availability of supplementary briefing material 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 Nine Months Ended January 31, 2024 (May 1, 2023 to January 31, 2024)

(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	%
Nine months ended January 31, 2024	6,043	45.0	1,283	103.7	1,280	102.5	877	31.7
January 31, 2023	4,168	-	630	-	632	-	666	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended January 31, 2024	45.74	45.57
January 31, 2023	34.71	34.57

(Notes) 1. 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. In the third quarter of the fiscal year ended April 30, 2022, the Company disclosed consolidated results, but the Company has disclosed Non-consolidated results from the first quarter of the fiscal year ended April 30, 2023. Therefore, the year-on-year change rate for the third quarter of the fiscal year ending April 30, 2023 is not stated.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of January 31, 2024	7,576	5,632	74.4
April 30, 2023	6,156	4,681	76.0

(Reference) Equity: As of January 31, 2024: ¥ 5,632 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 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	8,204	38.7	1,610	80.2	1,608	79.4	1,052	18.6	54.87

(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:

(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, 2024: 19,670,000 shares

April 30, 2023: 19,635,000 shares

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

January 31, 2024: 453,702 shares

April 30, 2023: 484,702 shares

3) Average number of shares outstanding during the period:

Nine months ended January 31, 2024: 19,179,086 shares

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

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

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Results of Operation

During the first nine months of the current fiscal year (May 1, 2023 to January 31, 2024), the Japanese economy has remained in a state of temporary stagnation, showing signs of a decline in domestic demand in areas such as personal consumption and capital investment. This is due to factors such as the peaking-out in demand for face-to-face services, which has been recovering gradually after the COVID-19 pandemic, and a growing cost-saving mindset amid rising prices.

While there are negative factors such as a mood of refraining from spending in the aftermath of the Noto Peninsula earthquake that struck in January, as well as sluggish seasonal demand due to a warm winter, these are tempered by growing expectations of economic stimulus, underpinned by rising wages as well as inbound demand resulting from an increase in the number of foreign visitors to Japan.

The retail sector and the services sector such as food and beverages, which are the main users of Smaregi's POS system, have also been impacted negatively by rising prices and sluggish sales of winter products due to the warm winter. However, there are gradual signs of recovery on the back of factors such as an increase in tourist numbers, including foreign visitors to Japan, and special year-end event demand.

Amidst these circumstances, the sale of products and others leveled out due to the peaking-out of special demand for automatic change machines, resulting in slight lower net sales for the third quarter of the fiscal year under review in comparison with the previous quarter. However, with the proactive implementation of cross-selling measures and an increase in customer unit price due to price revisions, monthly usage fees have remained steady. As a result, net sales for the cumulative nine months of the fiscal year under review increased year-on-year, and ARR exceeded 5.5 billion yen.

Selling, general and administrative expenses increased due to factors such as an increase in personnel expenses from proactive recruitment activities aimed at boosting our organizational strength, as well as the booking of rental expenses for new showrooms and R&D expenses. On the other hand, we have also strived to improve cost efficiency through efforts such as promoting greater efficiency for advertising expenses and enhancing efficiency of recruitment expenses. As a result, both operating and ordinary profit increased year-on-year.

As a result of the above, for the nine months ended January 31, 2024, net sales increased 45.0% year on year to 6,043 million yen, operating profit increased 103.7% year on year to 1,283 million yen, ordinary profit increased 102.5% year on year to 1,280 million yen, and quarterly net profit increased 31.7% year on year to 877 million yen.

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 FY4/23 (May 1, 2022 – Jan. 31, 2023)	First nine months of FY4/24 (May 1, 2023 – Jan. 31, 2024)	YoY (%)
Monthly fees and others	2,441,117	3,738,166	+53.1
Sales of products and others	1,635,786	2,157,712	+31.9
Others	91,748	147,161	+60.4
Total	4,168,651	6,043,040	+45.0

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	January 2024
Standard	67,895	76,745	86,275	97,210	106,135
Premium	2,755	3,212	4,345	5,647	6,717
Premium plus	4,976	6,425	8,196	9,793	11,812
Food business	2,687	3,179	3,865	4,711	5,365
Retail business	5,481	6,604	7,782	8,885	9,889
Food & retail	104	148	260	374	505
Total	83,898	96,313	110,723	126,620	140,423

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	January 2024
Standard	4,889 (7.2)	6,012 (7.8)	6,970 (8.1)	8,186 (8.4)	9,050 (8.5)
Premium	2,308 (83.8)	3,029 (94.3)	4,147 (95.4)	5,420 (96.0)	6,387 (95.1)
Premium plus	4,640 (93.3)	6,169 (96.0)	7,833 (95.6)	9,330 (95.3)	11,191 (94.7)
Food business	2,473 (92.0)	3,022 (95.1)	3,675 (95.1)	4,491 (95.3)	5,103 (95.1)
Retail business	5,210 (95.1)	6,382 (96.6)	7,475 (96.1)	8,578 (96.5)	9,580 (96.9)
Food & retail	96 (92.3)	145 (98.0)	255 (98.1)	370 (98.9)	498 (98.6)
Total	19,616 (23.4)	24,759 (25.7)	30,355 (27.4)	36,375 (28.7)	41,809 (29.8)

Cumulative Transaction Volume

(Million yen)

	April 2020	April 2021	April 2022	April 2023	January 2024
Cumulative transaction volume	2,610,754	3,468,715	4,605,960	6,243,138	7,852,289

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 6,402 million yen, up 1,242 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,107 million yen in cash and deposits and an increase of 173 million yen in merchandise. The balance of non-current assets was 1,173 million yen at the end of the third quarter, up 176 million yen from the end of the previous fiscal year. This was mainly due increases of 103 million yen in tools, furniture and fixtures and 63 million yen in buildings.

As a result, total assets increased 1,419 million yen from the end of the previous fiscal year to 7,576 million yen.

2) Liabilities

The balance of current liabilities at the end of the third quarter of the current fiscal year was 1,837 million yen, up 449 million yen from the end of the previous fiscal year. This was mainly due to increases of 219 million yen in provision for bonuses and 159 million yen in income taxes payable. The balance of non-current liabilities at the end of the third quarter was 105 million yen, up 17 million yen from the previous fiscal year.

As a result, total liabilities increased 467 million yen from the end of the previous fiscal year to 1,943 million yen.

3) Net Assets

The balance of net assets at the end of the third quarter of the current fiscal year was 5,632 million yen, up 951 million yen from the end of the previous fiscal year. This was mainly due to booking a quarterly net profit of 877 million yen.

3) Explanation of Earnings Forecasts and Forward-looking Statements

Sales for the full fiscal year ending April 2024 are expected to be slightly higher than the forecasts announced on December 13, 2023, due to steady acquisition of customers. Operating profit, ordinary profit, and net profit are also expected to exceed the previous forecasts due to a reduction in selling, general and administrative expenses from the previous announcement, attributed mainly to efforts to promote greater cost efficiency of advertising expenses, alongside enhanced efficiency of recruitment expenses and non-attainment of a net increase in personnel numbers.

For details, please refer to the “Notice of Revision of FY4/24 Full-Year Earnings Forecast” published today.

2. Quarterly Non-consolidated Financial Statements and Notes

(1) Quarterly Non-consolidated Balance Sheet

(Thousand yen)

	FY4/23 (As of Apr. 30, 2023)	Third quarter of FY4/24 (As of Jan. 31, 2024)
Assets		
Current assets		
Cash and deposits	3,957,469	5,065,195
Accounts receivable-trade	553,114	474,595
Merchandise	451,552	624,633
Prepaid expenses	102,508	105,825
Other	95,912	133,091
Allowance for doubtful accounts	(519)	(446)
Total current assets	5,160,039	6,402,895
Non-current assets		
Property, plant and equipment		
Buildings, net	88,096	151,465
Tools, furniture and fixtures, net	39,996	143,765
Total property, plant and equipment	128,092	295,230
Intangible assets		
Goodwill	16,357	13,353
Trademark right	794	685
Software	210,684	218,320
Software in progress	84,479	66,272
Other	20,828	14,774
Total intangible assets	333,144	313,406
Investments and other assets		
Investment securities	29,870	52,271
Investments in capital	18	—
Leasehold deposits	248,915	236,585
Deferred tax assets	240,965	264,804
Other	15,842	10,816
Total investments and other assets	535,611	564,478
Total non-current assets	996,848	1,173,115
Total assets	6,156,888	7,576,010

(Thousand yen)

	FY4/23 (As of Apr. 30, 2023)	Third quarter of FY4/24 (As of Jan. 31, 2024)
Liabilities		
Current liabilities		
Accounts payable-trade	190,632	213,702
Accounts payable-other	254,190	294,711
Accrued expenses	71,619	71,647
Income taxes payable	170,918	330,604
Accrued consumption taxes	111,544	131,410
Advances received	468,892	519,627
Deposits received	60,094	11,805
Provision for bonuses	—	219,800
Asset retirement obligations	5,236	—
Other	55,544	44,671
Total current liabilities	1,388,672	1,837,983
Non-current liabilities		
Asset retirement obligations	87,064	105,059
Total non-current liabilities	87,064	105,059
Total liabilities	1,475,736	1,943,042
Net assets		
Shareholders' equity		
Share capital	1,150,539	1,154,739
Capital surplus	1,134,274	1,160,720
Retained earnings	3,071,610	3,948,824
Treasury shares	(675,272)	(631,316)
Total shareholders' equity	4,681,151	5,632,968
Total net assets	4,681,151	5,632,968
Total liabilities and net assets	6,156,888	7,576,010

(2) Quarterly Non-consolidated Statement of Income

(For the nine-month period)

(Thousand yen)

	First nine months of FY4/23 (May 1, 2022 – Jan. 31, 2023)	First nine months of FY4/24 (May 1, 2023 – Jan. 31, 2024)
Net sales	4,168,651	6,043,040
Cost of sales	1,648,922	2,257,086
Gross profit	2,519,729	3,785,954
Selling, general and administrative expenses	1,889,726	2,502,905
Operating profit	630,003	1,283,048
Non-operating income		
Interest income	169	21
Rental income from buildings	2,640	—
Other	110	2,349
Total non-operating income	2,920	2,370
Non-operating expenses		
Cancellation penalty	—	2,320
Other	447	2,368
Total non-operating expenses	447	4,688
Ordinary profit	632,475	1,280,730
Extraordinary income		
Gain on extinguishment of tie-in shares	58,293	—
Total extraordinary income	58,293	—
Profit before income taxes	690,769	1,280,730
Income taxes-current	235,269	427,355
Income taxes-deferred	(210,798)	(23,839)
Total income taxes	24,470	403,515
Profit	666,298	877,214

(3) Notes to Quarterly Non-consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.